



澳門博彩控股有限公司
SJM HOLDINGS LIMITED

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



2024

年報 Annual Report

CORPORATE PROFILE

SJM Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is a leading owner, operator and developer of casinos and integrated entertainment resorts in the Macau Special Administrative Region of the People’s Republic of China (“Macau” or “Macao”). The Company’s principal subsidiary SJM Resorts, S.A. (in Portuguese) SJM Resorts, Limited (in English) (“SJM”) is one of the six concessionaires in Macau, authorised by the Macau Government to operate casinos and gaming areas. SJM is also the only casino gaming concessionaire with its roots in Macau.

SJM owns and operates the Grand Lisboa Palace Resort, the Grand Lisboa hotel and casino, as well as other casinos located in prime locations in Macau. Its operations cater to a wide spectrum of patrons, with casino gaming and a broad range of hospitality and leisure attractions, including hotel accommodation, fine and casual dining, shopping, wellness and spa facilities, and venues for meetings, events and cultural exhibitions.

The Grand Lisboa Palace Resort, the Group’s integrated resort in Cotai, offers luxury hotel rooms and suites in three hotel towers — the Grand Lisboa Palace Macau, THE KARL LAGERFELD and the Palazzo Versace Macau, along with diverse hospitality services.



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FINANCIAL HIGHLIGHTS AND OPERATING HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Year Ended 31 December 2024 (HK\$ million)	Year Ended 31 December 2023 (HK\$ million)	Increase
Net Gaming Revenue	26,846	20,059	33.8%
Hotel, Catering, Retail, Leasing and Other Income	2,186	1,815	20.4%
Adjusted EBITDA*	3,764	1,727	117.9%
Profit (loss) attributable to owners of the Company	3	(2,010)	NM
Earnings (loss) per share			
— basic	HK0.04 cents	HK(28.30) cents	NM
— diluted	HK0.04 cents	HK(28.30) cents	NM

* 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, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, dividend income and pre-opening expenses.

NM = not meaningful

OPERATING HIGHLIGHTS

- Net gaming revenue earned by SJM Resorts, S.A. ("SJM"), a subsidiary of the Company, was HK\$26,846 million in 2024, as compared with HK\$20,059 million for the year 2023.
- Adjusted EBITDA of the Group was HK\$3,764 million, as compared with HK\$1,727 million for the year 2023.
- Profit attributable to owners of the Company was HK\$3 million, as compared with a loss of HK\$2,010 million for the year 2023.
- SJM had a 13.1% share of Macau's gross gaming revenue, including 15.8% of mass market table gross gaming revenue and 5.1% of VIP gross gaming revenue.
- Grand Lisboa Palace Resort's gross revenue was HK\$6,580 million, including gross gaming revenue of HK\$5,238 million and non-gaming revenue of HK\$1,342 million, as compared with gross gaming revenue of HK\$2,690 million and non-gaming revenue of HK\$980 million for the year 2023. Grand Lisboa Palace Resort's Adjusted Property EBITDA was HK\$499 million, as compared with negative HK\$317 million for the year 2023.
- Grand Lisboa's gross revenue was HK\$7,839 million, including gross gaming revenue of HK\$7,548 million and non-gaming revenue of HK\$291 million, as compared with gross gaming revenue of HK\$5,439 million and non-gaming revenue of HK\$307 million for the year 2023. Grand Lisboa's Adjusted Property EBITDA was HK\$2,094 million, as compared with HK\$1,325 million for the year 2023.
- Grand Lisboa Palace Resort's occupancy rate increased by 14.4% to 97.0% for the full year, whilst the average room rate decreased by 9.9% to HK\$1,191.
- Grand Lisboa hotel's occupancy rate increased by 5.7% to 98.7% for the full year, whilst the average room rate increased by 9.4% to HK\$1,226.
- The Group had HK\$3,217 million of cash, bank balances, short-term bank deposits and pledged bank deposits and HK\$26,458 million of debt as at 31 December 2024.
- The Group's syndicated banking facilities consist of a HK\$9 billion term loan and a HK\$10 billion revolving credit, of which HK\$4.4 billion is undrawn as of 31 December 2024.

CHAIRMAN'S STATEMENT



Dear Shareholders,

The fiscal year 2024 marked a period of promising growth for Macau, with visitor arrivals reaching 34.93 million — a 23.6% rise from the previous year, though still trailing pre-pandemic levels. Mainland Chinese visitors accounted for 70.1% of arrivals, climbing 28.6% year-on-year to 24.48 million. Tourism revenue hits MOP75.3 billion, representing a 5.8% growth year-on-year.

These figures highlight ongoing progress and underscore the continued efforts on the part of the Macau Government and the tourism community in driving sustainable growth for the sector. Macau's recovery was also underpinned by the Central Government's continued support and commitment to the city's prosperity. The expansion of the Individual Visit Scheme ("IVS") to cover 10 new cities, bringing the total number of IVS-eligible cities to 59, widened Macau's visitation base. From 2025, Zhuhai and Hengqin residents will also benefit from expanded multiple-entry permits, injecting further stimulus into the city's recovery.

STRONG FINANCIAL RESULTS

In 2024, the Group's gross gaming revenue ("GGR") outpaced the market, reaching HK\$28.8 billion — marking a robust 35.9% year-on-year growth. GGR from self-promoted casinos also saw a 43.6% increase to HK\$18 billion. Our market share now stands at 13.1%, up from 11.9% in 2023. This growth was fueled by the strong ramp-up of Grand Lisboa Palace Resort Macau ("GLP"), which rose to 2.4%, from 1.5% in the previous year. Visitation to the property also surged, reaching 9.5 million, up from 6.2 million in 2023.

The Group recorded a full-year Adjusted EBITDA of HK\$3.8 billion in 2024, a testament to our resilience and strategic focus. This represents a significant recovery from HK\$1.7 billion in 2023, underscoring the effectiveness of our mass business strategy and prudent allocation of resources. Despite global economic headwinds and dampened consumer confidence, the Company's principal subsidiary, SJM has maintained a solid financial footing with total cash and undrawn revolving credit liquid investments of HK\$7.6 billion as of 31 December 2024. These robust results have positioned us to create long-term value for our shareholders while continuing to fund our development pipeline and commitment towards expanding our non-gaming investments in Macau.

STRATEGIC DEVELOPMENTS

2024 has been a year of strategic advancement for the Group as we strengthen our foundations for sustainable growth. With the completion of several key projects, SJM is poised to capture new market segments, expand our non-gaming portfolio, reinforce our market positioning, and contribute meaningfully to Macau's broader economic landscape.

CHAIRMAN'S STATEMENT

STRATEGIC DEVELOPMENTS (Continued)

A landmark milestone is the opening of Palazzo Versace Macau, which officially debuted in March as the brand's first presence in Asia. Completing the trio of luxury towers at GLP, this 271-room hotel encapsulates the elegance of Versace's design ethos while elevating our hospitality offerings. The grand opening, hosted by Donatella Versace and featuring a performance by John Legend, underscored the property's ability to attract a sophisticated clientele. More than a showcase of luxury, Palazzo Versace Macau is expected to enhance the financial performance of GLP, delivering stronger returns on investment and elevating the property's position in Macau's high-end tourism market.

Complementing our premium developments, we have also invested in revitalising Macau's historic core. Kam Pek Market, launched this year in the heart of San Ma Lo, represents a milestone in our efforts to blend cultural heritage with contemporary lifestyle experiences. The transformation of the former Kam Pek Community Centre into a dynamic food hall is designed to increase foot traffic in one of Macau's most storied districts while fostering greater engagement with a younger demographic. This initiative also underscores our commitment to supporting local SMEs, with 15 carefully selected operators benefitting from a revenue-sharing model and start-up support. The project is an embodiment of our role as a responsible concessionaire, balancing economic development with cultural preservation while stimulating broad-based economic growth.

Looking beyond Macau, we have paved the way to enhance our footprint in the Greater Bay Area. We have signed a memorandum of understanding for the acquisition of selected office properties at Xin De Kou An Shang Wu Zhong Xin (信德口岸商務中心) in Hengqin, with the strategic intent of converting them into a three-star hotel. This move aligns with our long-term vision to diversify our hospitality portfolio with mid-market offerings, and meet the evolving needs of the larger market by providing accessible accommodation options, while strengthening the Macau-Hengqin tourism ecosystem.

PROJECT PIPELINE AND GROWTH POINTS

The Group has long been synonymous with world-class service and refined brand experiences. SJM secured 13 Five-Star awards from 2025 Forbes Travel Guide, underscoring its leadership in luxury hospitality. GLP claimed the highest number of Five-Star accolades for restaurants and spas among integrated resorts globally, while Grand Lisboa Macau ("GL") maintained its 4 Five-Star distinctions for a sixth consecutive year. Building on this momentum, SJM is rolling out a series of property enhancements aimed at further broadening its appeal to a wider spectrum of visitors-from families and solo travellers to business tourists, and supporting Macau in expanding its footprint in international markets.

With a long-standing MICHELIN pedigree, gastronomy remains central to SJM's strategy. In the year ahead, the focus will extend beyond fine dining, with 7 diverse concepts launching at GLP ranging from trending global brands to cherished local favourites offering a variety of cuisines-alongside 3 new restaurants opening at GL. These culinary additions are expected to drive incremental revenue and enhance the competitive positioning of both properties, reinforcing SJM's broader ambition to refine its hospitality ecosystem and meeting the shifting tastes of a dynamic consumer base.

CHAIRMAN'S STATEMENT

PROJECT PIPELINE AND GROWTH POINTS (Continued)

In the MICE sector, SJM showcased its event-hosting prowess in 2024 by co-hosting the prestigious PATA Summit at GLP — a testament to its capabilities in managing large-scale conventions and exhibitions. In 2025, the resort will sharpen its appeal in the mid-sized convention, events, and luxury banqueting market with the debut of Garden House and Grand Hall. Garden House, spanning up to 2,000 square metres, offers a flexible indoor-outdoor venue with direct access to a private garden and Jardim Secreto. Meanwhile, the Grand Hall, covering over 2,900 square metres, is outfitted with state-of-the-art audio-visual technology. Together, these new venues will expand the resort's MICE capacity by 132%, further cementing its position as a premier destination for business and leisure events.

Over at GL, the Group is embarking on a significant renovation and upgrade programme, expanding room capacity by over 10% through the conversion of former junket areas into exclusive villas, mansions, and suites. The revamp will also introduce new function rooms and a grand ballroom, further enhancing the property's appeal to high-value travellers, event delegates. As this transformation unfolds, the impending Hotel Lisboa will be rolling out its own newly refurbished rooms in phases, seamlessly supporting GL's operations in a closely coordinated effort to minimise disruptions. Upon completion, the two properties will collectively form the largest integrated resort hub on the Macau Peninsula.

INVESTMENTS IN NON-GAMING ATTRACTIONS

The Group continued to bolster Macau's event economy, with sports tourism serving as a major drawcard. In May 2024, SJM brought the Portugal Icons team-led by Luis Figo and featuring legendary Portuguese players to Macau for a five-a-side friendly match celebrating the Macau SAR's 25th Anniversary, an event that garnered overwhelming enthusiasm. Beyond one-off spectacles, SJM has cultivated strong ties with major organisers, establishing Macau as a prominent destination for recurring marquee events. In 2025, SJM will maintain its support for flagship competitions, including the SJM Macao Open, CTA Tour SJM Professional Finals (Macau) and National Tennis Championships, Macau Grand Prix, the SJM Macao International Dragon Boat Races, and regional martial arts tournaments. These events not only attract overseas visitors and elevate Macau's global profile but also foster local talent, strengthen the city's event industry, and deepen integration with China's broader sports development landscape.

Throughout the year, SJM has introduced a range of family-focused IP attractions to Macau, including Donald Duck 90 — The Fabulous Gallery, Moomin Wonderful Encounter — Joyous Adventure in Macau, Snoopy Winter Holidays, and Macau Art City · NAKED OCEAN, reinforcing GLP's position as a year-round destination for all ages, while elevating Macau's profile as a dynamic cultural and entertainment hub. Looking ahead to 2025, GLP will further enhance its offerings with a permanent exhibition space and a vibrant residency dance show, adding new draw factors to attract visitors and enriching the property's experiential appeal.

CHAIRMAN'S STATEMENT

SUPPORTING MACAU'S DEVELOPMENT GOALS

As Macau continues its recovery and growth trajectory, SJM remains an unwavering partner in supporting the government's vision of diversifying its tourism economy. Through close collaboration with the Macao Government Tourism Office ("MGTO"), we are actively expanding Macau's international market reach. In 2024, we attended 8 overseas roadshows led by MGTO, as well as held 9 targeted trade events under the "Legend of Macau" series to promote SJM tourism products. In 2025, we will continue to build on insights from past overseas engagements to forge strategic partnerships and amplify Lisboa brand visibility. SJM will prioritise key Asian markets, such as Korea, Japan and Thailand, as well as Greater China. A data-driven approach will underpin tailored experience offerings, targeting both the MICE sector and high-value leisure travellers to drive sustained growth.

Finally, I wish to extend my heartfelt gratitude to our team members, whose dedication and expertise underpin every success we have achieved. Their commitment ensures we not only navigate change but set new industry standards. With a clear vision and firm footing, we remain focused on delivering lasting returns to shareholders, while adding depth and diversity to the Lisboa brand.

Thank you for your continued trust and support.

Ho Chiu Fung, Daisy

Chairman and Executive Director

Hong Kong, 4 March 2025

BUSINESS REVIEW

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.

BUSINESS REVIEW

GROUP OPERATING RESULTS

The Group's results, Net Revenue, Adjusted EBITDA and Adjusted EBITDA Margin for the year ended 31 December 2024 and for the earlier year are shown below:

Group operating results	For the year ended 31 December		Increase
	2024 HK\$ million	2023 HK\$ million	
Total net revenue	28,769	21,623	33.0%
Net gaming revenue	26,846	20,059	33.8%
Profit (loss) attributable to owners of the Company	3	(2,010)	NM
Adjusted EBITDA ¹	3,764	1,727	117.9%
Adjusted EBITDA Margin ²	13.1%	8.0%	5.1%

¹ Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, dividend income and pre-opening expenses.

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

NM = not meaningful

Total net revenue was HK\$28,769 million for the year ended 31 December 2024, an increase of 33.0%, compared to HK\$21,623 million for the year ended 31 December 2023. The increase was driven by gaming revenue.

The following tables summarise the results of Self-promoted Casino, Satellite Casino and hotel room activities:

	For the year ended 31 December		Increase
	2024 HK\$ million	2023 HK\$ million	
Rolling Gross Gaming Revenue	2,688	1,557	72.6%
Non-Rolling Gross Gaming Revenue	23,762	17,874	32.9%
Electronic Game Gross Gaming Revenue	2,374	1,773	33.9%
Gross Gaming Revenue ("GGR")	28,824	21,204	35.9%
Less: Commissions and incentives	(1,978)	(1,145)	72.8%
Net Gaming Revenue	26,846	20,059	33.8%

BUSINESS REVIEW

PROPERTY STATISTICS

Grand Lisboa Palace Resort Statistics	For the year ended 31 December		Variance	
	2024 HK\$ million	2023 HK\$ million	HK\$ million	%
Revenues:				
Casino (GGR)	5,238	2,690	2,548	94.7%
Hotel	731	472	259	54.9%
Food and Beverage, Mall and Other	611	508	103	20.3%
Total Revenue	6,580	3,670	2,910	79.3%
Adjusted Property EBITDA¹	499	(317)	816	NM
Gaming Statistics				
Rolling Chip Volume	40,791	25,464	15,327	60.2%
Rolling Revenue	1,554	860	694	80.7%
Rolling Chip Win %	3.8%	3.4%	—	0.4 pts
Non-Rolling Volume	17,190	9,094	8,096	89.0%
Non-Rolling Revenue	3,101	1,487	1,614	108.5%
Non-Rolling Chip Win %	18.0%	16.4%	—	1.6 pts
Electronic Game Handle	21,086	10,987	10,099	91.9%
Electronic Game Revenue	583	343	240	70.0%
Electronic Game Hold %	2.8%	3.1%	—	(0.3) pts
Hotel Statistics²	HK\$	HK\$	HK\$	
Occupancy %	97.0%	82.6%	—	14.4 pts
Average Daily Rate (ADR)	1,191	1,322	(131)	(9.9%)
Revenue per Available Room (RevPAR)	1,155	1,092	63	5.8%

¹ Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, bank charges for bank loans, gain/loss on modification of bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, pre-opening expenses and corporate costs, and before elimination of inter-company consumption.

² Grand Lisboa Palace Resort included three hotel towers — the Grand Lisboa Palace Macau, THE KARL LAGERFELD and the Palazzo Versace Macau which opened in the second quarter of 2023.

NM = not meaningful

BUSINESS REVIEW

PROPERTY STATISTICS (Continued)

Grand Lisboa Statistics	For the year ended 31 December		Variance	
	2024 HK\$ million	2023 HK\$ million	HK\$ million	%
Revenues:				
Casino (GGR)	7,548	5,439	2,109	38.8%
Hotel	169	160	9	5.6%
Food and Beverage, Mall and Other	122	147	(25)	(17.0%)
Total Revenue	7,839	5,746	2,093	36.4%
Adjusted Property EBITDA	2,094	1,325	769	58.0%
Gaming Statistics				
Rolling Chip Volume	26,291	19,324	6,967	36.1%
Rolling Revenue	1,051	574	477	83.1%
Rolling Chip Win %	4.0%	3.0%	—	1.0 pts
Non-Rolling Volume	28,387	22,482	5,905	26.3%
Non-Rolling Revenue	6,038	4,461	1,577	35.4%
Non-Rolling Chip Win %	21.3%	19.8%	—	1.5 pts
Electronic Game Handle	10,017	8,255	1,762	21.3%
Electronic Game Revenue	459	404	55	13.6%
Electronic Game Hold %	4.6%	4.9%	—	(0.3) pts
Hotel Statistics	HK\$	HK\$	HK\$	
Occupancy %	98.7%	93.0%	—	5.7 pts
Average Daily Rate (ADR)	1,226	1,121	105	9.4%
Revenue per Available Room (RevPAR)	1,210	1,043	167	16.0%

BUSINESS REVIEW

PROPERTY STATISTICS (Continued)

Other Self-promoted Casino, Jai Alai Hotel, Kam Pek Market and Sofitel at Ponte 16 Statistics	For the year ended 31 December		Variance	
	2024 HK\$ million	2023 HK\$ million	HK\$ million	%
Revenues:				
Casino (GGR)	5,241	4,428	813	18.4%
Hotel	154	155	(1)	(0.6%)
Food and Beverage, Mall and Other	135	122	13	10.7%
Total Revenue	5,530	4,705	825	17.5%
Adjusted Property EBITDA*	1,323	1,258	65	5.2%
Gaming Statistics				
Non-Rolling Volume	32,980	28,528	4,452	15.6%
Non-Rolling Revenue	4,926	4,142	784	18.9%
Non-Rolling Chip Win %	14.9%	14.5%	—	0.4 pts
Electronic Game Handle	7,429	6,589	840	12.7%
Electronic Game Revenue	315	286	29	10.1%
Electronic Game Hold %	4.2%	4.3%	—	(0.1) pts
Hotel Statistics	HK\$	HK\$	HK\$	
Jai Alai Hotel:				
Occupancy %	99.8%	97.6%	—	2.2 pts
Average Daily Rate (ADR)	205	196	9	4.6%
Revenue per Available Room (RevPAR)	204	191	13	6.8%
Sofitel at Ponte 16:				
Occupancy %	88.1%	83.0%	—	5.1 pts
Average Daily Rate (ADR)	1,075	1,230	(155)	(12.6%)
Revenue per Available Room (RevPAR)	947	1,021	(74)	(7.2%)

* Casino Lisboa, Casino Oceanus at Jai Alai (including the gaming area in the Jai Alai Building), and Jai Alai Hotel, Kam Pek Market (which opened in December 2024), share of Ponte 16 and other non-gaming area.

BUSINESS REVIEW

PROPERTY STATISTICS (Continued)

Satellite Casino Statistics	For the year ended 31 December		Variance HK\$ million	%
	2024 HK\$ million	2023 HK\$ million		
Casino Revenue (GGR)	10,797	8,647	2,150	24.9%
Adjusted Property EBITDA	42	(338)	380	NM

NM = not meaningful

As at 31 December 2024, SJM operated nine satellite casinos, as follows: Casino Casa Real, Casino Emperor Palace, Casino Fortuna, Casino Grandview, Casino Kam Pek Paradise, Casino Landmark, Casino L'Arc Macau, Casino Legend Palace and Casino Ponte 16. As at 31 December 2023, SJM operated the same nine satellite casinos.

RECENT DEVELOPMENTS AND PROSPECTS

The Group has made significant strides in 2024, fortifying its position in Macau's evolving tourism and leisure sector. With major projects completed and strategic investments underway, the Company's principal subsidiary, SJM, is broadening its non-gaming portfolio, refining its market positioning, and supporting Macau's economic diversification.

In March 2024, the 271-room Palazzo Versace Macau, the luxury brand's first Asian outpost, officially debuted which completed the Grand Lisboa Palace Resort Macau trio and further elevated SJM's premium hospitality portfolio. With its distinctive design and premier service, the hotel has quickly gained traction, maintaining an average occupancy over 96%. The property will play a key role in driving the resort's revenue growth and boosting overall occupancy across the integrated resort.

Parallel to its luxury expansion, SJM has also invested in revitalising Macau's historic core. Kam Pek Market, which officially started operation in January 2025 in the San Ma Lo district, reimagined the former Kam Pek Community Centre as a vibrant food hall, designed to increase foot traffic and attract a younger demographic to one of Macau's most storied neighbourhoods. Featuring 15 carefully selected vendors operating under a revenue-sharing model with start-up support and a self-operated kiosk, the initiative champions local SMEs while blending heritage with contemporary lifestyle experiences. This transformation underscores SJM's commitment to sustainable urban development, balancing commercial vitality with cultural preservation.

Beyond Macau, the Group intends to expand its footprint in the Greater Bay Area with a memorandum of understanding to acquire selected office properties at Hengqin's Xin De Kou An Shang Wu Zhong Xin (信德口岸商務中心), with plans to repurpose them into a three-star hotel. This initiative aligns with SJM's long-term strategy to increase its room capacity and grow its mid-market hospitality offerings while strengthening synergies between Macau and Hengqin's tourism ecosystem, leveraging the recently enacted visa policy for travelers.

SJM's luxury credentials remain industry-leading, clinching 13 Five-Star awards from the 2025 Forbes Travel Guide. Grand Lisboa Palace Resort Macau secured the highest number of Five-Star distinctions for dining and spas, across all integrated resorts worldwide, while Grand Lisboa Macau retained its four Five-Star accolades for a sixth consecutive year. Building on its established excellence, SJM has planned extensive upgrades and new lifestyle offerings for 2025 to ensure its continued market relevance.

Culinary innovation remains central to SJM's strategy. Seven new dining concepts are set to open at Grand Lisboa Palace Resort Macau, spanning global brands to local favourites offering a variety of cuisines, alongside three additions at Grand Lisboa Macau. These venues will create a well-balanced F&B portfolio for SJM by expanding mass-market offerings in response to demand, driving incremental revenue, and enhancing the competitive positioning of both properties.

Strengthening the Group's competitiveness in the mid-sized MICE sector, Grand Lisboa Palace Resort Macau will be adding two new event spaces — Garden House, a 2,000-square-metre flexible indoor-outdoor venue, and Grand Hall, a 2,900-square-metre venue outfitted with state-of-the-art audio-visual and conference facilities — expanding the resort's overall hosting capacity by 132%. Meanwhile, new function rooms and a refurbished grand ballroom will be introduced to Grand Lisboa Macau, further enhancing the property's appeal to high-value travellers, and complementing its renowned fine-dining offerings.

RECENT DEVELOPMENTS AND PROSPECTS

Grand Lisboa Macau is set to embark on a comprehensive upgrade programme, including a full renovation of all typical rooms and a room inventory expansion of over 10% through the conversion of former junket areas into exclusive villas, mansions, and suites. As this transformation unfolds, the appending Hotel Lisboa will be rolling out its own newly refurbished rooms in phases, seamlessly supporting Grand Lisboa Macau's operations in a closely coordinated effort to minimise disruptions.

SJM will continue to uphold its longstanding commitment to sports tourism and support signature marquee events associated with its brand, such as the SJM Macao Open, CTA Tour "SJM" Professional Finals (Macao) and National Tennis Championships, and the Macau Grand Prix. Through these efforts, it aims to elevate Macau's global profile, stimulate overseas visitor arrivals, and nurture local talents. In the first half of 2025, SJM will expand its cultural offerings at Grand Lisboa Palace Resort Macau with the launch of a resident show and a permanent art gallery, enriching the property's entertainment and cultural portfolio while attracting a broader audience through immersive travel experiences.

In 2024, SJM participated in eight MGTO-led overseas roadshows and hosted nine trade events under the "Legend of Macau" campaign in major foreign markets, to amplify the Lisboa brand visibility, drive market diversification for Macau, and promote its sustainable long-term growth. Such efforts will continue into 2025, deepening strategic partnerships with global travel operators and channeling more MICE and high-value leisure customers to the city.

By expanding the frontiers of its tourism offerings, SJM is not only fortifying its competitive standing but also advancing economic diversification through "Tourism+", fostering the sustainable growth of Macau's tourism sector.

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had bank balances and cash amounting to HK\$2,208 million (not including pledged bank deposits of HK\$1,009 million) as at 31 December 2024. This represented a decrease of 37.7% as compared with the position as at 31 December 2023 of HK\$3,542 million. The decrease was due to repayment of bank loans as mentioned below.

Total outstanding balances of bank loans drawn by the Group as at 31 December 2024 amounted to HK\$13,499 million (as at 31 December 2023: HK\$15,236 million). Total senior notes and convertible bond issued by the Group as at 31 December 2024 amounted to HK\$10,952 million (as at 31 December 2023: HK\$10,907 million). Loan from ultimate holding company as at 31 December 2024 amounted to HK\$2,007 million (as at 31 December 2023: HK\$2,007 million). The maturity of the Group's borrowings as at 31 December 2024 is as follows:

Maturity Profile				
Within 1 year	1 to 2 years	3 to 5 years	over 5 years	Total
6.5%	27.3%	66.2%	0%	100%

GEARING RATIO

The Group's gearing ratio (defined as the ratio of total outstanding bank loans, convertible bond and senior notes less pledged bank deposits, short-term bank deposits, bank balances and cash to total assets (excluding pledged bank deposits, short-term bank deposits, bank balances and cash)) was 51.1% at the end of the Reporting Period (as at 31 December 2023: 52.2%).

CONTRACTUAL CAPITAL EXPENDITURE COMMITMENTS

Contractual capital expenditure commitments by the Group amounted to HK\$760 million as at 31 December 2024 (as at 31 December 2023: HK\$427 million), of which HK\$631 million were for tendering projects committed to the Macau Government.

PLEDGE OF ASSETS

As at 31 December 2024, certain of the Group's property and equipment and right-of-use assets with carrying values of HK\$33,374 million and HK\$1,684 million, respectively (as at 31 December 2023: HK\$34,055 million and HK\$1,711 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of HK\$1,009 million as at 31 December 2024 (2023: HK\$1,009 million).

CONTINGENT LIABILITY

The Group had no significant contingent liability as at 31 December 2023 and 2024.

FINANCIAL REVIEW

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. Majority 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 2024.

HUMAN RESOURCES

As at 31 December 2024, the Group had approximately 20,400 full-time employees. The Group's employee turnover rate was minimal in 2024.

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.

DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN AND EXECUTIVE DIRECTOR

Ms. Ho Chiu Fung, Daisy, aged 60, was elected as an Executive Director of the Company in June 2017. She was appointed to succeed as Chairman of the Company in June 2018, and was appointed as the Chairman of the Executive Committee of the board of directors of the Company (the "Board") in July 2018, and a member of the Nomination Committee and the Remuneration Committee of the Board in February 2019. Ms. Ho was re-designated from a member to the Chairman of the Nomination Committee of the Board in June 2019. She was a member of the Cotai Project Committee of the Board (dissolved in January 2024) from 2021 to 2023. Ms. Ho was elected as a director of SJM Resorts, S.A. ("SJM") in March 2019, and was appointed as the managing director of SJM in September 2022. She was the chairman of the board of directors of SJM from March 2019 to September 2022. Ms. Ho is also a director of a number of subsidiaries, an associate and a joint venture of the Company.

Ms. Ho was an appointed representative of Shun Tak Holdings Limited ("Shun Tak"), which is a corporate director of Sociedade de Turismo e Diversões de Macau, S.A. ("STDM") (the controlling shareholder of the Company), up till 31 March 2010, and has thereafter become an appointed representative of Lanceford Company Limited, which is also a corporate director of STDM, since 1 April 2010. She was appointed an executive director of Shun Tak, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE Main Board"), in 1994, and has been the deputy managing director and chief financial officer of Shun Tak since 1999. Ms. Ho is also a member of the executive committee, remuneration committee and nomination committee of Shun Tak and a director of a number of its subsidiaries.

Ms. Ho is Vice President and Executive Committee Member of The Real Estate Developers Association of Hong Kong, Member of the Hong Kong Institute of Real Estate Administrators, Vice President of Macao Association of Building Contractors and Developers, Member of The Chinese General Chamber of Commerce and of its Ladies Committee, Director of Macao Chamber of Commerce, Life Honorary President of Macau Retail and Management Association, Honorary Chairman of the Macau Hotel Association, Fellow of The Hong Kong Institute of Directors, Governor of The Canadian Chamber of Commerce in Hong Kong, Chairman of Hong Kong Ballet, Advisor and Former Chairman (2020 – 2021) of Po Leung Kuk, Chairman cum Director of University of Toronto (Hong Kong) Foundation Limited and Chairman of its Scholarship Selection Committee, Chair of International Dean's Advisory Board of Joseph L. Rotman School of Management – University of Toronto, World Fellow of The Duke of Edinburgh's Award World Fellowship, Honorary Vice President of the Hong Kong Girl Guides Association and Honorary President of Hong Kong Federation of Women.

Ms. Ho was awarded the Bronze Bauhinia Star by the Hong Kong Special Administrative Region ("Hong Kong SAR") Government in July 2021.

Ms. Ho has been appointed as a member of the Standing Committee on Judicial Salaries and Conditions of Service by the Hong Kong SAR Government in January 2022.

Ms. Ho holds a Master of business administration degree in finance from the University of Toronto, Canada and a Bachelor's degree in marketing from the University of Southern California, U.S.A.

DIRECTORS AND SENIOR MANAGEMENT

CO-CHAIRMEN AND EXECUTIVE DIRECTORS

Mr. Fok Tsun Ting, Timothy, aged 79, was appointed as an Executive Director of the Company in 2010. He was appointed as a Co-Chairman of the Company in June 2018, a member of the Executive Committee of the Board in July 2018, and a member of the Nomination Committee of the Board in June 2022. Mr. Fok was a member of the Cotai Project Committee of the Board (dissolved in January 2024) from 2015 to 2023. He has been a director of SJM since 2014. Mr. Fok was appointed as the chairman of the board of directors of SJM in September 2022. He is also a director of certain subsidiaries of the Company.

Mr. Fok is the chairman of Fok Ying Tung Group, the chairman of Fok Ying Tung Foundation and a member of the Trust Committee of Henry Fok Foundation, a charitable foundation established in Macau which is a shareholder of STDM. He is an honorary member of the International Olympic Committee, a senior advisor – the East Asian Olympic Committees, the president of the Sports Federation and Olympic Committee of Hong Kong, China, the vice president of the Olympic Council of Asia (East Asia) and the honorary president of the Football Association of Hong Kong, China. Mr. Fok was a member of the 8th to the 12th National Committee of Chinese People's Political Consultative Conference ("CPPCC") and a vice-chairman of the Committee of Education, Science, Culture, Health and Sports of CPPCC and the president of the Football Association of Hong Kong, China from 1997 to 2023. He was elected as a member of the Legislative Council of Hong Kong, representing the Sports, Performing Arts, Culture and Publication functional constituency from 1998 to 2012.

Mr. Fok was appointed as a Justice of the Peace by the Hong Kong SAR Government in 1998, and was awarded the Grand Bauhinia Medal, the Gold Bauhinia Star Medal and the Silver Bauhinia Star Medal by the Hong Kong SAR Government in 2023, 2004 and 1999 respectively. He was awarded the Olympic Order in Silver by International Olympic Committee in October 2018.

Mr. Fok was educated at the University of Southern California, U.S.A. He is a fellow member of The Hong Kong Institute of Directors.

DIRECTORS AND SENIOR MANAGEMENT

CO-CHAIRMEN AND EXECUTIVE DIRECTORS (Continued)

Deputada Leong On Kei, Angela, aged 63, has been an Executive Director of the Company since 2007. She was appointed as a Co-Chairman of the Company in June 2018. Deputada Leong has been a member of the Remuneration Committee of the Board since 2008 and a member of the Executive Committee of the Board since 2009. She was a member of the Nomination Committee of the Board from 2008 to 2022 and a member of Cotai Project Committee of the Board (dissolved in January 2024) from 2015 to 2023. Deputada Leong has been the chairman of the staff welfare consultative committee of SJM since 2005 and a director of SJM since 2007. She was the managing director of SJM from 2010 to 2022. Deputada Leong is also a director of a number of subsidiaries of the Company. She has been a director of STDM since 2005 and a shareholder of STDM.

Deputada Leong is actively involved in public and community services in China, Hong Kong and Macau. She is a vice-chairman of Jiangxi Federation of Returned Overseas Chinese, Honorary Citizen of Jinggangshan, Jiangxi Province and of Guangzhou, Guangdong Province, Honorary Director of Jinggangshan Patriotism Education Base and Honorary Principal of Jinggangshan Experimental Primary School, Jiangxi Province. Deputada Leong is a member of the 3rd to the 7th Legislative Assemblies of the Macau Special Administrative Region (“Macau SAR”) and the chairman of the 6th and 7th Administrative Council of the Legislative Assemblies of Macau SAR. She is a member of the 2nd to the 6th Elective Committee of Chief Executive of Macau SAR. Deputada Leong is an elective committee member of the 10th to the 14th National People’s Congress of Macau SAR, China.

Deputada Leong is currently a consultant of Macao Basic Law Promotion Association, a member of the Board of Trustees of Macao Foundation, a vice-president of the board of Supervisors of The Macao Chamber of Commerce, an honorary consultant of The Women’s General Association of Macau, a vice-chairman of Federation of Macau China Sport General Associations, the president of Macau Dance Sport Federation, a director of Stanley Ho Astronautics Training Foundation, the honorary president of Macau Chinese Painting Graduate Research Institute, the honorary president of Macau General Association of Real Estate, a director of Guangdong Women Overseas Friendship Association and a member of Advisory Board of Po Leung Kuk (2022 – 2027). She is also the honorary chairman of the Foshan CPPCC Member Association Macau, the honorary chairman of Macao Association of Young Employees in the Gaming Industry, the honorary chairman of Guangxi Associations General Federation of Macau and the honorary advisor of The Youth Elites Association Macau.

Deputada Leong was a member of Tourism Development Committee of Macau SAR until March 2024. She was also a president of the Hong Kong Island Social Services Charitable Foundation, a Standing Committee member of Jiangxi Provincial Committee of CPPCC until January 2023 and of Zhuhai Municipal Committee of CPPCC until December 2016, a member of the Cultural Industries Committee of Macau SAR from 2010 to 2016 and a director (2005 – 2011), a vice-chairman (2011 – 2014), the chairman (2014 – 2015), and a member of Advisory Board of Po Leung Kuk (2015 – 2016).

Deputada Leong was awarded the Medal of Merit – Industry and Commerce by the Macau SAR Government in 2009. She was awarded the Business Awards of Macau – Award of Female Entrepreneur in 2013 and the Bronze Bauhinia Star by the Hong Kong SAR Government in 2015.

Deputada Leong is a fellow member of The Hong Kong Institute of Directors.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. Chan Un Chan, aged 71, was elected as an Executive Director of the Company in June 2018. She has been a director of SJM since 2009. Dr. Chan is a director and a shareholder of STDM. She is the chairman of UNIR (HK) Management Limited, the executive director of Tagus Properties Limited, a director of UNIR HOTELS PTY LTD and Wei Hang Shipyard (Zhong Shan) Co., Limited.

Dr. Chan actively involves in the charitable and community services in China, Hong Kong and Macau. She is the vice-chairman of Beijing Chinese Overseas Friendship Association, the honorary director of Guangdong Women and Children's Foundation, a permanent director of Hong Kong Art Craft Merchants Association Limited, a life patron of Hong Kong Ballet Group and the vice-presidente da Assembleia Geral of Obra Das Mães, Macau. Dr. Chan was a director (2006 – 2008), a vice-chairman (2008 – 2013) and the chairman of Tung Wah Group of Hospitals (2013 – 2014), a member of Fundraising Committee 2003 of End Child Sexual Abuse Foundation, a sponsor of Mobile Classroom of End Child Sexual Abuse Foundation and the honorary director of Beijing Xiaoxing Ballet Art Development Foundation. She was a member of the 11th Guangdong Provincial Committee of CPPCC.

Dr. Chan was awarded the China Children Philanthropists by China Children and Teenagers' Fund in 2008, the World Outstanding Chinese Award by United World Chinese Association in 2008, the Star of Charity by Guangdong Women and Children's Foundation in 2012 and the Bronze Bauhinia Star by the Hong Kong SAR Government in 2014.

Dr. Chan was conferred with Honorary Doctor of Commerce from The University of West Alabama, U.S.A. in 2008, Honorary Doctorate in Management from Lincoln University, U.S.A. in 2009 and Honorary Fellowship Award from Canadian Chartered Institute of Business Administration in 2009.

Mr. Shum Hong Kuen, David, aged 70, has been an Executive Director of the Company since 2007. He has been a member of the Executive Committee of the Board since 2009. Mr. Shum was a member of the Nomination Committee of the Board from 2008 to 2019 and a member of the Cotai Project Committee of the Board (dissolved in January 2024) from 2015 to 2023. He is also a director of a number of subsidiaries of the Company. Mr. Shum has been a director of SJM since 2007 and of Sociedade de Turismo e Desenvolvimento Insular S.A.R.L. since 1998. He is an executive director and a member of the executive committee of the board of directors of Shun Tak Holdings Limited (listed on the HKSE Main Board). Mr. Shum is also a director of a number of subsidiaries in the Shun Tak group. He is a director and a shareholder of STDM.

Mr. Shum holds a Bachelor's degree from the University of Illinois, Urbana-Champaign, U.S.A. and a Master's degree in Business Administration from the University of California, Berkeley, U.S.A. He is a fellow member of The Hong Kong Institute of Directors.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Tsang On Yip, Patrick, aged 53, was elected as a Non-executive Director of the Company in June 2019. He has been a supervisory committee member of SJM and certain of its subsidiaries since March 2019. He is the Co-CEO and a director of Chow Tai Fook Enterprises Limited. Mr. Tsang currently holds directorships in other five companies listed on the HKSE Main Board, namely, vice-chairman and executive director of i-CABLE Communications Limited, executive director of UMP Healthcare Holdings Limited, executive director of Melbourne Enterprises Limited, non-executive director of CTF Services Limited (formerly known as “NWS Holdings Limited”), and chairman and non-executive director of Giordano International Limited. He was a managing director and Head of Asia Fixed Income Capital Markets at Deutsche Bank AG, Hong Kong Branch before joining Chow Tai Fook Enterprises Limited. Mr. Tsang has extensive finance and investment expertise acquired over a 20-year career in investment banking.

Mr. Tsang is an appointed representative of Many Town Company Limited, a corporate director of STDM, a director of Chow Tai Fook (Holding) Limited, a governor of Chow Tai Fook Charity Foundation Limited, a director of Cheng Yu Tung Foundation Limited, a founder and a director of CTFE Social Solutions Limited, a member of the Election Committee, a vice-chairman of the Employers’ Federation of Hong Kong and a member of the 14th Beijing Municipal Committee of CPPCC. He was a non-executive director of Greenheart Group Limited until May 2022 and a non-executive director of Integrated Waste Solutions Group Holdings Limited until August 2022, both of which are listed on the HKSE Main Board.

Mr. Tsang holds a Bachelor of Arts degree in Economics from Columbia College of Columbia University, U.S.A.



DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Hau Chong, Norman, aged 69, was elected as an Independent Non-executive Director of the Company in June 2022. He has been a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board since June 2022. He was re-designated from a member to the Chairman of the Audit Committee of the Board in June 2024.

Mr. Ho has extensive skills, knowledge and professional experience in accounting and finance, mergers and acquisitions, risk management, strategic planning and various business sectors, including property development and investment, hotel management and transportation services. He is an executive director of Honorway Investments Limited and Tak Hung (Holding) Company, Limited and has over 30 years of experience in management and property development.

Mr. Ho is currently an executive director of Miramar Hotel and Investment Company, Limited and Vision Values Holdings Limited as well as an independent non-executive director of Shun Tak Holdings Limited and Hong Kong Ferry (Holdings) Company Limited, all of which are listed on the HKSE Main Board. He was an independent non-executive director of Lee Hing Development Limited until October 2022, which was listed on the HKSE Main Board until October 2022.

Mr. Ho graduated from the University of Exeter in the United Kingdom with a Bachelor of Arts degree in 1976. He has also obtained professional qualification in accounting. Mr. Ho is currently a member of the Institute of Chartered Accountants in England and Wales and a fellow member of The Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Ms. Wong Yu Pok, Marina, aged 76, was elected as an Independent Non-executive Director of the Company in June 2019. She has been a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board since June 2019. Ms. Wong was re-designated from a member to the Chairman of the Remuneration Committee of the Board in June 2022.

Ms. Wong is an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited, Kerry Logistics Network Limited and Luk Fook Holdings (International) Limited, all of which are listed on the HKSE Main Board. She was an independent non-executive director of Kerry Properties Limited, which is listed on the HKSE Main Board, until May 2024.

Ms. Wong joined PricewaterhouseCoopers in 1968 and was responsible for the development of the firm’s business in Mainland China since 1980. After her retirement as a partner from PricewaterhouseCoopers in July 2004, she joined Tricor Services Limited as a director from September 2004 to February 2006.

Ms. Wong is a member of a number of Government advisory and other bodies in Hong Kong and was the Chairman of The Applied Research Council up to February 2017. She is the Chartered President of Hong Kong Women Professionals & Entrepreneurs Association and Vice-Chairman of the Hong Kong Federation of Women. Ms. Wong was appointed as a Justice of the Peace in 2004.

Being an accountant by training, Ms. Wong is a fellow of HKICPA and a fellow of the Association of Chartered Certified Accountants. She was conferred Honorary Fellow of City University of Hong Kong in 2008.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Mr. Yeung Ping Leung, Howard, aged 68, was elected as an Independent Non-executive Director of the Company in May 2021. He has been a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board since May 2021.

Mr. Yeung has extensive experience in the businesses of property development, hotel operation and jewelry. He is an independent non-executive director of Miramar Hotel and Investment Company, Limited, a company listed on the HKSE Main Board. Mr. Yeung was an independent non-executive director of New World Development Company Limited, which is listed on the HKSE Main Board, until December 2022.

Mr. Yeung graduated with a Bachelor's degree in Business Administration – Travel Industry Management from the University of Hawaii, U.S.A. in 1980.

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

The Directors' biographical details update, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since 1 July 2024 and up to 31 December 2024 has been reflected in the above section.

SENIOR MANAGEMENT

The Executive Directors of the Company are regarded as senior management of the Group in view of the fact that they are directly responsible for overseeing the implementation of the Company's strategic objectives and the business operations of the Group.

DIRECTORS' REPORT

The directors of the Company (the "Directors") have pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31 December 2024 (the "Financial Statements").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst its operating subsidiary, SJM Resorts, S.A. ("SJM") conducts casino gaming operations and gaming-related activities in Macau. The Company's other subsidiaries are principally engaged in hotel, catering, retail, leasing and related services in Macau.

An analysis of the revenues and the results of the Group by operating segment during the financial year is set out in note 5 to the Financial Statements.

PRINCIPAL SUBSIDIARIES

A list of principal subsidiaries, together with their places of incorporation/establishment and operations and particulars of their issued share capital/quota capital and principal activity, is set out in note 45 to the Financial Statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are provided in the sections headed "Business Review" and "Recent Developments and Prospects" on pages 7 to 12 and pages 13 and 14 of this Annual Report, respectively.

The financial risk management objectives and policies of the Group are shown in the section headed "Financial Review" on pages 15 and 16 of this Annual Report and note 40 to the Financial Statements.

FINANCIAL RESULTS

The profit of the Group for the year ended 31 December 2024, and the Statement of Financial Position of the Company and of the Group at that date are set out in the Financial Statements on pages 106 to 207.

DIRECTORS' REPORT

DIVIDENDS

No interim dividend for the six months ended 30 June 2024 was declared during the year (six months ended 30 June 2023: nil).

2025 AGM

The forthcoming annual general meeting of the Company is scheduled to be held on Tuesday, 10 June 2025 (the "2025 AGM"). Notice of the 2025 AGM will be published on the website of the Company and the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and despatched to shareholders of the Company (the "Shareholders") on or around 29 April 2025.

CLOSURE OF REGISTER OF MEMBERS FOR 2025 AGM

The register of members of the Company will be closed as set out below for ascertaining Shareholders entitled to attend the 2025 AGM:

Book close dates for 2025 AGM	: 4 June 2025 to 10 June 2025 (both days inclusive)
Last share registration date for 2025 AGM	: 3 June 2025
Latest time to lodge transfer documents with the Company's share registrar	: 4:30 p.m. on Tuesday, 3 June 2025
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
Date and time of 2025 AGM	: 2:30 p.m. on Tuesday, 10 June 2025
Deadline and address for submission of proxy form for 2025 AGM	: 2:30 p.m. on Saturday, 7 June 2025 18th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168 – 200 Connaught Road Central, Hong Kong or via email at comsec@sjmholdings.com

DIRECTORS' REPORT

MAJOR PROPERTIES

Details of major properties of the Group as at 31 December 2024 are as follows:

Property	Location	Use	Site area (sq.m.)	Gross floor area/ saleable area (sq.m.)	Group interest
Grand Lisboa Palace Resort	A plot of land and its buildings located in the Cotai area of Macau, adjacent to Avenida do Aeroporto and Rua de Ténis	A complex containing hotel with gaming operation, food and beverage outlets and offices	70,468	521,435	94% <i>(Note 1)</i>
Grand Lisboa hotel unit	Rua da Escola Comercial no. 32, 72, 82, 84, 98, 100, 102, 112, 118, 128, 130, 132 and 158; Avenida do Infante D. Henrique, no. 8, 8-A; and Avenida de Lisboa, no. 21, 23, 63, 67, 69, 71, 73, 83 and 93, Macau	Hotel with food and beverage outlets and offices	11,626	122,524	88.27% <i>(Note 2)</i>
Ponte 16	Rua das Lorchas, N° S/N; Rua do Visconde Paço de Arcos, N° S/N, Macau	Gaming operation, hotel operation and commercial use	23,066	126,500	51%
Oceanus building	Travessa do Reservatório Nos. 33 – 95, Macau	Gaming operation, food and beverage outlets and back of house facilities	6,952	39,242	58.4% <i>(Note 3)</i>
Kam Pek Market (formerly known as “Kam Pek Community Centre”)	Avenida de Almeida Ribeiro S/N and Rua da Caldeira S/N, Macau	Food and beverage outlets	—	2,156.28	100%
Centro Internacional de Macau	Rua do Terminal Marítimo, N°s 93 – 103, Edifício I - Bloco V, Macau	Staff quarters	—	5,582.72	100%
18th floor, China Merchants Tower	Whole of 18th floor, China Merchants Tower, Shun Tak Centre, Nos. 168 – 200 Connaught Road Central, Hong Kong	Self-use office	—	2,248.25	100%

Notes:

- Pursuant to the reversion and handover deeds executed between SJM and the Macau Government on 30 December 2022, upon termination of the former gaming concession on 31 December 2022, 6% of Grand Lisboa Palace Resort was reverted to the Macau Government, and SJM was granted the right of enjoyment, fruition and use of such areas during the term of the new gaming concession from 1 January 2023 for 10 years.
- Pursuant to the reversion and handover deeds executed between SJM and the Macau Government on 30 December 2022, upon termination of the former gaming concession on 31 December 2022, 11.73% of the hotel unit of Grand Lisboa was reverted to the Macau Government, and SJM was granted the right of enjoyment, fruition and use of such areas during the term of the new gaming concession from 1 January 2023 for 10 years.
- Pursuant to the reversion and handover deeds executed between SJM and the Macau Government on 30 December 2022, upon termination of the former gaming concession on 31 December 2022, 41.6% of Oceanus building was reverted to the Macau Government, and SJM was granted the right of enjoyment, fruition and use of such areas during the term of the new gaming concession from 1 January 2023 for 10 years. Further, the Group has acquired the right of acquisition of the remaining areas under an agreement in relation to the transfer of Casino Oceanus dated 26 May 2022 (the “Transfer Agreement”). The percentage indicated herein corresponds to the interest transferred to the Group. On 8 January 2025, the Group exercised the aforesaid right and the parties to the Transfer Agreement executed the relevant sale and purchase deed for acquisition of the remaining areas of Oceanus building.

DIRECTORS' REPORT

FIXED ASSETS

Details of movements in the property and equipment and right-of-use assets of the Group during the year are set out in notes 13 and 14, respectively, to the Financial Statements.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2024 are set out in note 25 to the Financial Statements.

CAPITALISATION OF BORROWING COSTS

No borrowing costs was capitalised by the Group during the year (2023: nil).

DONATIONS

Donations made by the Group during the year amounted to HK\$1.9 million (31 December 2023: HK\$2.6 million).

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 32 to the Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Movements in the reserves of the Company during the year and reserves available for distribution to Shareholders are set out in note 34 to the Financial Statements. Movements in the reserves of the Group are reflected in the Financial Statements on the Consolidated Statement of Changes in Equity.

The Company's reserves available for distribution to Shareholders as at 31 December 2024 amounted to HK\$6,977.7 million (31 December 2023: HK\$7,166.6 million).

DIRECTORS' REPORT

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 13 May 2009, the Shareholders approved the adoption of the share option scheme of the Company (the "Scheme") under which the Directors may grant share options (the "Options") to any participants of the Scheme to subscribe for shares of the Company (the "Shares"), subject to the terms and conditions as stipulated therein. The Scheme lapsed on 13 May 2019 and no further Options can be granted thereunder. However, the outstanding Options granted under the Scheme shall continue to be valid and exercisable up to the end of the relevant exercise periods.

Principal terms of the Scheme

The principal terms of the Scheme are summarised below:

Purpose	:	To provide incentives to participants to contribute to the Group and/or to enable the Group to retain and recruit high-calibre employees and/or attract human resources that are valuable to the Group.
Participants	:	Any employee, officer, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary, who is regarded as a valuable human resources of the Group based on his work experience, knowledge of the industry and other relevant factors.
Total number of Shares available for issue	:	The total number of Shares which may be issued upon exercise of all Options must not in aggregate exceed 10% of the nominal amount of the issued share capital of the Company as at 13 May 2009 (that is, 500,000,000 Shares). Since the Scheme lapsed on 13 May 2019, no further Options can be granted thereunder.
Maximum entitlement of each participant	:	In any 12-month period (including the proposed grant date): <ul style="list-style-type: none"> (a) For participants excluding substantial Shareholders, Independent Non-executive Directors or their respective associates: <ul style="list-style-type: none"> 1% of the number of Shares in issue as at the proposed grant date (including the total number of Shares already issued and those which may fall to be issued upon exercise of Options granted and to be granted to him under the Scheme and any other share option scheme(s) of the Company and/or any subsidiary). (b) For substantial Shareholders, Independent Non-executive Directors or their respective associates: <ul style="list-style-type: none"> (i) 0.1% of the number of Shares in issue as at the proposed grant date (including the total number of Shares already issued and those which may fall to be issued upon exercise of Options granted and to be granted to him under the Scheme and any other share option scheme(s) of the Company and/or any subsidiary); or (ii) not exceeding HK\$5 million in aggregate value based on the closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange on each relevant date on which the grant of Options is made.

DIRECTORS' REPORT

SHARE OPTION SCHEME (Continued)

Principal terms of the Scheme (Continued)

Period within which the Shares must be taken up under an Option	:	The Board may in its absolute discretion determine, save that such period shall expire on the last day of nine years commencing on the date falling six months after the date of grant.
Minimum period for which an Option must be held before it can be exercised	:	Such minimum period under the Scheme is six months from the date of grant. At the time of grant of Options, the Board may specify longer minimum period(s) for which Options must be held before they can be exercised.
Amount payable on acceptance of the Option	:	HK\$1
Period within which payments or calls must or may be made or loans for such purposes must be repaid	:	Payable within 28 days from the date of the letter containing the grant, provided that no such grant shall be open for acceptance after the expiry or termination of the Scheme.
Basis of determining the exercise price	:	The exercise price shall be determined by the Board at the time the grant of the Options is made and shall not be less than the higher of: <ul style="list-style-type: none"> (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the grant date, which must be a business day; and (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the grant date.
Remaining life of the Scheme	:	The Scheme was in force for a period of ten years commencing on the adoption date and lapsed on 13 May 2019.

Number of Shares issued or to be issued and consideration received or to be received under the Scheme

During the year, no Options were exercised under the Scheme and no Shares were issued accordingly.

Immediately prior to completion of Rights Issue on 21 September 2022, 477,085,000 Options were granted under the Scheme with 299,765,000 Options exercised, and a total of HK\$2,023,951,490 was received by the Company as the proceeds for the allotment and issue of 299,765,000 Shares. Excluding 29,587,000 Options lapsed, there were 147,733,000 Options outstanding as at 21 September 2022.

As a result of the Rights Issue completed on 21 September 2022, the total outstanding Options granted under the Scheme has been adjusted from 147,733,000 to 158,074,310 with effect from 22 September 2022.

Excluding 1,899,250 Options lapsed during 22 September 2022 to 31 December 2022, 37,180,360 Options lapsed during the year ended 31 December 2023 and 114,179,700 Options lapsed during the year ended 31 December 2024, there were 4,815,000 Options outstanding as at 31 December 2024. If all those outstanding Options were exercised, a total of HK\$43,286,850 would be received by the Company as the proceeds for the allotment and issue of 4,815,000 Shares.

DIRECTORS' REPORT

SHARE OPTION SCHEME (Continued)

Movement of Options granted

Details of the movement in Options granted under the Scheme during the year ended 31 December 2024 were as follows:

Name or type of participants	Date of grant	Exercise period	Exercise price per Share	Outstanding as at 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 December 2024
Directors:									
Ho Chiu Fung, Daisy	22 June 2017 (Note 2)	22 December 2018 to 21 December 2026	HK\$7.79 (Note 2)	535,000	—	—	—	—	535,000
	22 June 2017 (Note 2)	22 December 2019 to 21 December 2026	HK\$7.79 (Note 2)	1,070,000	—	—	—	—	1,070,000
Fok Tsun Ting, Timothy	15 June 2015 (Note 1)	15 December 2015 to 14 December 2024	HK\$9.18 (Note 1)	1,070,000	—	—	—	(1,070,000)	—
	15 June 2015 (Note 1)	15 December 2016 to 14 December 2024	HK\$9.18 (Note 1)	1,070,000	—	—	—	(1,070,000)	—
	15 June 2015 (Note 1)	15 December 2017 to 14 December 2024	HK\$9.18 (Note 1)	1,070,000	—	—	—	(1,070,000)	—
Leong On Kei, Angela	15 June 2015 (Note 1)	15 December 2015 to 14 December 2024	HK\$9.18 (Note 1)	10,700,000	—	—	—	(10,700,000)	—
	15 June 2015 (Note 1)	15 December 2016 to 14 December 2024	HK\$9.18 (Note 1)	10,700,000	—	—	—	(10,700,000)	—
	15 June 2015 (Note 1)	15 December 2017 to 14 December 2024	HK\$9.18 (Note 1)	10,700,000	—	—	—	(10,700,000)	—
Chan Un Chan	21 June 2018 (Note 3)	21 December 2018 to 20 December 2027	HK\$9.59 (Note 3)	1,070,000	—	—	—	—	1,070,000
	21 June 2018 (Note 3)	21 December 2019 to 20 December 2027	HK\$9.59 (Note 3)	1,070,000	—	—	—	—	1,070,000
	21 June 2018 (Note 3)	21 December 2020 to 20 December 2027	HK\$9.59 (Note 3)	1,070,000	—	—	—	—	1,070,000
Shum Hong Kuen, David	15 June 2015 (Note 1)	15 December 2015 to 14 December 2024	HK\$9.18 (Note 1)	1,070,000	—	—	—	(1,070,000)	—
	15 June 2015 (Note 1)	15 December 2016 to 14 December 2024	HK\$9.18 (Note 1)	1,070,000	—	—	—	(1,070,000)	—
	15 June 2015 (Note 1)	15 December 2017 to 14 December 2024	HK\$9.18 (Note 1)	1,070,000	—	—	—	(1,070,000)	—
Sub-total (Directors):				43,335,000	—	—	—	(38,520,000)	4,815,000

DIRECTORS' REPORT

SHARE OPTION SCHEME (Continued)

Movement of Options granted (Continued)

Name or type of participants	Date of grant	Exercise period	Exercise price per Share	Outstanding as at 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31 December 2024
Associates (as defined in the Listing Rules) of Directors (who are also Employee/former Employee):									
The late Ho Hung Sun, Stanley	15 June 2015 (Note 1)	15 December 2015 to 14 December 2024	HK\$9.18 (Note 1)	1,783,690	—	—	—	(1,783,690)	—
	15 June 2015 (Note 1)	15 December 2016 to 14 December 2024	HK\$9.18 (Note 1)	1,783,690	—	—	—	(1,783,690)	—
	15 June 2015 (Note 1)	15 December 2017 to 14 December 2024	HK\$9.18 (Note 1)	1,782,620	—	—	—	(1,782,620)	—
Huen Wai Kei	15 June 2015 (Note 1)	15 December 2015 to 14 December 2024	HK\$9.18 (Note 1)	21,400	—	—	—	(21,400)	—
	15 June 2015 (Note 1)	15 December 2016 to 14 December 2024	HK\$9.18 (Note 1)	21,400	—	—	—	(21,400)	—
	15 June 2015 (Note 1)	15 December 2017 to 14 December 2024	HK\$9.18 (Note 1)	21,400	—	—	—	(21,400)	—
Sub-total (Associates of Directors (who are also Employee/former Employee)):				5,414,200	—	—	—	(5,414,200)	—
Employees*	15 June 2015 (Notes 1 & 6)	15 December 2015 to 14 December 2024	HK\$9.18 (Note 1)	15,234,660	—	—	—	(15,234,660)	—
Employees*	15 June 2015 (Notes 1 & 6)	15 December 2016 to 14 December 2024	HK\$9.18 (Note 1)	15,238,940	—	—	—	(15,238,940)	—
Employees*	15 June 2015 (Notes 1 & 6)	15 December 2017 to 14 December 2024	HK\$9.18 (Note 1)	15,161,900	—	—	—	(15,161,900)	—
Sub-total (Employees):				45,635,500	—	—	—	(45,635,500)	—
Service providers	15 June 2015 (Notes 1, 4, 5 & 7)	15 December 2015 to 14 December 2024	HK\$9.18 (Note 1)	1,071,070	—	—	—	(1,071,070)	—
Service providers	15 June 2015 (Notes 1, 4, 5 & 7)	15 December 2016 to 14 December 2024	HK\$9.18 (Note 1)	11,771,070	—	—	—	(11,771,070)	—
Service providers	15 June 2015 (Notes 1, 4, 5 & 7)	15 December 2017 to 14 December 2024	HK\$9.18 (Note 1)	11,767,860	—	—	—	(11,767,860)	—
Sub-total (Service providers):				24,610,000	—	—	—	(24,610,000)	—
Total:				118,994,700	—	—	—	(114,179,700)	4,815,000

* excluding associates (as defined in the Listing Rules) of Directors who are also Employee/former Employee

DIRECTORS' REPORT

SHARE OPTION SCHEME (Continued)

Movement of Options granted (Continued)

Notes:

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

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

As a result of the Rights Issue completed on 21 September 2022, the exercise price of the outstanding Options granted on 15 June 2015 has been adjusted from HK\$9.826 per Share to HK\$9.18 per Share (rounding off HK\$9.183 to 2 decimal places pursuant to the certification by Deloitte Touche Tohmatsu (the "Auditor")) and the number of Shares to be issued upon exercise of the outstanding Options granted on 15 June 2015 under the Scheme has been adjusted from 109,075,000 to 116,710,250 (i.e. increase of 7,635,250) with effect from 22 September 2022.

- The vesting period for 3,000,000 Options granted on 22 June 2017 is approximately 33.34% vesting on six months from the date of grant, then approximately 33.33% vesting on one year and six months from the date of grant, and the remaining 33.33% vesting on two years and six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$8.45. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

3,000,000 Options granted on 22 June 2017	Exercise period	Option unit value
1,000,000	22 December 2017 to 21 December 2026	HK\$3.1571
1,000,000	22 December 2018 to 21 December 2026	HK\$3.1584
1,000,000	22 December 2019 to 21 December 2026	HK\$3.1552

As a result of the Rights Issue completed on 21 September 2022, the exercise price of the outstanding Options granted on 22 June 2017 has been adjusted from HK\$8.33 per Share to HK\$7.79 per Share (rounding off HK\$7.785 to 2 decimal places pursuant to the Auditor's certification) and the number of Shares to be issued upon exercise of the outstanding Options granted on 22 June 2017 under the Scheme has been adjusted from 1,500,000 to 1,605,000 (i.e. increase of 105,000) with effect from 22 September 2022.

DIRECTORS' REPORT

SHARE OPTION SCHEME (Continued)

Movement of Options granted (Continued)

Notes: (Continued)

3. The vesting period for 3,000,000 Options granted on 21 June 2018 is approximately 33.34% vesting on six months from the date of grant, then approximately 33.33% vesting on one year and six months from the date of grant, and the remaining 33.33% vesting on two years and six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$10.32. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

3,000,000 Options granted on 21 June 2018	Exercise period	Option unit value
1,000,000	21 December 2018 to 20 December 2027	HK\$4.0413
1,000,000	21 December 2019 to 20 December 2027	HK\$4.0443
1,000,000	21 December 2020 to 20 December 2027	HK\$4.0523

As a result of the Rights Issue completed on 21 September 2022, the exercise price of the outstanding Options granted on 21 June 2018 has been adjusted from HK\$10.26 per Share to HK\$9.59 per Share (rounding off HK\$9.588 to 2 decimal places pursuant to the Auditor's certification) and the number of Shares to be issued upon exercise of the outstanding Options granted on 21 June 2018 under the Scheme has been adjusted from 3,000,000 to 3,210,000 (i.e. increase of 210,000) with effect from 22 September 2022.

4. On 28 May 2021, Mr. Shek Lai Him, Abraham retired as an Independent Non-executive Director of the Company and was appointed as an Advisor of the Company on that date. He has been appointed as the Honorary Chairman of Cotai Project Committee of the Company with effect from 28 May 2022. He was re-classified as an other participant under the then Chapter 17 of the Listing Rules effective up to 31 December 2022 and the outstanding number of his Options was re-classified accordingly. With effect from 1 January 2023, Mr. Shek was re-classified as a service provider under Chapter 17 of the Listing Rules since he provides services on a continuing basis to the Group in its ordinary and usual course of business which are in the interests of the long term growth of the Group. His term of services as an Advisor of the Company ended on 28 May 2022 and his role of Honorary Chairman of Cotai Project Committee of the Company ended on 1 January 2024. His Options lapsed on 1 April 2024.
5. On 15 June 2022, Mr. Ng Chi Sing retired as a Non-executive Director of the Company. He has been appointed as an Advisor of SJM with effect from 10 June 2020. He was re-classified as an other participant under the then Chapter 17 of the Listing Rules effective up to 31 December 2022 and the outstanding number of his Options was re-classified accordingly. With effect from 1 January 2023, Mr. Ng was re-classified as a service provider under Chapter 17 of the Listing Rules since he provides services on a continuing basis to the Group in its ordinary and usual course of business which are in the interests of the long term growth of the Group.
6. On 15 June 2023, Dr. So Shu Fai retired as an Executive Director of the Company and was appointed as an Advisor of the Company on that date. He continues to act as a director of SJM and a number of subsidiaries of the Company. He was re-classified as an employee and the outstanding number of his Options was re-classified accordingly.
7. On 26 June 2024, Mr. Tse Hau Yin retired as an Independent Non-executive Director of the Company and was appointed as an Advisor of the Company on that date. He is re-classified as a service provider under Chapter 17 of the Listing Rules since he provides services on a continuing basis to the Group in its ordinary and usual course of business which are in the interests of the long term growth of the Group. The classification of outstanding number of his Options is re-classified to confirm with current period's presentation.
8. The weighted average closing price of the Shares immediately before the dates on which the Options were exercised is not applicable since no Options were exercised during the Reporting Period.

DIRECTORS' REPORT

US\$500,000,000 4.50% SENIOR NOTES DUE 2026 AND US\$500,000,000 4.85% SENIOR NOTES DUE 2028 ISSUED BY CHAMPION PATH

In January 2021, Champion Path Holdings Limited ("Champion Path"), a wholly-owned subsidiary of the Company, issued the following Senior Notes which are listed on the Main Board of the Stock Exchange:

Principal Terms of the US\$ Senior Notes due 2026 ("2026 US\$ Senior Notes")

Issuer	: Champion Path
Guarantor	: The Company
Aggregate principal amount	: US\$500,000,000
Offering price	: 100.00% of the principal amount of the Notes
Issue date	: 27 January 2021
Interest rate	: 4.50% per annum payable semi-annually in arrears on 27 January and 27 July of each year. Interest accrues from 27 January 2021.
Maturity date	: 27 January 2026, unless earlier redeemed in accordance with terms thereof

Principal Terms of the US\$ Senior Notes due 2028 ("2028 US\$ Senior Notes")

Issuer	: Champion Path
Guarantor	: The Company
Aggregate principal amount	: US\$500,000,000
Offering price	: 100.00% of the principal amount of the Notes
Issue date	: 27 January 2021
Interest rate	: 4.85% per annum payable semi-annually in arrears on 27 January and 27 July of each year. Interest accrues from 27 January 2021.
Maturity date	: 27 January 2028, unless earlier redeemed in accordance with terms thereof

The Company used approximately 90% of the net proceeds from the offering for refinancing a syndicated credit facility and the balance for general corporate purposes.

Further details of the above Notes were set out in the announcements of the Company dated 21 and 27 January 2021 and the announcements of Champion Path dated 27 and 28 January 2021.

Champion Path repurchased the nominal of US\$10 million 2028 US\$ Senior Notes, representing approximately 1% of the aggregate principal amount of the said Notes, in the open market and subsequently cancelled the said Notes on 13 November 2024. As at 31 December 2024, US\$490 million 2028 US\$ Senior Notes remain outstanding.

DIRECTORS' REPORT

HK\$1,250,000,000 3.9% SENIOR NOTES DUE 2026 AND MOP300,000,000 3.9% SENIOR NOTES DUE 2026 ISSUED BY CHAMPION MOMENTS

In May 2021, Champion Moments Limited ("Champion Moments"), a wholly-owned subsidiary of the Company, issued the following Senior Notes which are listed on Chongwa (Macao) Financial Asset Exchange Co., Ltd.:

Principal Terms of the HK\$ Senior Notes due 2026 ("2026 HK\$ Senior Notes")

Issuer	: Champion Moments
Guarantor	: The Company
Aggregate principal amount	: HK\$1,250,000,000
Offering price	: 100.00% of the principal amount of the Notes
Issue date	: 12 May 2021
Interest rate	: 3.90% per annum payable semi-annually in arrears on 12 May and 12 November of each year. Interest accrues from 12 May 2021.
Maturity date	: 12 May 2026, unless earlier redeemed in accordance with terms thereof

Principal Terms of the MOP Senior Notes due 2026 ("2026 MOP Senior Notes")

Issuer	: Champion Moments
Guarantor	: The Company
Aggregate principal amount	: MOP300,000,000
Offering price	: 100.00% of the principal amount of the Notes
Issue date	: 12 May 2021
Interest rate	: 3.90% per annum payable semi-annually in arrears on 12 May and 12 November of each year. Interest accrues from 12 May 2021
Maturity date	: 12 May 2026, unless earlier redeemed in accordance with terms thereof

The Company used approximately 90% of the net proceeds from the offering for refinancing a syndicated credit facility and the balance for general corporate purposes.

Further details of the above Notes were set out in the announcements of the Company dated 6 and 12 May 2021.

DIRECTORS' REPORT

SPECIAL PUT OPTION OF SENIOR NOTES

In the Notes issued by each of Champion Path and Champion Moments, there is a special put option in favour of the bondholders wherein. Upon the occurrence of:

- (i) any event after which none of the Company or any subsidiary of the Company has such licenses, concessions, subconcessions or other permits or authorisations as are necessary for the Company and its subsidiaries to own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as the Company and its subsidiaries are entitled to on the date on which the Notes are issued, for a period of twenty consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole; or
- (ii) the termination, rescission, revocation or modification of any licenses, concessions, subconcessions or other permits or authorisations relating to casino or gaming operations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole,

each holder of the Notes will have the right to require the Company to repurchase all or any part of such holder's Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to but excluding the date of repurchase.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

The indentures in relation to the 2026 US\$ Senior Notes, 2028 US\$ Senior Notes, 2026 HK\$ Senior Notes and 2026 MOP Senior Notes (collectively, the "Notes") contain a change of control provision that would, if triggered, give rise to a right in favour of the holders of the Notes to require the Company and Champion Path/Champion Moments to repurchase the Notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, up to but excluding the date of repurchase. The circumstances that will constitute a change of control include:

- (i) the merger, amalgamation or consolidation of the Company with or into another person (other than Sociedade de Turismo e Diversões de Macau, S.A. ("STDM")) or the merger or amalgamation of another person (other than STDM) with or into the Company, or the sale of all or substantially all the assets of the Company to another person (other than STDM)
- (ii) STDM is the "beneficial owners" (as such term is used in Rule 13d-3 of the United States Securities Exchange Act of 1934, as amended) of less than 51% of the total voting power of the voting stock of the Company
- (iii) the adoption of a plan relating to the liquidation or dissolution of the Company
- (iv) the first day on which the Company ceases to own, directly or indirectly, 100% of the voting stock of Champion Path/Champion Moments or SJM

DIRECTORS' REPORT

CONVERTIBLE BOND ISSUED UNDER SPECIFIC MANDATE

On 22 June 2022, Champion Power Global Limited ("Champion Power"), a wholly-owned subsidiary of the Company, issued a convertible bond (the "Convertible Bond") in the principal amount of HK\$1,906 million at 2% coupon rate at a par value of HK\$100,000 each with 5-year maturity to STDM for acquisition of a portion of the property Casino Oceanus ("Oceanus Building") by Harbour Tide Limited ("Harbour Tide"), a subsidiary of the Company, from Jai-Alai Shopping Centre Company Limited ("JASC"), an indirect wholly-owned subsidiary of STDM, and the disposal by JASC 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 Harbour Tide, the Company, Champion Power, JASC and STDM.

The Convertible Bond is denominated in Hong Kong dollar, unsecured and is guaranteed by the Company. It entitles STDM to convert into ordinary Shares at any time between the issue date of the Convertible Bond and the date falling seven days prior to the fifth anniversary of the issue date (the "Maturity Date") at initial conversion price of HK\$4.07 per conversion Share (subject to adjustment). Unless previously redeemed, converted or purchased and cancelled, Champion Power will redeem the Convertible Bond at 100% of its principal amount together with any accrued but unpaid interest on the Maturity Date. Interest accruing at the rate of 2% per annum on the Convertible Bond will be paid annually until the Maturity Date. The Convertible Bond is not listed on the Stock Exchange or any other stock exchange. It is not transferable without the prior consent of Champion Power save for any transfer by a bondholder to its wholly-owned subsidiaries or any holding company that owns 100% of the share capital of that bondholder.

The conversion Shares to be issued upon exercise of the conversion rights attaching to the Convertible Bond will be fully paid and rank *pari passu* in all respects with the Shares then in issue on the date on which the name of the exercising bondholder is registered as holder of the relevant conversion Shares in the register of members of the Company.

As a result of the Rights Issue completed on 21 September 2022, the conversion price has been adjusted from HK\$4.07 per conversion Share to HK\$3.78 per conversion Share and the number of conversion Shares to be converted has been adjusted from 468,304,668 to 504,232,804 (i.e. increase of 35,928,136) with effect from 22 September 2022. Assuming full exercise of the conversion rights attaching to the Convertible Bond at the adjusted conversion price of HK\$3.78 per conversion Share by STDM, the Convertible Bond will be converted into 504,232,804 Shares, representing approximately 7.10% of the issued Shares of 7,101,805,366 Shares as at 31 December 2024; and approximately 6.63% of the issued Shares of 7,606,038,170 Shares as enlarged by the issuance of such conversion Shares on the basis that there is no other change in the issued Shares. In such event, the number of Shares being held by the substantial Shareholders will be changed as follows: (i) the number of Shares being held by STDM will increase from approximately 54.81% to approximately 57.81% of the total issued Shares; whilst (ii) the number of Shares being held by Deputada Leong On Kei, Angela will decrease from approximately 8.09% to approximately 7.55% of the total issued Shares.

For the year ended 31 December 2024, the Company recorded earnings per Share and therefore the assumed exercise of the Convertible Bond would result in an increase in earnings per Share. Based on the bank balances and cash at 31 December 2024, the Company has the ability to meet its redemption obligations under the Convertible Bond.

DIRECTORS' REPORT

CONVERTIBLE BOND ISSUED UNDER SPECIFIC MANDATE (Continued)

It would be equally advantageous for STDM as the bondholder to convert or redeem the Convertible Bond based on the implied internal rate of return of the outstanding Convertible Bond, when the Company's share price approximates to the adjusted conversion price of HK\$3.78 per Share.

Further details of the Convertible Bond are set out in the announcements of the Company dated 26 May 2022 and 21 September 2022, and the circular of the Company dated 6 June 2022.

During the year, there were no conversion, redemption or cancellation of the Convertible Bond by the Company or Champion Power.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors:

Ms. Ho Chiu Fung, Daisy
Mr. Fok Tsun Ting, Timothy
Deputada Leong On Kei, Angela
Dr. Chan Un Chan
Mr. Shum Hong Kuen, David

Non-executive Director:

Mr. Tsang On Yip, Patrick

Independent Non-executive Directors:

Mr. Ho Hau Chong, Norman
Ms. Wong Yu Pok, Marina
Mr. Yeung Ping Leung, Howard
Mr. Tse Hau Yin (*retired on 26 June 2024*)

Brief biographical details of Directors are set out on pages 17 to 23 of this Annual Report. Details of their remuneration are set out in note 9 to the Financial Statements.

In accordance with Article 95 of the articles of association of the Company (the "Articles"), Mr. Tsang On Yip, Patrick, Non-executive Director, and Mr. Ho Hau Chong, Norman and Ms. Wong Yu Pok, Marina, Independent Non-executive Directors, will retire from the Board by rotation at the 2025 AGM. All of the aforesaid Directors, being eligible, offer themselves for re-election as Directors at the 2025 AGM.

All Independent Non-executive Directors have met all of the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Company has received from each of them an annual written confirmation of his/her independence and considers each of them to be independent.

DIRECTORS' REPORT

DIRECTORS (Continued)

Save for certain Directors mentioned above, the following persons were directors of subsidiaries of the Company during the year and up to the date of this report:

Mr. Ching Tak Wai, Colin (*Note 1*)
Dr. Rui José da Cunha
Dr. Nuno Paulo da Luz Martins (*Note 3*)
Mr. Fok Chun Wan, Ian
Mr. Fok Kai Shan, Eric
Ms. Ho Chiu Ha, Maisy
Ms. Ho Chiu King, Pansy Catilina (*Note 1*)
Mr. Ho Arnaldo Yau Heng
Ms. Kwok Shuk Chong
Mr. Ma Ho Man, Hoffman
Mr. Robert Earle McBain
Ms. Ng Sui Sang, Susan (*Note 1*)
Mr. Jonathan Charles Pyne (*Note 2*)
Dr. So Shu Fai
Mr. Toh Hup Hock
Mr. Yeung Hoi Sing, Sonny

Notes:

1. *Mr. Ching Tak Wai, Colin, Ms. Ho Chiu King, Pansy Catilina and Ms. Ng Sui Sang, Susan were directors of NYH European Fine Cuisine Company Limited and NYH Italian Fine Cuisine Company Limited at the time the Group completed the acquisition of these companies in May 2024. Subsequently, they resigned as directors of these companies in July 2024.*
2. *Resigned in January 2025.*
3. *Appointed in February 2025.*

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2025 AGM has a service contract with the Company that is not determinable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Save as disclosed below, no contract of significance (i) to which the Company, its holding company or any of their subsidiaries was a party, and in which a Director was materially interested, whether directly or indirectly, subsisted at any time during the year or at the end of the year, nor (ii) between the Company, or one of its subsidiaries, and a controlling Shareholder or any of its subsidiaries.

Agreements with STDM and/or its subsidiaries/associates

Nature and extent of the connected person's interest in the transaction:

Ms. Ho Chiu Fung, Daisy has beneficial interests in STDM via Lanceford Company Limited, a corporate director of STDM, and she is the representative of Lanceford Company Limited to act as a director of STDM. Deputada Leong On Kei, Angela, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David have beneficial interests in STDM and are directors of STDM. Mr. Tsang On Yip, Patrick's relative has beneficial interests in STDM via Many Town Company Limited, a corporate director of STDM, and Mr. Tsang On Yip, Patrick is the representative of Many Town Company Limited to act as a director of STDM.

Connected relationship:

STDM is the controlling Shareholder and therefore STDM and/or its subsidiaries/associates (as defined in the Listing Rules) are connected persons of the Company under the Listing Rules.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Premises Leasing Master Agreement

Parties to the agreement:

STDM and the Company

Details of the transaction:

Date of agreement	Term	Description of the transaction and its purpose	Annual caps and aggregate amount of transactions in 2024
2 March 2023	1 January 2023 to 31 December 2025 (the Company may terminate the agreement by giving at least three months' prior written notice)	<ul style="list-style-type: none"> For the leasing of premises by STDM and its associates (excluding the Group) (the "STDM Group") to the Group for use as offices, staff quarters, or for other business purposes. Payments for the premises comprised rental, utility charges, air conditioning service charges and building management fees where the relevant rental must be fair and reasonable, and may not be higher than the rental for the same or comparable type of premises provided by independent third parties in the ordinary course of business; the utility charges payable are based on actual utility consumption; and the air conditioning expenses and building management fees are determined in accordance with and not exceeding the relevant market prices. The terms and conditions on which such premises are to be provided should be no less favourable to the Company than those offered by independent third parties. 	See "Annual Caps and Aggregate Amount Table" on page 44 of this Annual Report

Further details of the above transactions were set out in the announcements of the Company dated 2 March 2023 and 24 August 2023.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Products and Services Master Agreement

Parties to the agreement:

STDM and the Company

Details of the transaction:

Date of agreement	Term	Description of the transaction and its purpose	Annual caps and aggregate amount of transactions in 2024
2 March 2023	1 January 2023 to 31 December 2025	<ul style="list-style-type: none"> • For the provision of the following categories of products and services by the STDM Group to the Group: <ul style="list-style-type: none"> (i) hotel accommodation (ii) entertainment (iii) transportation (iv) maintenance services (v) laundry services (vi) hotel management and operation (vii) promotional and advertising services • The provision of each relevant product or service by the STDM Group shall be on normal commercial terms and made with reference to the prevailing market price after arm's length negotiation between the relevant parties or, where there is no relevant market price, on terms negotiated between the relevant parties at arm's length. • The price of the products and services to be provided by the STDM Group including the basis of the calculation of the payments to be made shall be set out in the relevant implementation agreements and must be fair and reasonable and in accordance with the provision set out in the agreement. 	See "Annual Caps and Aggregate Amount Table" on page 44 of this Annual Report

Further details of the above transactions were set out in the announcements of the Company dated 2 March 2023, 24 August 2023 and 17 November 2023.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Chips Agreement

Parties to the agreement:

STDM and SJM

Details of the transaction:

Date of agreement	Term	Description of the transaction and its purpose	Annual caps and aggregate amount of transactions in 2024
18 June 2008	No fixed term (may be terminated by mutual agreement or upon termination of SJM's Gaming Concession Contract (renewed by the New Gaming Concession Contract), whichever is earlier)	<ul style="list-style-type: none"> For regulating the honouring, borrowing and use of the casino chips of STDM for the purposes of SJM's gaming operations. Since 1 April 2002, SJM had been borrowing casino chips from STDM for the purpose of its business operation. STDM agreed to reimburse SJM for the aggregate face value of the chips honoured by SJM which were not sold by SJM. The arrangements are now being phased out as explained below. 	See "Annual Caps and Aggregate Amount Table" on page 44 of this Annual Report

Further details of the above transactions were set out in the section "Connected Transactions" in the prospectus of the Company dated 26 June 2008 and the announcements of the Company dated 30 December 2010, 6 January 2014, 26 January 2017, 23 December 2019 and 2 March 2023.

Since SJM has secured its own supply of chips and is no longer borrowing any STDM chips starting from 2011, the overall value of STDM chips redeemed in 2024 has declined substantially from the historical levels seen in earlier years. Furthermore, all casino chips of STDM have been withdrawn from circulation and procedures were put in place for those holding such chips to redeem them for cash or for casino chips of SJM.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Annual Caps and Aggregate Amount Table:

	Aggregate amount for the year ended 31 December 2024 HK\$ million (audited)	Annual cap for the year ended 31 December 2024 HK\$ million	Annual cap for the year ending 31 December 2025 HK\$ million
• Premises Leasing Master Agreement <i>(Note 1)</i>	0.1	17.0	4.3
• Products and Services Master Agreement <i>(Note 2)</i>			
(i) Hotel accommodation	49.3	103.5	113.9
(ii) Entertainment	2.3	15.3	18.7
(iii) Transportation	2.3	13.5	16.4
(iv) Maintenance services	9.1	13.6	15.0
(v) Laundry services	22.9	58.1	63.9
(vi) Hotel management and operation	5.2	23.3	28.0
(vii) Promotional and advertising services	18.2	19.4	25.3
• Chips Agreement <i>(Note 3)</i>	0.2	76.0	76.0

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Annual Caps and Aggregate Amount Table: (Continued)

Notes:

- In March 2023, the Company and STDM renewed the Premises Leasing Master Agreement and the Board approved the annual caps for this category of continuing connected transactions for the three financial years ended/ending 31 December 2023, 2024 and 2025 at HK\$18.8 million, HK\$3.2 million and HK\$3.2 million respectively. These annual caps were determined by reference to (i) the existing leases entered into between the Group and the STDM Group under the Premises Leasing Master Agreement dated 23 December 2019; (ii) the expected renewals of certain existing leases during the period from 1 January 2023 to 31 December 2025; (iii) the estimated rental adjustments to be made to the renewed leases; (iv) the adoption of Hong Kong Financial Reporting Standard 16 "Lease" for renewed leases; and (v) a buffer of 20% for additional and unexpected demand of the Group for the premises owned by the STDM Group for the Group's business operations up to 31 December 2025.

In August 2023, the Board revised the annual caps for the continuing connected transactions under the Premises Leasing Master Agreement for the three financial years ended/ending 31 December 2023, 2024 and 2025 to HK\$34.5 million, HK\$17.0 million and HK\$4.3 million respectively due to, among other things, re-instatement cost for Casino Lisboa and Casino Eastern expected to be incurred in 2023 or 2024.

- In March 2023, the Company and STDM renewed the Products and Services Master Agreement and the Board approved the annual caps for all categories of continuing connected transactions under this agreement for the three financial years ended/ending 31 December 2023, 2024 and 2025. These annual caps were determined by reference to a number of factors including (i) the historical consumption of the services by the Group; (ii) the expected recovery of visitor arrivals and gaming revenue in Macau in the coming few years; (iii) the opening of Grand Lisboa Palace Resort in 2021; (iv) the projected number of staff hired by the Group; (v) the business, marketing and promotion plans of the Group; and (vi) a buffer ranging from 10% to 30% for inflation, business growth and unanticipated demand for the services.

In August 2023, the Board revised the annual caps for the continuing connected transactions of the hotel accommodation services under the Products and Services Master Agreement for the three financial years ended/ending 31 December 2023, 2024 and 2025 to HK\$47.3 million, HK\$103.5 million and HK\$113.9 million respectively in view of the strong growth in hotel accommodation services in the first half of 2023.

In November 2023, the Board further revised the annual cap for the continuing connected transactions of the hotel accommodation services under the Products and Services Master Agreement for the financial year ended 31 December 2023 to HK\$65.0 million in view of the strong growth in visitor arrivals leading to strong growth in occupancy at the STDM hotels during the first three quarters of 2023.

- In March 2023, the Board approved the annual caps for the continuing connected transactions under the Chips Agreement for the three financial years ended/ending 31 December 2023, 2024 and 2025 at HK\$76 million each year. These annual caps for the STDM chips to be redeemed were determined by reference to the outstanding amount of STDM chips in circulation.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Promissory Agreement for Property Acquisition (Kam Pek Community Centre (now known as "Kam Pek Market"))

Parties to the agreement:

STDM and SJM

Details of the transaction:

Date of agreement	Description of the transaction and its purpose	Consideration
21 May 2024	<ul style="list-style-type: none"> • STDM promised to sell and SJM promised to purchase an urban building plot, constructed on which a building named "Kam Pek Community Centre" (now known as "Kam Pek Market") in Macau ("Kam Pek") free from any charges or liens. • Kam Pek is acquired for the Group to work on its refurbishment and redevelopment for the revitalisation of part of Avenida de Almeida Ribeiro (San Ma Lo) area, in fulfilment of SJM's non-gaming investment commitment under the New Gaming Concession Contract. Kam Pek is intended to be transformed into food and beverage operations. • The consideration is agreed after arm's length negotiations by the parties and is equivalent to the estimated market value of Kam Pek of HK\$166 million as appraised by an independent property valuer. • The consideration is expected to be funded by internal resources of the Group. • Completion will occur on the execution of the public deed to be entered into between STDM and SJM in respect of the acquisition of Kam Pek with reservation of ownership of Kam Pek in favour of STDM (the "Deed with Reservation"). However, the ownership of Kam Pek will be reserved with STDM from the date of the Deed with Reservation until the execution of the public deed to be entered into between STDM and SJM to cancel the reservation of ownership of Kam Pek with STDM provided under the Deed with Reservation (the "Public Deed") and final discharge of the consideration. 	<p>HK\$166 million (HK\$16.6 million payable on execution of the Promissory Agreement;</p> <p>HK\$83 million payable with the signing of Deed with Reservation and HK\$66.4 million payable with the signing of the Public Deed)</p>

Further details of the above transaction were set out in the announcement of the Company dated 21 May 2024.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Right to use a Shop Agreement for the Operation of New Yaohan Department Store at the Grand Lisboa Palace Resort

Parties to the agreement:

Owner: SJM

User: NYH Gestão de Vendas a Retalho Limitada ("NYH"), an indirect wholly-owned subsidiary of STDM

Details of the transaction:

Date of agreement	Description of the transaction and its purpose	Annual caps HK\$ million
21 January 2020	<ul style="list-style-type: none"> • SJM granted the rights to use the shop to NYH for the purpose of operating a department store under the brand name or style of "New Yaohan" or any other name as approved by SJM at a shop located on the second floor of the shopping mall in the Grand Lisboa Palace Resort (the "Shop"). • The Right to Use a Shop Agreement ("NYH Agreement") has a term of 12 years and 6 months (the "Term"), which shall begin on the commencement date, which is 27 July 2021 (the "Commencement Date"). • Neither SJM nor NYH is entitled to terminate the NYH Agreement within the first 6 years (after the initial 6-month fee-free period) of the Term. Within the remaining 6-year period of the Term, unilateral termination will be applied upon fulfillment of certain terms. • The NYH Agreement will be automatically renewed for a period of 18 months upon the expiry of the Term, if neither SJM nor NYH serves a termination notice to the other party 18 months prior to the end of the Term. 	2024: 105.5 2025: 109.8 2026: 118.3 2027: 130.2 2028: 134.9 2029: 144.7 2030: 157.4 2031: 161.6 2032: 125.4

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Right to use a Shop Agreement for the Operation of New Yaohan Department Store at the Grand Lisboa Palace Resort (Continued)

Details of the transaction: (Continued)

Date of agreement	Description of the transaction and its purpose	Annual caps HK\$ million
21 January 2020 (Continued)	<ul style="list-style-type: none"> • Starting from the Commencement Date, the monthly base fee for the rights of use of the Shop payable by NYH shall be as set out below: <p style="margin-left: 20px;"><u>Fee-free period</u> Commencing from the Commencement Date, SJM shall give NYH a fee-free period of 6 months.</p> <p style="margin-left: 20px;"><u>Years 1–3</u> The base fee for each month will be the turnover fee which will be an amount equivalent to 4% of the monthly sales turnover.</p> <p style="margin-left: 20px;"><u>Years 4–6</u> The base fee for each month will be an amount equivalent to 4% of the monthly sales turnover, subject to the minimum base fee of the average turnover fee of years 2–3 plus 10% increment.</p> <p style="margin-left: 20px;"><u>Years 7–9</u> The base fee for each month will be an amount equivalent to 4.5% of the monthly sales turnover, subject to minimum base fee of the average turnover fee of years 4–6 plus 10% increment.</p> <p style="margin-left: 20px;"><u>Years 10–12 (or until the end of the Term, if the NYH Agreement is automatically renewed)</u> The base fee for each month will be an amount equivalent to 5% of the monthly sales turnover, subject to minimum base fee of the average turnover fee of years 7–9 plus 10% increment.</p> <p style="margin-left: 20px;"><i>Note: Years 1–12 above commence after the end of the 6-month fee-free period.</i></p> • A fixed monthly management fee of approximately HK\$2.1 million (equivalent to HK\$12.66 per sq.ft.) per month for the first 3 years of the Term shall be payable by NYH and it shall be increased by an amount equivalent to 7.5% at the end of each 3-year period. • A fixed monthly promotion levy of approximately HK\$333,000 (equivalent to HK\$2.00 per sq.ft.) per month for the first 3 years of the Term shall be payable by NYH and it shall be increased by an amount equivalent to 7.5% at the end of every 3-year period. 	See page 47 of this Annual Report

Further details of the above transaction were set out in the announcement of the Company dated 21 January 2020.

The aggregate amount of transactions under NYH Agreement in 2024 is HK\$79.7 million.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Transfer Agreements and Settlement Agreements for Acquisition of the Entire Equity Interests in NYH Euro and NYH Italian

Parties to the agreement:

Transfer Agreements

Vendors: Panda, Sociedade de Gestão de Investimentos, Limitada ("Panda"), an indirect wholly-owned subsidiary of STDM, and STDM

Purchasers: SJM – Investment Limited ("SJM Investment"), an indirect subsidiary of the Company, and SJM – F&B Services Limited ("SJM F&B"), a wholly-owned subsidiary of SJM Investment

Settlement Agreements

Panda, NYH, SJM and SJM Investment

Details of the transaction:

Date of agreement	Description of the transaction and its purpose	Consideration
21 May 2024	<ul style="list-style-type: none"> Pursuant to the Transfer Agreements, (i) the Vendors agreed to sell and the Purchasers agreed to purchase the entire equity interests in NYH European Fine Cuisine Company Limited ("NYH Euro") and NYH Italian Fine Cuisine Company Limited ("NYH Italian") (collectively, the "Target Companies"); (ii) Panda agreed to assign and SJM Investment agreed to take assignment of the loan due and owing from the Target Companies to Panda (the "Shareholder's Loan") ((i) and (ii) collectively, the "Acquisitions"); and (iii) all accounts receivables and payables arising from the business operations of the Target Companies as from 31 January 2024 will be owned and borne by the Purchasers. Pursuant to the Settlement Agreements, the consideration for the assignment of the Shareholder's Loan of MOP32,370,658 (equivalent to approximately HK\$31,427,823) will be satisfied by way of set off against an equivalent amount of trade receivables (which is and will become) due from NYH to SJM. The remaining MOP50,000 (equivalent to approximately HK\$48,544) of the total consideration of the Acquisitions will be satisfied in cash upon completion. SJM Investment will also reimburse Panda in respect of business operation expenses of the two Target Companies advanced by Panda after 31 January 2024, subject to a cap of MOP1,000,000 (equivalent to approximately HK\$970,874) for each of the Target Companies, by way of the same set off mechanism mentioned above. 	MOP32,420,658 (equivalent to approximately HK\$31,476,367) <i>(Note)</i>

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with STDM and/or its subsidiaries/associates (Continued)

Transfer Agreements and Settlement Agreements for Acquisition of the Entire Equity Interests in NYH Euro and NYH Italian (Continued)

Details of the transaction: (Continued)

Date of agreement	Description of the transaction and its purpose	Consideration
21 May 2024 (Continued)	<ul style="list-style-type: none"> • The Target Companies own two restaurants already under development in the New Yaohan Department Store in Grand Lisboa Palace Resort. The Acquisitions are conducive to optimising the mix of the Group's food and beverage offerings in Grand Lisboa Palace Resort within the Group's control. • Completion of the Acquisitions took place immediately upon signing of the Transfer Agreements and the Settlement Agreements. 	See page 49 of this Annual Report

Note: For the purpose of the consideration above, the translation of MOP into HK\$ is based on the approximate exchange rate of MOP1.03 = HK\$1.00. Such translation should not be construed as a representation that the amount in question has been, could have been or could be converted at any exchange rate or at all.

Further details of the above transactions were set out in the announcement of the Company dated 21 May 2024.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with Deputada Leong On Kei, Angela and/or her associates

Premises Leasing Master Agreement

Nature and extent of the connected person's interest in the transaction:

Deputada Leong On Kei, Angela and/or her associates lease certain premises to members of the Group at rental fixed between the parties.

Connected relationship:

Deputada Leong On Kei, Angela, a Director, and/or her associates which lease certain premises to the members of the Group are connected persons of the Company under the Listing Rules.

Parties to the agreement:

Deputada Leong On Kei, Angela and the Company

Details of the transaction:

Date of agreement	Term	Description of the transaction and its purpose	Annual caps and aggregate amount of transactions in 2024
3 March 2023	1 January 2023 to 31 December 2025 (the "Relevant Period") (the Company shall have the right in its sole discretion to renew the agreement for further three years)	<ul style="list-style-type: none"> Deputada Leong On Kei, Angela agrees to lease and procure her associates to lease certain premises to members of the Group subject to the terms and conditions of the Premises Leasing Master Agreement and the relevant lease implementation agreements. The relevant rental of each premises shall not be higher than the rental for the same or comparable type of premises provided by independent third parties in the ordinary course of business. The terms and conditions on which such premises are to be provided should be no less favourable to the Group than those offered by independent third parties. The costs of maintenance and repair of the premises shall be borne, as set out in the lease implementation agreements, by the relevant member of the Group as tenant/lessee in the case of regular maintenance and repair of usage deterioration and by Deputada Leong On Kei, Angela and/or her relevant associate as landlord/lessor in the case of structural repair required to maintain the integrity of the premises. 	See "Annual Caps and Aggregate Amount Table" on page 52 of this Annual Report

The lease agreement for Jai Alai Building was separated from the above Premises Leasing Master Agreement on 1 April 2024. For details, please refer to the section headed "Lease Agreement for Jai Alai Building" below.

Further details of the said transaction were set out in the announcements of the Company dated 3 March 2023, 12 October 2023 and 31 May 2024.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with Deputada Leong On Kei, Angela and/or her associates (Continued)

Premises Leasing Master Agreement (Continued)

Annual Caps and Aggregate Amount Table:

	Aggregate amount for the year ended 31 December 2024 HK\$ million (audited)	Annual cap for the year ended 31 December 2024 HK\$ million	Annual cap for the year ending 31 December 2025 HK\$ million
Annual rentals and related payments (Note)	7.4	10.2	3.0

Note:

In March 2023, the Company and Deputada Leong On Kei, Angela renewed the Premises Leasing Master Agreement and the Board approved the annual caps for this category of continuing connected transactions for the three financial years ended/ending 31 December 2023, 2024 and 2025 at HK\$37.4 million, HK\$3.0 million and HK\$3.0 million respectively. These annual caps were determined by reference to (i) the existing leases entered between the Group and Deputada Leong On Kei, Angela and/or her associates under the Premises Leasing Master Agreement dated 23 December 2019; (ii) the expected renewals of certain existing leases under the Premises Leasing Master Agreement dated 23 December 2019 during the year ended 31 December 2023; (iii) the estimated rental adjustments to be made to the renewed leases; (iv) the application of Hong Kong Financial Reporting Standard 16 "Leases" for renewed leases; (v) the estimated premises related fees and charges payable to Deputada Leong On Kei, Angela and/or her associates; and (vi) a buffer of HK\$3.0 million for any unanticipated fluctuations in market rental (including property management fee, if applicable) and any unexpected fees and charges incidental to the transactions contemplated under the Premises Leasing Master Agreement as well as any additional leases to be entered into pursuant to the Premises Leasing Master Agreement during the Relevant Period.

In October 2023, the Board revised the annual cap for the continuing connected transactions under the Premises Leasing Master Agreement for the financial year ended 31 December 2024 to HK\$10.2 million due to the extension of the term of lease agreement in respect of the Jai Alai Building for three months to 31 March 2024.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with Deputada Leong On Kei, Angela and/or her associates (Continued)

Lease Agreement for Jai Alai Building

Nature and extent of the connected person's interest in the transaction:

Deputada Leong On Kei, Angela owned the majority shareholding in Macau Jai Alai Company Limited ("Macau Jai Alai").

Connected relationship:

Macau Jai Alai is a majority-controlled company held by Deputada Leong On Kei, Angela and is a connected person of the Company under the Listing Rules.

Parties to the agreement:

SJM and Macau Jai Alai

Details of the transaction:

Date of agreement	Term	Description of the transaction and its purpose	Monthly rent HK\$ million
31 May 2024	1 April 2024 to 31 March 2027 (SJM has the sole discretion to renew the agreement for a term of not more than three years by giving six months written notice prior to expiry)	<ul style="list-style-type: none"> Macau Jai Alai leases to SJM specific portion of the building located in Macau, at Zona de Aterros do Porto Exterior (ZAPE) N° S/N, Jai Alai (including the building and other ancillaries erected thereon), which is commonly known as "Jai Alai Building", comprising the hotel and gaming portion together with ancillary space therein in its existing condition (the "Premises") for the use of operations of gaming, hotel rooms, restaurants and other facilities. Leasing of the Premises would allow the Group to continue the operation of Casino Oceanus at Jai Alai and provide hotel rooms to patrons at a low cost. The monthly rent payable was determined after arm's length negotiation between the parties by reference to the market rent per annum in respect of the Premises less amortisation, appraised by an independent property valuer. 	1 April 2024 to 31 March 2025: 3.5 1 April 2025 to 31 March 2026: 4.0 1 April 2026 to 31 March 2027: 4.5

Further details of the above transaction were set out in the announcement of the Company dated 31 May 2024.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with Deputada Leong On Kei, Angela and/or her associates (Continued)

L'Arc Services Agreement for the Provision of Services and Licensing for Occupation and Use of Spaces in L'Arc Hotel for the Operation of a Casino

Nature and extent of the connected person's interest in the transaction:

Deputada Leong On Kei, Angela indirectly wholly owned L'Arc Entertainment Group Company Limited ("L'Arc Entertainment") which is one of the Group's service providers for its casino operations in Macau. L'Arc Entertainment provides support services in relation to marketing, promotion, customer development and introduction, etc. to SJM as well as to authorise SJM to occupy and use the designated area of the L'Arc Hotel for the operation of a casino in return of a monthly fee pursuant to a prescribed formula agreed between the parties.

Connected relationship:

L'Arc Entertainment is indirectly wholly owned by Deputada Leong On Kei, Angela and is a connected person of the Company under the Listing Rules.

Parties to the agreement:

SJM and L'Arc Entertainment

Details of the transaction:

Date of agreement	Term	Description of the transaction and its purpose	Annual caps and aggregate amount of transactions in 2024
28 February 2023	1 January 2023 to 31 December 2025	<ul style="list-style-type: none"> L'Arc Entertainment agreed to provide support services to SJM in relation to marketing, promotion, customer development and introduction, etc. (the "Services"), as well as to authorise SJM to occupy and use the designated area of the L'Arc Hotel for the operation of a casino, including mass market, VIP room and slot machines. L'Arc Entertainment is entitled to a monthly fee pursuant to a prescribed formula set forth in the L'Arc Services Agreement, which is determined based on a fixed percentage of the gross gaming revenue of the relevant gaming sectors in the casino and after deducting all relevant costs and expenses for provision of the Services. 	See "Annual Caps and Aggregate Amount Table" on page 55 of this Annual Report

Further details of the above transaction were set out in the announcements of the Company dated 28 February 2023, 12 October 2023 and 31 May 2024.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Agreements with Deputada Leong On Kei, Angela and/or her associates (Continued)

L'Arc Services Agreement for the Provision of Services and Licensing for Occupation and Use of Spaces in L'Arc Hotel for the Operation of a Casino (Continued)

Annual Caps and Aggregate Amount Table:

	Aggregate amount for the year ended 31 December 2024 HK\$ million (audited)	Annual cap for the year ended 31 December 2024 HK\$ million	Annual cap for the year ending 31 December 2025 HK\$ million
Service fees payable to L'Arc Entertainment (Note)	607.3	908.3	960.0

Note:

In February 2023, SJM and L'Arc Entertainment renewed the L'Arc Services Agreement and the Board approved the annual caps for this category of continuing connected transactions for the three financial years ended/ending 31 December 2023, 2024 and 2025 at HK\$253.1 million, HK\$351.7 million and HK\$450.1 million respectively. These annual caps were determined by reference to a number of factors including but not limited to (i) the historical gross gaming revenue of the mass market in the Casino L'Arc Macau in 2019, which was before the outbreak of COVID-19 pandemic; (ii) the expected recovery of visitor arrivals and gaming revenue in Macau in the coming few years; (iii) the number of gaming tables in the Casino L'Arc Macau in the past and during the three years ending 31 December 2025; (iv) the percentage of gross gaming revenue of the mass market of the Casino L'Arc Macau as stipulated in the L'Arc Services Agreement; (v) the actual costs and expenses for provision of the Services for January 2023; and (vi) a buffer of 15% for inflation and unanticipated growth in the gross gaming revenue of the Casino L'Arc Macau.

In October 2023, the Board revised the annual cap for the continuing connected transactions under the L'Arc Services Agreement for the financial year ended 31 December 2023 to HK\$510.0 million. This annual cap was determined by reference to the following factors: (i) actual gross gaming revenue of the Casino L'Arc Macau; (ii) expected growth in gross gaming revenue and visitor arrivals in Macau in the remaining period of 2023, in particular the expected growth in National Day holiday and Christmas holiday; and (iii) the actual costs and expenses for provision of the Services for 2023.

In May 2024, the Board further revised the annual caps for the continuing connected transactions under the L'Arc Services Agreement for the financial years ended/ending 31 December 2024 and 2025 to HK\$908.3 million and HK\$960.0 million respectively in view of the strong growth in Services fees since the beginning of 2023. These annual caps were determined by reference to the following factors: (i) actual gross gaming revenue of Casino L'Arc Macau; (ii) expected growth in gross gaming revenue and visitor arrivals in Macau in the remaining period of 2024 and in 2025, in particular the expected growth in the holiday seasons; (iii) the actual costs and expenses for provision of the Services for the first quarter of 2024; and (iv) up to 10% buffer to provide flexibility for unforeseeable changes in business needs.

DIRECTORS' REPORT

REVIEW BY AUDITOR

Under Chapter 14A of the Listing Rules, the above transactions constitute continuing connected transactions and connected transactions of the Group and require disclosure in the annual report of the Company.

The Company's auditor, Deloitte Touche Tohmatsu (the "Auditor"), was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised), Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by Hong Kong Institute of Certified Public Accountants. The Auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 40 to 55 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

The Auditor has confirmed that for the year 2024:

- (1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (3) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) with respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the previous announcements dated 21 January 2020, 28 February 2023, 2 March 2023, 3 March 2023, 24 August 2023, 12 October 2023, 17 November 2023 and 31 May 2024 made by the Company in respect of each of the disclosed continuing connected transactions.

The Independent Non-executive Directors have reviewed these transactions and the report of the Auditor and confirmed that the continuing connected transactions have been entered into:

- (a) in the ordinary and usual course of business of the Company;
- (b) on normal commercial terms or better; and
- (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

At a meeting of the Audit Committee held on 3 March 2025, all the Independent Non-executive Directors reviewed and confirmed compliance with an agreement between SJM and STDM dated 18 June 2008 regarding the honouring and borrowing of STDM chips for the purpose of SJM's casino gaming operations. During the year ended 31 December 2024, the net amount received and receivable on reimbursement of STDM chips in circulation amounted to HK\$0.2 million.

DIRECTORS' REPORT

WAIVER FROM STRICT COMPLIANCE WITH CONNECTED TRANSACTION OF THE COMPANY

The Company has made a transfer of its surplus funds to its subsidiary, SJM (the "Transfer") for general working capital purposes. Such arrangement is a usual treasury function to minimise interest costs of the Group as a whole.

Since 15% of the issued share capital of SJM (i.e. the Type B shares) is held by Ms. Ho Chiu Fung, Daisy, who is a director of the Company and hence a connected person of the Company, albeit the shareholding is only as a result of the relevant requirements under the Macau Gaming Law and, Ms. Ho Chiu Fung, Daisy has no economic interest in it, SJM technically falls within the meaning of a "commonly held entity" of the Company as defined under Rule 14A.27 of the Listing Rules. Accordingly, the Transfer constitutes a connected transaction for the Company under Rules 14A.26 and 14A.27 of the Listing Rules.

In this connection, the Stock Exchange has granted to the Company a waiver from strict compliance with Rules 14A.26 and 14A.27 of the Listing Rules in respect of the Transfer.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the usual course of business are set out in note 42 to the Financial Statements prepared in accordance with Hong Kong Financial Reporting Standards. The related party transactions referred in notes 42(b) to 42(g) and 42(k) to 42(m) constitute continuing connected transactions/connected transactions as defined under Chapter 14A of the Listing Rules, and all such related party transactions comply with the requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Group recognises revenue from customers by conducting the following principal businesses:

- gaming operations
- hotel, catering, retail and leasing operations

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESS (Continued)

During the year ended 31 December 2024, the following Directors of the Company had interests in the following businesses (apart from the businesses of the Group) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Group conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name of Directors	Name of Company/Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Ho Chiu Fung, Daisy	Sociedade de Turismo e Diversões de Macau, S.A. ("STDM")	<ul style="list-style-type: none"> Appointed representative of Lanceford Company Limited, a corporate director of STDM 	Hospitality, catering, retail and leasing business in Macau
	Shun Tak Holdings Limited	<ul style="list-style-type: none"> Executive director and deputy managing director 	Hospitality, catering, retail and leasing business in Macau
Leong On Kei, Angela	Sociedade de Turismo e Diversões de Macau, S.A.	<ul style="list-style-type: none"> Director 	Hospitality, catering, retail and leasing business in Macau
	Arc of Triumph Development Company Limited	<ul style="list-style-type: none"> Director Substantial shareholder 	Hospitality and catering business in Macau
	L'Arc Entertainment Group Company Limited	<ul style="list-style-type: none"> Director Substantial shareholder 	Provision of gaming services
	Macau Horse Racing Company Limited	<ul style="list-style-type: none"> Director Substantial shareholder 	Catering business in Macau
	Macau Hotel Company Limited (Trade name: "Regency Art Hotel")	<ul style="list-style-type: none"> Director Substantial shareholder 	Hospitality and catering business in Macau
	Macau Jai Alai Company Limited	<ul style="list-style-type: none"> Director Substantial shareholder 	Leasing business in Macau
	Macau Theme Park and Resort Limited	<ul style="list-style-type: none"> Director Substantial shareholder 	Hospitality, catering, retail and leasing business in Macau
	New Mario Bakery Limited	<ul style="list-style-type: none"> Director 	Catering business in Macau
Chan Un Chan	Sociedade de Turismo e Diversões de Macau, S.A.	<ul style="list-style-type: none"> Director Substantial shareholder 	Hospitality, catering, retail and leasing business in Macau
	Macau Legend Development Limited	<ul style="list-style-type: none"> Substantial shareholder 	Provision of gaming services and hospitality, catering, retail and leasing business in Macau
Shum Hong Kuen, David	Sociedade de Turismo e Diversões de Macau, S.A.	<ul style="list-style-type: none"> Director 	Hospitality, catering, retail and leasing business in Macau
	Shun Tak Holdings Limited	<ul style="list-style-type: none"> Executive director 	Hospitality, catering, retail and leasing business in Macau
Tsang On Yip, Patrick	Sociedade de Turismo e Diversões de Macau, S.A.	<ul style="list-style-type: none"> Appointed representative of Many Town Company Limited, a corporate director of STDM 	Hospitality, catering, retail and leasing business in Macau
	Chow Tai Fook Enterprises Limited	<ul style="list-style-type: none"> Director and chief executive officer 	Hospitality and catering business in Macau

Save as disclosed above, none of the Directors is interested in any businesses apart from the businesses of the Company or its subsidiaries, which competes or is likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries during the year which is required to be disclosed pursuant to the Listing Rules.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, interests and short positions of each Director and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules (the "Model Code"), are as follows:

Interests in Shares, underlying Shares and debentures of the Company

SJM Holdings Limited

Name of Directors	Capacity	Long/short position	Number of Shares held	Number of underlying Shares held	Approximate percentage of issued Shares
					<i>(Note 2)</i>
Ho Chiu Fung, Daisy	Beneficial owner	Long position	35,488,120	—	0.50%
	Beneficial owner	Long position	—	1,605,000	0.02%
				<i>(Note 1)</i>	
			35,488,120	1,605,000	0.52%
Fok Tsun Ting, Timothy	Beneficial owner	Long position	3,750,000	—	0.05%
Leong On Kei, Angela	Beneficial owner	Long position	574,269,099	—	8.09%
Chan Un Chan	Beneficial owner	Long position	2,542,500	—	0.04%
	Beneficial owner	Long position	—	3,210,000	0.04%
				<i>(Note 1)</i>	
			2,542,500	3,210,000	0.08%
Shum Hong Kuen, David	Beneficial owner	Long position	7,500,000	—	0.11%

Notes:

- These represent the interests in underlying Shares in respect of Options granted by the Company, the details of which are stated in the section "Share Option Scheme" above.
- The percentage has been calculated based on 7,101,805,366 Shares in issue as at 31 December 2024.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Interests in shares, underlying shares and debentures of associated corporations

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

Name of Directors	Capacity	Long/short position	Number of shares held			Approximate percentage of issued share capital
			Ordinary	Privileged	Total	
Leong On Kei, Angela	Beneficial owner	Long position	637	5,215	5,852	6.86%
Chan Un Chan	Beneficial owner	Long position	5,204	8,271	13,475	15.806%
Shum Hong Kuen, David	Beneficial owner	Long position	1,004	—	1,004	1.18%

SJM Resorts, S.A.

Name of Director	Capacity	Long/short position	Number of shares held		Approximate percentage of issued share capital
			(Type B Shares)		
Ho Chiu Fung, Daisy	Beneficial owner	Long position	7,500,000		15.00%

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Interests in shares, underlying shares and debentures of associated corporations (Continued)

Champion Path Holdings Limited ("Champion Path")

Name of Directors	Debentures	Capacity	Amount of debentures held	Approximate percentage to the total amount of debentures in issue
Ho Chiu Fung, Daisy	2026 US\$ Senior Notes <i>(Note 1)</i>	Beneficial owner	US\$5,000,000	1.0%
	2028 US\$ Senior Notes <i>(Note 2)</i>	Beneficial owner	US\$5,000,000	1.0%
Leong On Kei, Angela	2026 US\$ Senior Notes <i>(Note 1)</i>	Beneficial owner	US\$10,000,000	2.0%
	2028 US\$ Senior Notes <i>(Note 2)</i>	Beneficial owner	US\$5,000,000	1.0%
		Founder of a discretionary trust <i>(Note 3)</i>	US\$21,000,000	4.2%
			US\$26,000,000	5.2%
Chan Un Chan	2028 US\$ Senior Notes <i>(Note 2)</i>	Beneficial owner	US\$12,500,000	2.5%

Notes:

- These debentures (US\$500,000,000 4.50% Senior Notes due 2026) issued by Champion Path ("2026 US\$ Senior Notes") are listed on the Stock Exchange and are freely transferable but not convertible into shares of Champion Path or any other corporation. The minimum denomination of the 2026 US\$ Senior Notes is US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof. The 2026 US\$ Senior Notes are senior unsecured obligations in registered form.
- These debentures (US\$500,000,000 4.85% Senior Notes due 2028) issued by Champion Path ("2028 US\$ Senior Notes") are listed on the Stock Exchange and are freely transferable but not convertible into shares of Champion Path or any other corporation. The minimum denomination of the 2028 US\$ Senior Notes is US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof. The 2028 US\$ Senior Notes are senior unsecured obligations in registered form.
- These 2028 US\$ Senior Notes are beneficially owned by Dr. Stanley Ho Foundation, a founder of which is Deputada Leong On Kei, Angela.

DIRECTORS' REPORT

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, so far as was known to any Director, as of 31 December 2024, none of the Directors or the chief executives of the Company had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interest which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

PERMITTED INDEMNITY PROVISION

The articles of association of the Company contain a permitted indemnity provision which is in force for the benefit of all Directors and directors of associated companies (as defined in the Companies Ordinance (Cap. 622)) of the Company.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, details of interests and short positions of substantial Shareholders and other persons (who are required to disclose their interests pursuant to Part XV of the SFO) in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of substantial Shareholders	Capacity	Long/short position	Number of Shares held	Number of underlying Shares held	Approximate percentage of issued Shares
					<i>(Note 3)</i>
Sociedade de Turismo e Diversões de Macau, S.A. ("STDM")	Beneficial owner and its controlled corporation <i>(Note 1)</i>	Long position	3,892,610,855	504,232,804 <i>(Note 2)</i>	61.91%
Leong On Kei, Angela	Beneficial owner	Long position	574,269,099	—	8.09%

Notes:

- 68,841,250 Shares are directly held by Konrad Investments Limited, an indirect wholly-owned subsidiary of STDM through Bounty Rich Holdings Limited.
- These represent the interests in underlying Shares in respect of Convertible Bond in the principal amount of HK\$1,906 million at 2% coupon rate with 5-year maturity issued by Champion Power, a wholly-owned subsidiary of the Company. The details of which are stated in the section "Convertible Bond issued under Specific Mandate" above.
- The percentage has been calculated based on 7,101,805,366 Shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any persons (other than a Director or the chief executives of the Company) of any interest or short position in Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

DIRECTORS' REPORT

NON-COMPETITION UNDERTAKINGS BY STDM

Pursuant to the deed of Non-Competition Undertaking dated 18 June 2008, STDM has undertaken with the Company that (i) for the period in which the Shares are listed on the Stock Exchange and STDM remains the controlling Shareholder, STDM will not compete with the operation of casino gaming businesses of SJM in Macau and (ii) it will not increase its interest in Melco International Development Limited. Furthermore, STDM has also undertaken with SJM that if it becomes aware of any venue in Macau that is suitable for casino or slot machine operations, it will notify the Company of such opportunity.

At a meeting of the Audit Committee held on 3 March 2025, all the Independent Non-executive Directors reviewed the confirmation from STDM in respect of the Non-Competition Undertaking, and confirmed compliance with the Non-Competition Undertaking provided by STDM.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Champion Path repurchased the nominal of US\$10 million 2028 US\$ Senior Notes, representing approximately 1% of the aggregate principal amount of the said Notes, in the open market and subsequently cancelled the said Notes on 13 November 2024. The 2028 US\$ Senior Notes are listed on the Main Board of the Stock Exchange. As at 31 December 2024, US\$490 million 2028 US\$ Senior Notes remain outstanding.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the year ended 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained the prescribed public float under the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" on pages 67 to 100 of this Annual Report.

MANAGEMENT CONTRACTS

No contract for the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' REPORT

MAJOR SUPPLIERS AND CUSTOMERS

Major Suppliers

The aggregate purchases attributable to the Group's five largest suppliers combined were less than 30% of the Group's total purchases for the year.

Major Customers

During the year, the Group's turnover or sales attributable to the five largest customers was below 30%.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS OF THE GROUP

The Group's success is dependent on its relationships with employees and customers, and to a lesser extent with principal suppliers. The Group strives to maintain harmonious and ethical relationships with each category, as reflected in the Company's Code of Conduct.

During the Reporting Period, there was no significant change in or adverse impact on key relationships with employees, customers and suppliers of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company believes that sound environmental policies and performance are critically important to the sustainable development of our business and to our community.

The Board is responsible for our environmental policy, as part of the Group's overall strategy and reporting of Environmental, Social and Governance ("ESG") activities. The Group is committed to minimising any adverse impact that its operations may have on the environment. The Group has implemented environment-friendly measures such as installation of LED lighting and adoption of electronic processes to reduce the use of paper. We prioritise the use of recycled materials, from both internal and external sources, to produce corporate stationery for internal use and documents published for external consumption, as well as items from non-paper sources, where feasible. The Group also replaces the use of diesel shuttle buses with those fueled by natural gas and electricity.

For the hotel portions of the Grand Lisboa Palace Resort, we achieved U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) Silver Certification. Hotel room control units at Grand Lisboa Palace Resort will be enabled for automatic control of lighting, room air conditioning and window curtains for energy saving.

We have deployed various energy-saving and clean-air initiatives to help reduce our carbon footprint. For several years, the Company has supported the Carbon Footprint Repository for Hong Kong-listed companies initiated by the Environment and Ecology Bureau of the Hong Kong Government. We submitted a carbon emissions report for our offices in Hong Kong for such purpose in 2024, which is available on the Carbon Neutrality and Sustainable Development's website.

DIRECTORS' REPORT

ENVIRONMENTAL POLICIES AND PERFORMANCE (Continued)

To enhance the policies and performance in environmental aspects of the Group, an external consultant was engaged in 2020 to review and make recommendations on the sustainability governance structure, strategy and policies of the Group. The Sustainability Steering Committee, which reports to the Executive Committee of the Board and consists of senior executives of the Group as a majority of members, considers sustainability and climate-related issues. The Sustainability Steering Committee is also responsible for compliance with the environmental protection policies required by the Environmental Protection Bureau of the Macau Government.

To ensure a smooth transition and compliance with the enhanced climate disclosure requirements, we engaged an external ESG consultancy firm in 2024 to support the Group in preparing climate-related disclosures in alignment with the new Stock Exchange's ESG Reporting Code which will take effect for the financial years on or after 1 January 2025. The said firm also provided training on climate-related issues to the management of the Group during the year.

Further disclosures relating to ESG issues identified for the financial year ended 31 December 2024 are included in the Company's ESG Report dated 4 March 2025 pursuant to the requirements of Appendix C2 of the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS HAVING A SIGNIFICANT IMPACT ON THE GROUP

Numerous laws and regulations can have significant impact on the Group, including laws and regulations in Macau related to Anti-Money Laundering and Terrorism Financing, Control of Cross Border Transportation of Cash, Access to Casinos and Gaming Areas, Cybersecurity, Personal Data, Foreign Exchange, Smoking and other areas. In addition to corporate legal teams in Macau and Hong Kong, the Group has the Anti-Money Laundering Compliance Department in Macau, to ensure that the Group is up-to-date and in compliance with laws and regulations.

During the Reporting Period, the Group did not experience any cases of non-compliance with relevant laws and regulations that had a material impact on the Group's business and operations.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years ended 31 December 2024 is set out on page 208 of this Annual Report.

DIRECTORS' REPORT

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2024 have been reviewed by the Audit Committee of the Company.

AUDITOR

A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company until the conclusion of the next annual general meeting is to be proposed at the 2025 AGM.

By order of the Board of Directors

SJM Holdings Limited

Ho Chiu Fung, Daisy

Chairman and Executive Director

Hong Kong, 4 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and its management team has strived to uphold the highest standards of corporate governance and transparency.

The Company has adopted its own code of corporate governance based on the principles and code provisions as set out in Part 2 of Appendix C1 (“CG Code”) to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the year ended 31 December 2024, the Company has complied with all the code provisions of the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules.

LINKAGE BETWEEN CORPORATE GOVERNANCE AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The board of directors of the Company (the “Directors”) has been focusing on creating long-term sustainable growth for shareholders of the Company (the “Shareholders”) and delivering long-term values to all stakeholders. In addition to corporate governance structure, the board of Directors (the “Board”) has developed a framework for the Company to identify and consider what environmental risks, social risks and climate-related risks and opportunities which may be material to it. It has adopted Role Descriptions of the Board of Directors for Oversight of Climate-related Risks and Opportunities. It has also set up a Sustainability Steering Committee which consists of senior executives of the Group as a majority of members. The primary purpose and responsibility of the Sustainability Steering Committee is to advise the Board through Executive Committee of the Board or, when requested, directly to the Board to ensure the Group’s business strategy takes sustainability and climate-related matters into consideration and assist the Board in fulfilling the oversight responsibility in relation to sustainability and climate-related matters of the Group and report to the Board on any significant matters. The Sustainability Steering Committee is also responsible for compliance with the environmental protection policies required by the Environmental Protection Bureau of the Macau Government.

Further disclosures relating to environmental, social and governance (“ESG”) issues identified for the financial year ended 31 December 2024 are included in the Company’s ESG Report dated 4 March 2025 pursuant to the requirements of Appendix C2 of the Listing Rules.

MODEL CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

Directors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry, the Company confirms that all Directors have complied with the required standards as stated in the Model Code for the year ended 31 December 2024.

Relevant employees of the Company

The Board has formalised in writing guidelines on no less exacting terms than the Model Code for relevant employees in respect of their dealings in the securities of the Company.

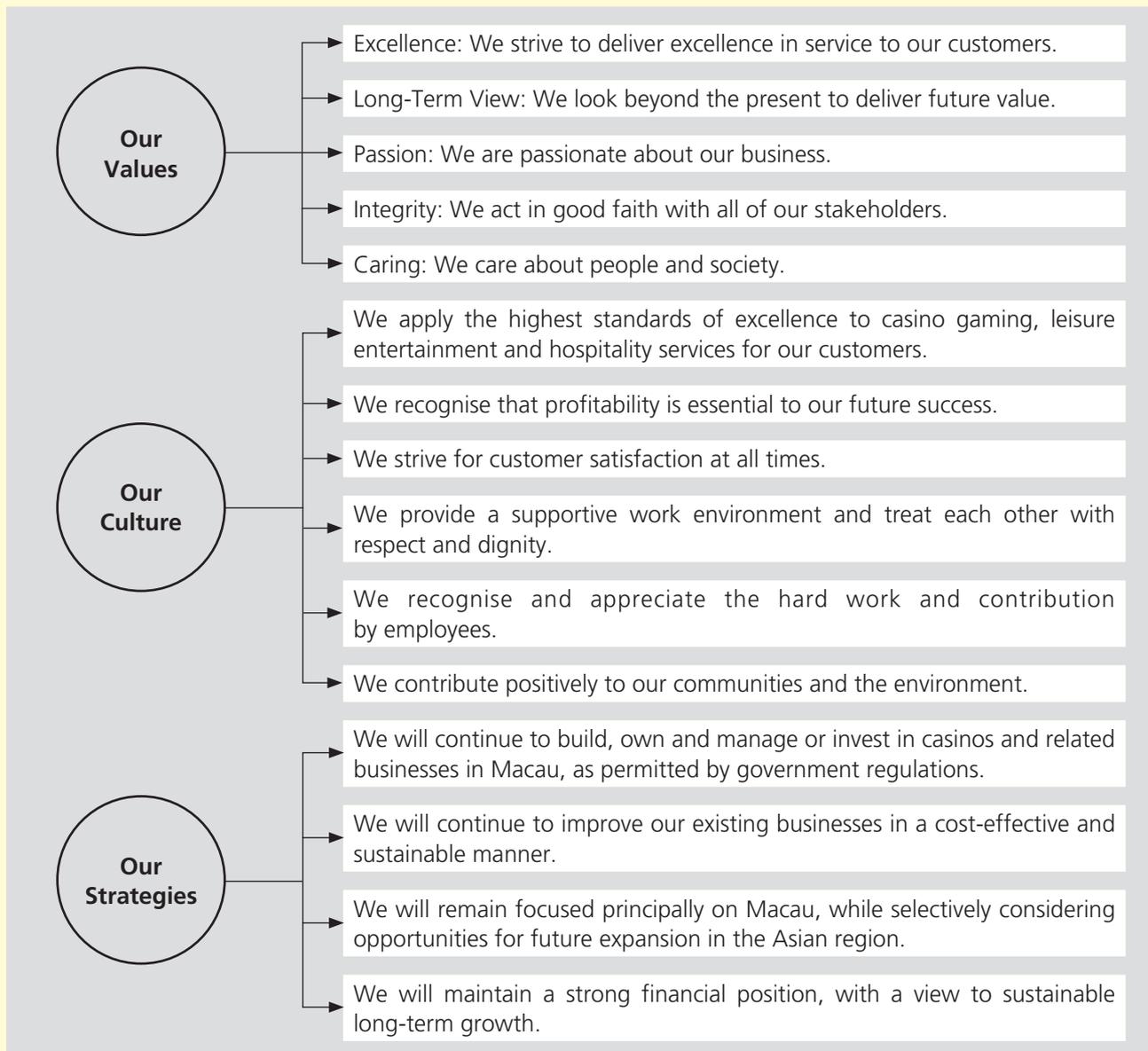
Relevant employees include any employee of the Company or a director or employee of a subsidiary or holding company of the Company and, because of such office or employment, possesses inside information in relation to the Company or its securities.

CORPORATE GOVERNANCE REPORT

CORPORATE PURPOSE, VALUES, STRATEGIES AND CULTURE

The Board takes a leading role in setting the tones and defining the Company's purpose, values and strategies, and developing the desired culture to support the Company's pursuit of success. It should continuously monitor and evaluate the Company's culture to ensure that it aligns with the Company's purpose, values and strategies and keeps up with the changing business landscape.

As a leading owner, operator and developer of casinos and integrated entertainment resorts in Macau, the Group always strives to achieve sustainable long-term growth in shareholder value by delivering top-tier casino gaming, leisure entertainment and hospitality services to customers. With this purpose in mind, the Board has established five core values which guide every actions and decisions of the Group and our employees. These values are embedded into the Company's culture as well.



CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

The Company is governed by the Board which is responsible for directing and supervising its affairs and overseeing the business, strategic decision and performance of the Group. Execution of the Board's decisions and daily operations are delegated to the management. The functions reserved to the Board and those delegated to management have been formalised in writing. The Board will review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Company.

The Board has a balance of skills, experience and diversity appropriate for the requirements of the business of the Group. During the year and up to the date of this report, the composition of the Board is as follows:

The Board (including corporate governance functions) (Total no. of Directors: 9 (Note 1))		
Executive Directors (also being the senior management of the Company)	Non-executive Director	Independent Non-executive Directors
Ms. Ho Chiu Fung, Daisy <i>(Chairman)</i> Mr. Fok Tsun Ting, Timothy <i>(Co-Chairman)</i> Deputada Leong On Kei, Angela <i>(Co-Chairman)</i> Dr. Chan Un Chan Mr. Shum Hong Kuen, David	Mr. Tsang On Yip, Patrick	Mr. Ho Hau Chong, Norman <i>(Note 3)</i> Ms. Wong Yu Pok, Marina <i>(Note 3)</i> Mr. Yeung Ping Leung, Howard Mr. Tse Hau Yin <i>(Note 3)</i> <i>(retired on 26 June 2024)</i>
Existing number: 5 % to total Directors: 56%	Existing number: 1 % to total Directors: 11%	Existing number: 3 <i>(Note 2)</i> % to total Directors: 33% <i>(Note 2)</i>
Notes: <ol style="list-style-type: none"> Maximum number of Directors is 12 (Article 80 of the articles of association of the Company (the "Articles")) Minimum number of Independent Non-executive Directors is 3 and must represent at least one-third of the Board (Listing Rules 3.10(1) and 3.10A respectively) One Independent Non-executive Director having accounting expertise (Listing Rule 3.10(2)) 		

The Board includes a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) and at least one-third of the Directors are Independent Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

CORPORATE GOVERNANCE REPORT

BOARD INDEPENDENT VIEWS MECHANISMS

The Company has established the following mechanisms to ensure independent views and input are available to the Board:

Board Independent Views Mechanisms

The Directors shall apply fiduciary duties and duties of skill, care and diligence to the Company. To fulfill the responsibilities as a Director, he/she shall proactively express his/her independent views and input to the Board, either verbally or in writing, which are in the interests of the Company.

The Chairman should promote a culture of openness and debate by facilitating the effective contribution of Directors. He/She should ensure that Directors feel at ease while expressing their views and input to the Board.

At any time any Director may, and the Company Secretary on requisition of any Director shall, summon a meeting of the Board. The Chairman should ensure that all Directors are given an opportunity to include matters in the agenda for board meetings.

The Chairman should at least annually hold meetings with the Independent Non-executive Directors without the presence of other Directors. When necessary, Independent Non-executive Directors can request for additional meeting(s) with the Chairman individually or jointly with other Independent Non-executive Directors to express their views and input.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. Independent Non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at that Board meeting to express their views and input on the matter.

For a Director who has conflict of interest in a matter with the Company and/or its subsidiaries, he/she shall be absent from the Board meeting so that the other Directors can express their views and input at the Board meeting freely.

Directors, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them in the performance of their duties to the Company.

Any director who raises his/her serious concern about any suspected fraud, malpractice, misconduct or irregularity of the Company and/or its subsidiaries shall have the matter investigated according to the Whistleblowing Policy adopted by the Board.

The Board should review the implementation and effectiveness of the mechanisms on an annual basis.

On 4 March 2025, the Board reviewed and was of the view that the implementation and effectiveness of the above mechanisms were conducted satisfactorily during the year.

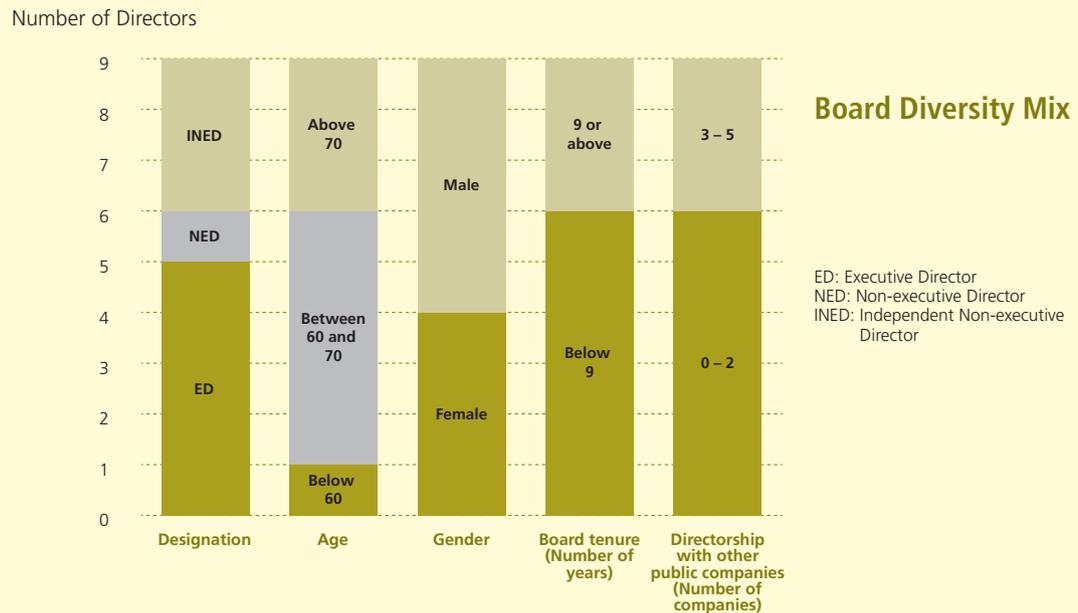
BOARD DIVERSITY

The Board adopted a Board Diversity Policy for the Company in 2013 which stipulates that for identifying individuals suitably qualified to become Directors, the Nomination Committee should consider the benefits of all aspects of diversity including, but not limited to, a number of factors, such as gender, age, race, cultural and educational background, professional experience and industry and business-related experience, in order to maintain an appropriate range of balance of skills, experience and background on the Board. All appointments of Directors should have taken into account the aforesaid factors as a whole for the benefit of the Company. The Nomination Committee will regularly discuss and, if appropriate, agree on any measurable objective for achieving diversity on the Board.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY (Continued)

The Board diversity mix as at 31 December 2024 is shown below while their biographical details are set out on pages 17 to 23 of this Annual Report.



The Nomination Committee and the Board reviewed the implementation and effectiveness of the Board Diversity Policy on 4 March 2025. They were of the view that the Board achieved a satisfactory degree of diversity and therefore no measurable objective for Board diversity would be set and the Board Diversity Policy would remain unchanged.

As at 31 December 2024, the Board comprised four female Directors and five male Directors. The Board considers that the gender diversity in respect of the Board is satisfactory. To promote gender mainstreaming in the community, the Company joined the Gender Focal Point Network for listed companies set up by the Labour and Welfare Bureau and the Women's Commission in Hong Kong in 2016.

At our Group, we champion gender diversity in our workforce. Throughout the recruitment process, we ensure that every candidate is treated with fairness and respect, regardless of their gender. We select the best candidates for each position based on their qualifications, background, experience, and job knowledge, without any gender bias. We offer equal pay to all employees, irrespective of their gender, and provide everyone with the same promotional opportunities. In our workforce, we have a well-balanced gender distribution, with approximately 48% male and 52% female employees, including in our senior management.

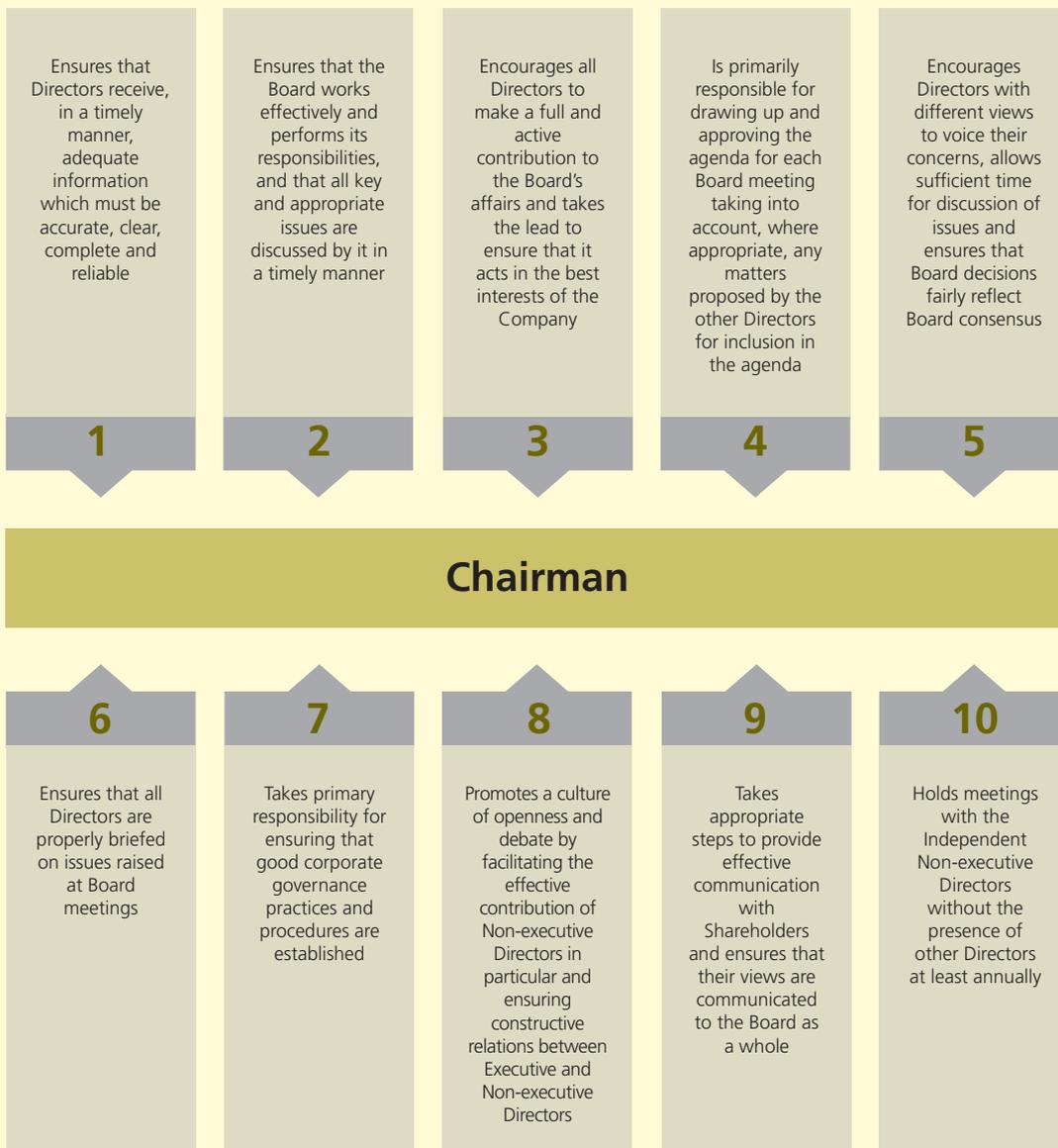
We firmly believe that men and women bring unique strengths, viewpoints, ideas, and business insights to the table. Therefore, gender diversity at the management level enables better problem-solving and strategy formulation within the Company. While our non-operational departments have a balanced gender representation, we are continuously working to increase female representation in operational departments, where female management currently stands at approximately 35%, compared to male management at approximately 65%. Developing women's leadership is essential in operational departments. Female leaders generally demonstrate strong emotional intelligence, including a positive work ethic, effective communication with empathy, critical thinking, and ultimately lead to better performance counseling for employees and better service delivery to our customers. The Group is committed to developing female leaders through our management development program as part of our succession planning, particularly in operational departments.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are segregated and not performed by the same individual. Ms. Ho Chiu Fung, Daisy is the Chairman of the Board who is responsible for the formulation of the Group's overall business development policies while the Executive Committee is responsible for overseeing and implementation of the Group's strategic objectives and business operations.

Ms. Ho Chiu Fung, Daisy as the Chairman of the Board is responsible for the following roles of the Board:



The Company has clearly established and set out in writing a policy for the division of responsibilities between the Chairman and the Chief Executive Officer (if appointed).

CORPORATE GOVERNANCE REPORT

APPOINTMENT AND RE-ELECTION OF DIRECTORS

According to the Articles, the Board has the power to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. The power to appoint any person as a Director is subject to election by Shareholders at the first annual general meeting after his/her appointment. No person (other than a retiring Director) shall be appointed or re-appointed at any general meeting unless:

- (i) he/she is recommended by the Board; or
- (ii) not earlier than the day after the despatch of the notice of the general meeting and not later than seven days prior to the date appointed for the general meeting there has been left at the Company's registered office for the time being a letter, signed by at least two Shareholders (other than the person to be proposed) entitled to vote at the general meeting together holding not less than ten per cent. of the entire issued shares of the Company (the "Shares"), notice of his intention to propose a resolution for the appointment or re-appointment of that person and a notice executed by that person of his willingness to be appointed or re-appointed.

The Nomination Committee is responsible for considering the suitability of individuals to act as a Director and to make recommendations to the Board on appointment or re-appointment of Directors.

The Articles specify that at each annual general meeting of the Company one-third of the Directors shall retire but shall be eligible for re-election. In determining which Directors shall retire, the Board will make sure that every Director, including those appointed for a specific term, should be subject to rotation at least once every three years. At the annual general meeting of the Company to be held on 10 June 2025 (the "2025 AGM"), the following Directors will retire from the Board by rotation pursuant to Article 95:

Non-executive Director : Mr. Tsang On Yip, Patrick

Independent Non-executive Directors : Mr. Ho Hau Chong, Norman
Ms. Wong Yu Pok, Marina

All of the above Directors, being eligible, offer themselves for re-election at the 2025 AGM.

The biographical details of the retiring Directors who offered themselves for re-election and the recommendation of the Board for their re-election will be set out in a circular to be issued on or around 29 April 2025 for despatch to Shareholders.

CORPORATE GOVERNANCE REPORT

NON-EXECUTIVE DIRECTORS

Mr. Tsang On Yip, Patrick, the Non-executive Director, and Mr. Yeung Ping Leung, Howard, an Independent Non-executive Director, have respectively entered into a letter of appointment with the Company with no fixed term but subject to retirement by rotation in accordance with the Articles as amended from time to time and the requirements of the Listing Rules.

Each of Mr. Ho Hau Chong, Norman and Ms. Wong Yu Pok, Marina, the Independent Non-executive Directors, has entered into a letter of appointment with the Company for a term of three years which shall either:

- (i) end in any event on (a) the date of the third annual general meeting after the first election as an Independent Non-executive Director by Shareholders in the annual general meeting; or (b) the date on which an Independent Non-executive Director shall retire by rotation, whichever is the earlier; or
- (ii) subject to retirement by rotation in accordance with the Articles as amended from time to time and the requirements of the Listing Rules.

The Non-executive Directors (including Independent Non-executive Directors) are highly skilled professionals with expertise and experience in the field of financial management, business development or strategies related to the Group's business. They bring independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and enable the Board to maintain high standards of compliance with financial and other mandatory reporting requirements and provide adequate checks and balances to safeguard the interests of Shareholders and the Company.

Independent Non-executive Directors and other Non-executive Director have given a positive contribution to the development of the Company's strategies and policies through independent, constructive and informed comments. They have given the Board and any Board committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. All Independent Non-executive Directors attended the annual general meeting of the Company held on 26 June 2024 (the "2024 AGM").

Other roles of Non-executive Directors (including Independent Non-executive Directors) include:

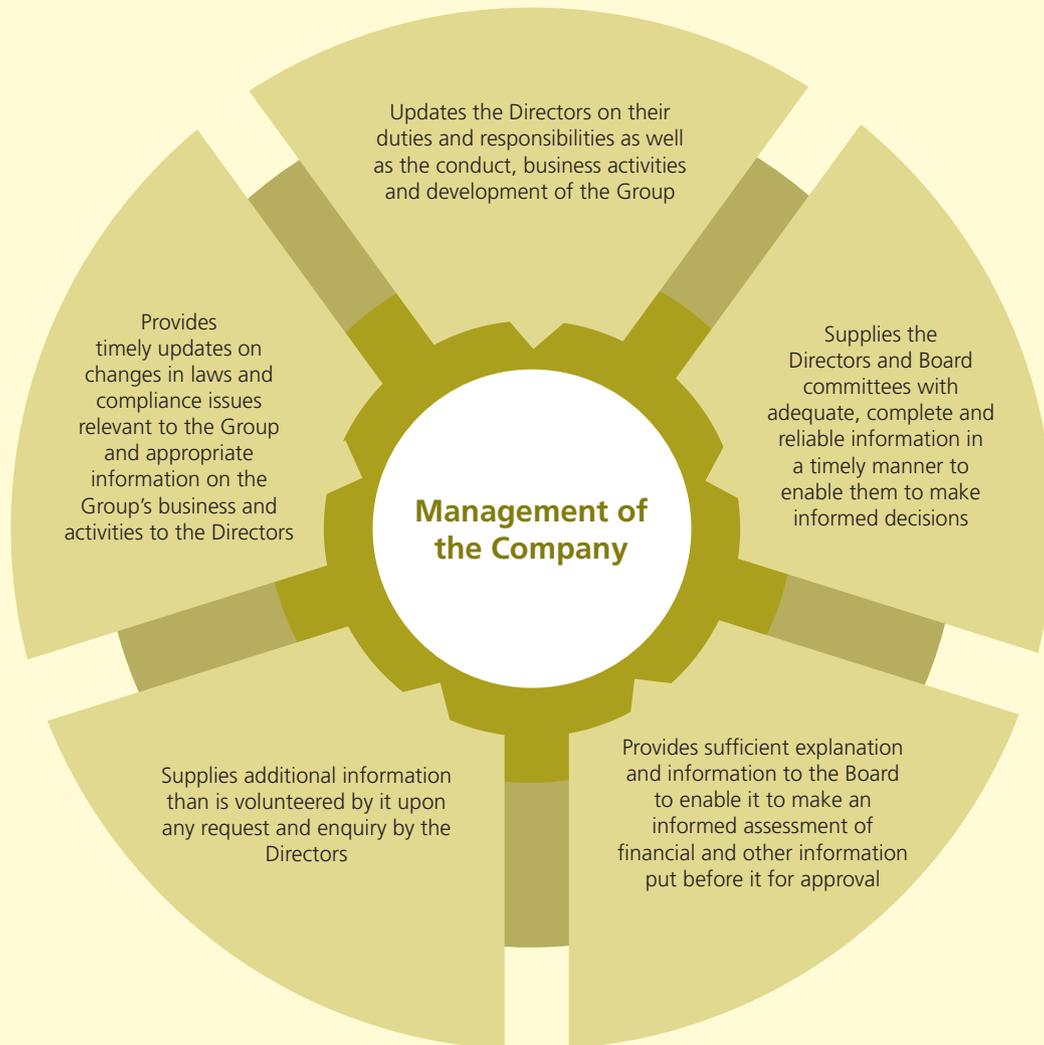
- (i) taking the lead where potential conflicts of interest arise;
- (ii) serving on the Audit, Remuneration, Nomination and other Board committees; and
- (iii) scrutinising the Company's performance in achieving corporate goals and objectives, and monitoring reporting of performance.

All Independent Non-executive Directors have met all of the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Company has received from each of them an annual written confirmation of his/her independence and considers each of them to be independent.

The Independent Non-executive Directors have been expressly identified as such in all corporate communications that disclose the names of Directors. The Company has been maintaining the number of Independent Non-executive Directors at not less than one-third of the number of the Board members and has ensured that the Board contains an Independent Non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES OF DIRECTORS



The Board and each Director have separate and independent access to the senior management, Senior Legal Counsel and Company Secretary, whenever necessary, for any information relevant to the Group they may require in discharging their duties.

Given the essential unitary nature of the Board, the Non-executive Directors have the same duties of care and skill and fiduciary duties as the Executive Directors. Every Director is aware that he/she should devote sufficient time and attention to the affairs of the Company, and make contributions to the Company that are commensurate with his/her role and Board responsibilities. The Directors have disclosed the identity of the public companies or organisations participated by them and an indication of their time involved therein to the Board and the Board has confirmed that the Directors have spent sufficient time performing their duties in the Company. The Board has established a written procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.

The Company has formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company has arranged Directors' and Officers' liability insurance in respect of any legal action against Directors.

CORPORATE GOVERNANCE REPORT

PRACTICE AND CONDUCT OF MEETINGS

The Company is responsible to ensure that Directors can participate in Board proceedings in a meaningful and effective manner. Notices of Board meetings are usually served to all Directors before the meeting in accordance with the Articles. Notice of at least 14 days is given for regular Board meetings to give all Directors an opportunity to attend. Reasonable notice is given for all other Board meetings. Board meeting agenda and papers together with all appropriate, complete and reliable information are sent to all Directors in a timely manner and at least three days or such other agreed period before the intended date of a Board or Board committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

All Directors are entitled to have access to Board papers and related materials, prepared in such form and quality sufficient to enable the Board to make an informed decision on matters placed before it. Where any Director requires more information than is volunteered by management, that Director can make further enquires where necessary. Queries raised by the Directors will be responded promptly and fully, if possible. All Directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

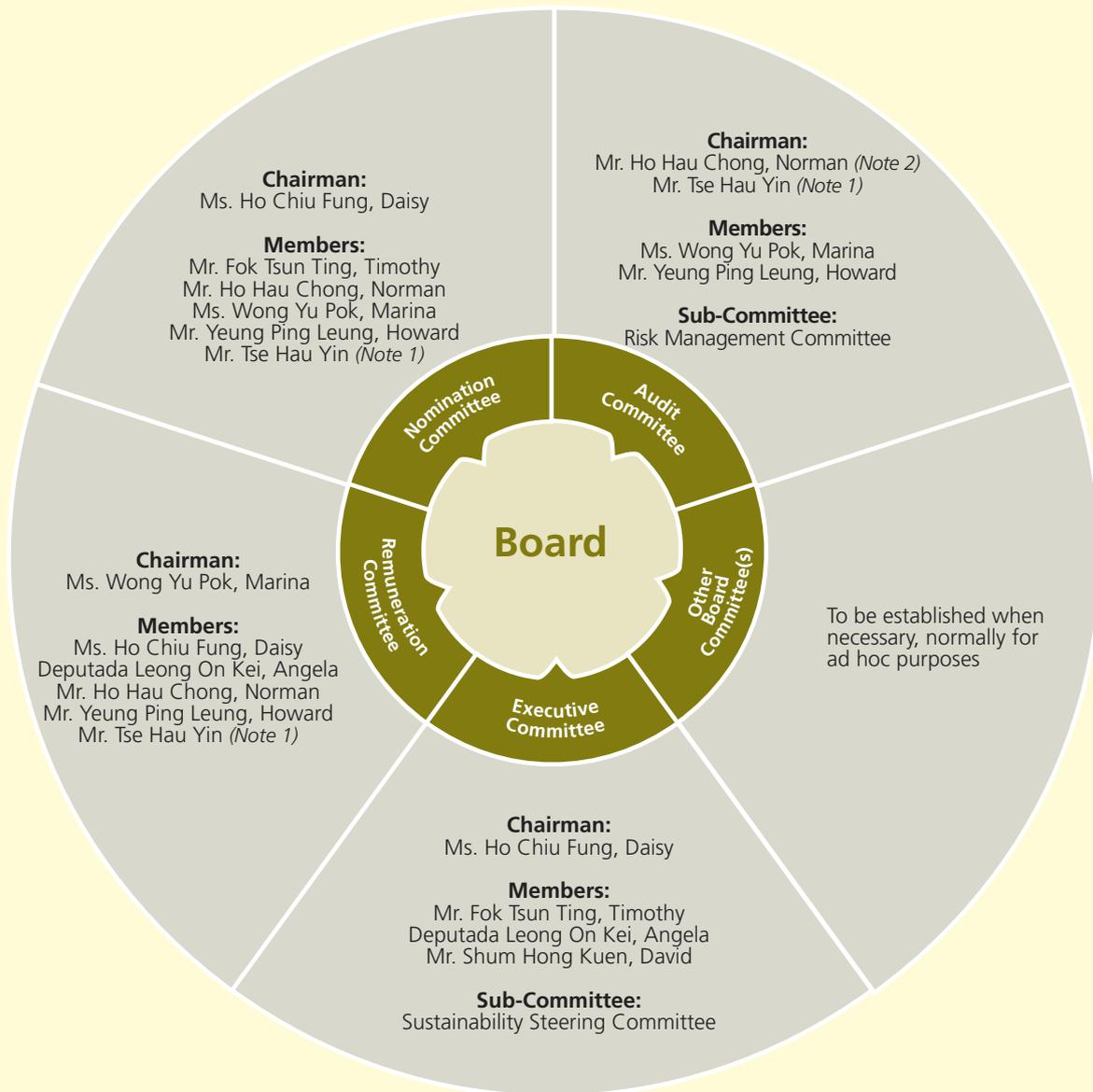
The Company Secretary is responsible for keeping minutes of all Board meetings and Board committee meetings which record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed, if any. Draft minutes are circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection and/or is sent to them for records, if necessary.

According to current Board practice, any material transaction that involves a conflict of interests for a substantial Shareholder or a Director will be dealt with by a physical Board meeting rather than a written resolution at which the Independent Non-executive Directors who, and whose associates, have no material interest in the transaction should be present at that Board meeting. The interested Director is required to abstain from voting and will not be counted in the quorum, except as permitted under the Articles. In addition, he/she shall be physically absent from the venue of the meeting during the time the relevant contract, arrangement or matter is being discussed and voted on by the other Directors.

CORPORATE GOVERNANCE REPORT

BOARD AND BOARD COMMITTEE MEETINGS

The following sections explain the responsibilities and the work that each Board committee undertook in 2024. The terms of reference and membership of Audit Committee, Remuneration Committee and Nomination Committee are disclosed in full on the websites of the Company and the Stock Exchange. In addition, the Board has set up a Board committee, namely Executive Committee, with clear terms of reference. In view that the development of the project of Grand Lisboa Palace Resort (the "GLP Project") was substantially finished, the Board approved the dissolution of Cotai Project Committee with effect from 1 January 2024.



Notes:

1. Mr. Tse Hau Yin ceased to act on 26 June 2024.
2. Mr. Ho Hau Chong, Norman was re-designated from a member to the Chairman of Audit Committee of the Board on 26 June 2024.

CORPORATE GOVERNANCE REPORT

BOARD AND BOARD COMMITTEE MEETINGS (Continued)

The Board schedules regular Board meetings in advance, at least four times a year at approximately quarterly intervals, to give Directors the opportunity to participate actively, either in person or through electronic means of communication. Directors are consulted for their views regarding inclusion of specific matters in the agenda for regular Board meetings and the draft agenda is circulated to Directors for their comments. Special Board meetings are convened as and when needed. Together with the Audit Committee, Executive Committee, Nomination Committee and Remuneration Committee meetings as aforesaid, there is an effective framework for the Board and Board committees to perform their work and discharge their duties. In view of the size and complexity of the Group's project in Cotai, Macau, an ad hoc Board committee, Cotai Project Committee, was formed in 2015 to specifically monitor the progress and the costs for the development of the said project. The Cotai Project Committee was dissolved on 1 January 2024 due to the substantial completion of the GLP Project.

During the year ended 31 December 2024, six Board meetings were held. Details of individual Directors' attendance at the Board meetings, the Board committee meetings and the 2024 AGM held in the year are set out in the following table:

Name of Directors	Board Meetings (including corporate governance functions)	Audit Committee Meetings	Executive Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	2024 AGM
Executive Directors:						
Ho Chiu Fung, Daisy	6/6 (Note 1)	NA	2/2	1/1	1/1	1/1
Fok Tsun Ting, Timothy	6/6	NA	2/2	NA	1/1	1/1
Leong On Kei, Angela	5/6 (Note 1)	NA	2/2	1/1	NA	1/1
Chan Un Chan	1/6 (Note 1)	NA	NA	NA	NA	0/1
Shum Hong Kuen, David	6/6 (Note 1)	NA	2/2	NA	NA	1/1
Non-executive Director:						
Tsang On Yip, Patrick	6/6 (Note 1)	NA	NA	NA	NA	0/1
Independent Non-executive Directors:						
Ho Hau Chong, Norman	5/6 (Note 1)	5/6 (Note 2)	NA	1/1	1/1	1/1
Wong Yu Pok, Marina	6/6	6/6	NA	1/1	1/1	1/1
Yeung Ping Leung, Howard	6/6	5/6	NA	0/1	1/1	1/1
Tse Hau Yin (retired on 26 June 2024)	3/3	3/3	NA	1/1	1/1	1/1

NA = Not Applicable

CORPORATE GOVERNANCE REPORT

BOARD AND BOARD COMMITTEE MEETINGS (Continued)

Notes:

1. *According to Article 94(L), a Director who has a material interest in respect of certain types of contractual arrangements cannot vote or be counted in the quorum at the meeting and, he/she shall also be physically absent from the venue of the meeting during the time the relevant contract, arrangement or matter is being discussed and voted on by the other Directors.*

Dr. Chan Un Chan, Mr. Tsang On Yip, Patrick and Mr. Ho Hau Chong, Norman had to physically absent themselves from voting on the related Board resolutions at two of the Board meetings. Deputada Leong On Kei, Angela had to physically absent herself from voting on the related Board resolutions at three of the Board meetings whilst Ms. Ho Chiu Fung, Daisy and Mr. Shum Hong Kuen, David had to physically absent themselves from voting on the related Board resolutions at four of the Board meetings.

2. *According to paragraph 2.5 of the Terms of Reference, an Audit Committee member who has a material interest in respect of certain types of contractual arrangements cannot vote or be counted in the quorum at the meeting and, he/she shall also be physically absent from the venue of the meeting during the time the relevant contract, arrangement or matter is being discussed and voted on by the other Audit Committee members.*

Mr. Ho Hau Chong, Norman had to physically absent himself from voting on the related Audit Committee resolution at one of the Audit Committee meetings.

DELEGATION BY THE BOARD – BOARD COMMITTEES

The Board has proper delegation of its powers and has established three standing Board committees, namely Audit Committee, Remuneration Committee and Nomination Committee in accordance with the requirements under the Listing Rules, with specific written terms of reference that deal clearly with their authority and duties, to oversee particular aspects of the Group's affairs. The Board may establish other Board committee(s) when necessary in accordance with the Articles. The Board has established an additional standing Board committee, namely the Executive Committee, whose primary purpose is to oversee the implementation of the Company's strategic objectives and the business operations of the Group as well as an ad hoc Board committee, namely Cotai Project Committee, whose primary purpose is to monitor the progress and the costs for the development of the Group's project in Cotai, Macau. The Cotai Project Committee was dissolved on 1 January 2024 due to the substantial completion of the GLP Project. When necessary, the Board will establish ad hoc Board committees with specific terms of reference for the purpose of dealing with transactions or projects of the Company.

The terms of references of all Board committees have required them to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so. Sufficient resources, including the advice of the external auditors and other independent professional advisers, are provided to the Board committees to enable them to discharge their duties.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The composition of the Audit Committee is as follows:

Audit Committee (established in June 2008)	
<p>Committee members</p> <p><i>Independent Non-executive Directors:</i> Mr. Ho Hau Chong, Norman (<i>Committee Chairman</i>) <i>(re-designated from a member to Committee Chairman on 26 June 2024)</i> Ms. Wong Yu Pok, Marina Mr. Yeung Ping Leung, Howard Mr. Tse Hau Yin (<i>former Committee Chairman</i>) <i>(ceased to act on 26 June 2024)</i></p> <p>Existing number of members: 3 % of total Independent Non-executive Directors: 100%</p>	<p>Committee secretary</p> <p>Ms. Kwok Shuk Chong <i>(the Company Secretary who is responsible for keeping the minutes of the Audit Committee)</i></p>
<p>Minimum number of meetings per year: 2</p> <p>In attendance: Company Secretary and, when invited, representatives from Auditor, Chief Financial Officer, Senior Legal Counsel, Vice President – Finance and Accounts, Head of Internal Audit, Head of Anti-Money Laundering Compliance and/or other external professionals</p>	

The Audit Committee is accountable to the Board and its primary role and function is to assist the Board to monitor the Company's financial reporting process, to recommend the appointment of Auditor, to consider the nature and scope of audit reviews, to ensure that effective internal control and risk management systems are in place and to review the Group's interim and annual financial statements. The Audit Committee has access to, and maintains an independent communication with, the external auditor and the management, including the Group's internal audit department, to ensure effective information exchange on all relevant financial and accounting matters.

Under the terms of reference of the Audit Committee, it is specified that any former partner of the Company's existing audit firm is prohibited from acting as a member of the Audit Committee for a period of two years commencing on the date of his/her ceasing:

- (i) to be a partner of the firm; or
- (ii) to have any financial interest in the firm,

whichever is the later.

The Audit Committee reports to the Board the major items covered by the committee at each meeting, draws the Board's attention to important issues that the Board should be aware of, identifies any matters in respect of which it considers that action or improvement is needed and makes appropriate recommendations.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (Continued)

In 2024, the Audit Committee held six meetings and its principal work performed is set out in the table below. In general, it has reviewed the accounting principles and practices adopted by the Company and discussed auditing, risk management and internal controls, and financial reporting matters, including the review of the interim and annual results of the Company. Details of attendance of each Audit Committee member, on a named basis, at the Audit Committee meetings held during the year are set out in the table on page 78.

Principal work performed by the Audit Committee during 2024

Review of annual audited financial statements of the Group for the year ended 31 December 2023, interim unaudited financial statements of the Group for the six months ended 30 June 2024, and quarterly unaudited key performance indicators of the Group for the three months ended 31 March 2024 and 30 September 2024 respectively, with recommendations to the Board for approval

Review and approval of the engagement letter of the Auditor, the nature and scope of the audit, its reporting obligations and work plan

Review of the Auditor's performance, with recommendation to the Board for re-appointment of the Auditor

Review of risk management and internal control systems of the Group and assessment of their effectiveness

Review of internal audit reports, the major findings and recommendations from internal audit

Review and approval of internal audit work plan for 2025

Review and report on connected transactions (including continuing connected transactions) carried out during the year

Review of the template for monthly update (including financial information and business operations) of the Group, with recommendation(s) to the Board for approval

Review of the arrangements for the Company's employees to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters, with recommendation(s) to the Board for approval

Review of the Whistleblowing Policy of the Company, with recommendation(s) to the Board for approval

Review of the Anti-Fraud and Counter-Corruption Policy of the Company, with recommendation(s) to the Board for approval

Review of the Terms of Reference of the Audit Committee, with recommendation(s) to the Board for approval

Review of the proposed work plan for the Audit Committee in 2025

The terms of reference of the Audit Committee, which conform to the code provision requirements of the CG Code, are available on the Stock Exchange's website and the Company's website.

The Risk Management Committee was established in 2017 as a sub-committee of the Audit Committee. It develops its own process for systematic risk assessment and risk management, under the guidance of the Audit Committee. The Risk Management Committee members include representatives of the following areas: Finance and Accounts, Casino Operations, Information Technology, Internal Audit, Compliance and Legal Affairs.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The composition of the Remuneration Committee is as follows:

Remuneration Committee (established in June 2008)	
<p>Committee members</p> <p><i>Independent Non-executive Directors:</i> Ms. Wong Yu Pok, Marina (<i>Committee Chairman</i>) Mr. Ho Hau Chong, Norman Mr. Yeung Ping Leung, Howard Mr. Tse Hau Yin <i>(ceased to act on 26 June 2024)</i></p> <p><i>Executive Directors:</i> Ms. Ho Chiu Fung, Daisy Deputada Leong On Kei, Angela</p> <p>Existing number of members: 5 % of total Independent Non-executive Directors: 60%</p>	<p>Committee secretary</p> <p>Ms. Kwok Shuk Chong <i>(the Company Secretary who is responsible for keeping the minutes of the Remuneration Committee)</i></p>
<p>Minimum number of meetings per year: 1</p> <p>In attendance: Company Secretary</p>	

The principal role and function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and senior management, to review their specific remuneration packages and terms of service contracts, to review and approve performance-based remuneration, and to assess the performance of the Executive Directors.

The Remuneration Committee reports to the Board the major items covered by the committee at each meeting, reviews the policy for the remuneration of Directors based on the performance of Executive Directors, adopts the model set out in Code Provision E.1.2(c)(i) of the CG Code to approve the remuneration packages and service contracts of Executive Directors and senior management, makes recommendations on the remuneration packages and service contracts of Non-executive Directors (including Independent Non-executive Directors) and Board committee members (including Audit Committee, Executive Committee, Nomination Committee and Remuneration Committee) and other remuneration-related matters to the Board. The Remuneration Committee has the duty to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The terms of reference of the Remuneration Committee, which conform to the code provision requirements of the CG Code, are available on the Stock Exchange's website and the Company's website.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE (Continued)

In 2024, the Remuneration Committee held one meeting and signed one written resolution, and its principal work performed is set out in the table below:

Principal work performed by the Remuneration Committee during 2024

Review of the remuneration of Executive Directors and senior management for 2024 and the special fees for 2023 based on their performances and the Company's policy and approval in relation to the same

Review of the remuneration of Non-executive Directors including Independent Non-executive Directors for 2024 and the special fees for 2023, with recommendations to the Board for approval

Review of the remuneration of Board committees for 2024 and the special fees for 2023, with recommendations to the Board for approval

Consideration of the remuneration of Mr. Ho Hau Chong, Norman as the Chairman of Audit Committee with effect from the 2024 AGM, with recommendation to the Board for approval

Consideration of the remuneration of Mr. Tse Hau Yin as an Advisor of the Company, with recommendation to the Board for approval

Review of the existing benefits to Directors, with recommendation of proposed changes (if any) to the Board

Review of the letter of appointment to be entered into with Mr. Yeung Ping Leung, Howard, Independent Non-executive Director, upon his re-election at the 2024 AGM, with recommendation to the Board for approval

Review of 2024 and 2023 remuneration packages and discretionary bonus/living subsidies for senior executives of the Group and their biographies

Review of the Options granted and exercise position

Review of the Terms of Reference of the Remuneration Committee, with recommendation to the Board for approval

Review the proposed work plan for the Remuneration Committee in 2024/2025

The Remuneration Committee consults the Chairman about proposals relating to remuneration of Directors and may access professional advice if considered necessary. The Chairman's direct participation in the Remuneration Committee can facilitate the setting of the Company's policy and structure for all Directors and senior management remunerations, the remuneration packages of Directors and senior management, and if applicable, the share option proposals to Directors more effectively.

Details of attendance of each Remuneration Committee member, on a named basis, at the Remuneration Committee meeting held during the year are set out in the table on page 78.

The Company has established a formal and transparent policy on Directors' remuneration and other remuneration related matters. No individual Director has taken part in setting his/her own remuneration. The emoluments of Directors, including base fee and special fee, are based on each Director's individual skill, work performed and involvement in the Group's affairs, the Company's performance and profitability, remuneration benchmarking in the industry and prevailing market conditions. At the 2024 AGM, a resolution was passed to authorise the Board to fix the Directors' remuneration. A resolution will be proposed at the 2025 AGM to obtain Shareholders' authorisation for the Board to fix Directors' remuneration.

The Executive Directors are also the senior management of the Company and their remuneration is disclosed in note 9 to the Financial Statements. Retirement benefits schemes of the Group are set out in note 38 to the Financial Statements.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The composition of the Nomination Committee is as follows:

Nomination Committee (established in June 2008)	
<p>Committee members</p> <p><i>Executive Directors:</i> Ms. Ho Chiu Fung, Daisy (<i>Committee Chairman</i>) Mr. Fok Tsun Ting, Timothy</p> <p><i>Independent Non-executive Directors:</i> Mr. Ho Hau Chong, Norman Ms. Wong Yu Pok, Marina Mr. Yeung Ping Leung, Howard Mr. Tse Hau Yin (<i>ceased to act on 26 June 2024</i>)</p> <p>Existing number of members: 5 % of total Independent Non-executive Directors: 60%</p>	<p>Committee secretary</p> <p>Ms. Kwok Shuk Chong (<i>the Company Secretary who is responsible for keeping the minutes of the Nomination Committee</i>)</p>
<p>Minimum number of meetings per year: 1</p> <p>In attendance: Company Secretary</p>	

The Nomination Committee is accountable to the Board and its primary role and function is to review the structure, size and composition of the Board, to make recommendations to the Board on appointment or re-appointment of Directors and to assess the independence of Independent Non-executive Directors on an annual basis. During the nomination process, the Nomination Committee makes reference to a number of selection criteria set out in the Nomination Policy (for details, please refer to the "Nomination Policy" section below).

The terms of reference of the Nomination Committee, which conform to the code provision requirements of the CG Code, are available on the Stock Exchange's website and the Company's website.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE (Continued)

In 2024, the Nomination Committee held one meeting and its principal work performed is set out in the table below:

Principal work performed by the Nomination Committee during 2024

Review of the structure, size and composition of the Board and various Board committees, with recommendations to the Board regarding any proposed changes

Assessment of the independence of the Independent Non-executive Directors (one of them has served on the Board for more than nine years)

Review of the status of diversity of the Board and the Board Diversity Policy of the Company, the Nomination Policy for the Board and the Terms of Reference of the Nomination Committee, with recommendation(s) to the Board

Review of the qualifications and suitability of retiring Directors who would offer themselves for re-election at the 2024 AGM, with recommendations to the Board for approval

Consideration of the re-designation of Mr. Ho Hau Chong, Norman from a member to the Chairman of Audit Committee in place of Mr. Tse Hau Yin with effect from the conclusion of the 2024 AGM, with recommendation to the Board for approval

Consideration of the nomination of Mr. Tse Hau Yin for appointment as an Advisor of the Company, with recommendation to the Board for approval

Review the proposed work plan for the Nomination Committee in 2024/2025

The Chairman acting as the Nomination Committee Chairman can facilitate the nomination process of Directors, the review of the Board and Board committee's structures, size and composition, Board diversity, and succession planning for Directors and senior management more effectively.

Details of attendance of each Nomination Committee member, on a named basis, at the Nomination Committee meeting held during the year are set out in the table on page 78.

The reasons why the Board believes Mr. Tsang On Yip, Patrick, Mr. Ho Hau Chong, Norman and Ms. Wong Yu Pok, Marina, the retiring Directors who offered themselves for re-election, should be re-elected at the 2025 AGM will be set out in the circular of the Company to be issued on or around 29 April 2025 accompanying the notice of the 2025 AGM.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE (Continued)

Nomination Policy

The Board has adopted a Nomination Policy for the Board members of the Company. The Nomination Committee can identify candidates for nomination as Directors and is responsible for selection of suitable candidates based on the selection criteria set out in the Nomination Policy (e.g. reputation for integrity, character and qualifications, accomplishment and experience, time commitment, and diversity) for nomination to the Board for consideration. For Directors stand for re-election at a general meeting, the Nomination Committee should also consider their suitability based on the aforesaid criteria. In addition, the Nomination Committee should consider the independence of an Independent Non-executive Director if he/she has served for a period of more than nine years, and if he/she would still be able to devote sufficient time to the Board if he/she holds seven or more listed company directorships.

According to the Nomination Policy, the identified candidates shall provide their curriculum vitae to the Nomination Committee for consideration. If appropriate, the Nomination Committee may conduct an interview with the candidates for obtaining further information to determine their suitability for nomination. Once sufficient information is available, a Nomination Committee meeting will be held to consider the nomination, and if appropriate, make recommendations to the Board.

If the number of candidates is more than the vacancies available, the Nomination Committee shall try its best to nominate the same number of suitable candidates for filling the vacancies and recommend them to the Board for consideration. If more candidates are nominated than the vacancies available, the Board shall be responsible for deciding which nominated persons shall be appointed as Directors to fill casual vacancies or recommend to the Shareholders for election as Directors. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting or to be appointed as Directors to fill casual vacancies. If more candidates than the vacancies available for election at a general meeting, the "gross vote" method will be used to determine who shall be elected as Directors.

The Nomination Committee should review the Board composition annually and, when appropriate, make recommendation to the Board to search for suitable candidates for succeeding the positions of Directors or senior management. The Board is responsible for monitoring the implementation of the Nomination Policy. The Nomination Committee will review the Nomination Policy annually, which will include an assessment of the effectiveness of the Nomination Policy, and recommend any proposed amendment to the Board for approval.

CORPORATE GOVERNANCE REPORT

EXECUTIVE COMMITTEE

The composition of the Executive Committee is as follows:

Executive Committee (established in June 2009)	
<p>Committee members</p> <p><i>Executive Directors:</i> Ms. Ho Chiu Fung, Daisy (<i>Committee Chairman</i>) Mr. Fok Tsun Ting, Timothy Deputada Leong On Kei, Angela Mr. Shum Hong Kuen, David</p> <p>Existing number of members: 4 % of total Executive Directors: 100%</p>	<p>Committee secretary</p> <p>Ms. Kwok Shuk Chong <i>(the Company Secretary who is responsible for keeping the minutes of the Executive Committee)</i></p>
<p>Minimum number of meetings per year: meet as often as it determines is necessary</p> <p>In attendance: Company Secretary and, when invited, Chief Financial Officer, Chief Operating Officer, Senior Legal Counsel and the relevant department heads</p>	

The Executive Committee is established with the following main duties and powers:

- (i) to oversee the implementation of the Company's strategic objectives and risk management policies;
- (ii) to oversee the business and operations of all of the business units of the Group;
- (iii) to put in place programs for management development and succession of management personnel;
- (iv) to oversee the realisation by the Company of the strategic objectives set by the Board; and
- (v) to monitor and oversee the financial and operational performance of the Group.

The Executive Committee has established specific written terms of reference which deal clearly with its authority and duties. The said terms of reference require the Executive Committee to report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.

CORPORATE GOVERNANCE REPORT

EXECUTIVE COMMITTEE (Continued)

In 2024, the Executive Committee held two meetings and signed two written resolutions, and its principal work performed is set out in the table below:

Principal work performed by the Executive Committee during 2024

Review of the unaudited financial information of the Group for the fourth quarter of 2023 and the first, second and third quarter of 2024 and year-to-date of the relevant quarter end
Review of the operation updates of the Group for the fourth quarter of 2023 and the first and second quarter of 2024
Consideration and approval of the budget of the Company for each quarter in 2024
Review of the draft 2023 ESG Report of the Company, with recommendation to the Board for approval
Receipt of the progress report on sustainability of the Group for the first half of 2024
Approval of change of composition of Sustainability Steering Committee of the Company
Review of the Terms of Reference of Executive Committee and of Sustainability Steering Committee in relation to Climate-related Risks and Opportunities, with recommendations to the Board for approval
Appointment of the authorised representative of the Company to attend and vote at the 2024 annual general meeting and extraordinary general meeting of SJM
Review of the proposed acquisition of NYH European Fine Cuisine Company Limited and NYH Italian Fine Cuisine Company Limited which own two restaurants from STDM

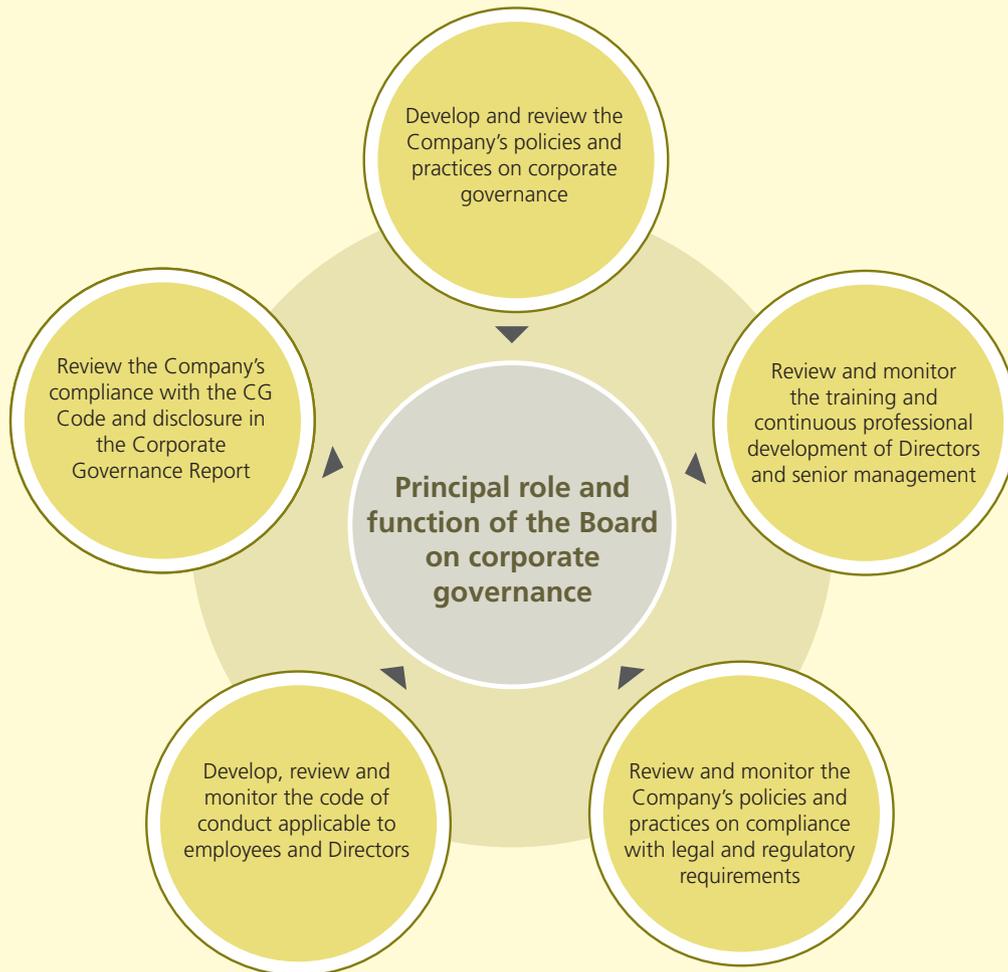
Details of attendance of each Executive Committee member, on a named basis, at the Executive Committee meetings held during the year are set out in the table on page 78.

The Sustainability Steering Committee was established in 2020 as a sub-committee of the Executive Committee. It is to advise the Board, through Executive Committee, to ensure the Group's business strategy takes sustainability and climate-related matters into consideration and assist the Board in fulfilling the oversight responsibility in relation to sustainability and climate-related matters of the Group and report to the Board on any significant issues. The Sustainability Steering Committee members shall be senior level staff of the Group whose responsible function(s) is/are materially relating to sustainability matters of the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in Code Provision A.2.1 of the CG Code. The principal role and function of the Board in relation to corporate governance is set out below:



The Board has adopted a code of conduct applicable to Directors and employees of the Company. The said code of conduct covers the areas of, amongst other things, ethical commitment, prevention of bribery, offer and acceptance of advantage, entertainment, conflict of interest, relationship with Directors, employees, suppliers, contractors and customers, and keeping of records, accounts and other documents. The said code of conduct has been annexed to the Company's Employee Handbook to ensure that the employees have knowledge of and to comply with the relevant requirements.

In addition to the latest terms of reference of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, the Articles and the updated list of the Company's Directors identifying their role and functions have been posted on the Stock Exchange's website and the Company's website, whilst procedures for Shareholders to propose a person for election as a Director has been posted on the Company's website.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS (Continued)

In 2024, the principal work performed by the Board in relation to corporate governance functions is set out in the table below:

Principal work performed by the Board in relation to corporate governance functions during 2024

Review of the Company's purpose, values, strategy and culture

Review of the existing policies and issues relating to corporate governance of the Group and approval of the necessary amendments

Review of the implementation and effectiveness of the Company's policies, including but not limited to (i) Board diversity, (ii) Board's independent views mechanisms, and (iii) Shareholders' communication

Review and monitoring of the training and continuous professional development of Directors and senior management and the number and nature of offices held by the Directors in other public companies or organisations and other significant commitments

Review and approval of the amendments to terms of reference of Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee of the Company, if appropriate

Review of the Company's compliance with the CG Code and disclosure in the Corporate Governance Report

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Receiving Director's Induction

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment. The Director's induction is to ensure that he/she has appropriate understanding of the business and operations and governance policies of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant legal and other regulatory requirements.

Attending Briefing and Professional Development Training

Arrangements are in place for providing continuing briefing and professional development training to Directors whenever necessary.

Continuous Professional/Business Development Plan for Directors

The Board has adopted a Continuous Professional/Business Development Plan for Directors. The purpose of this plan is to provide flexibility for the Directors to choose training methods which are most suitable to them and to encourage the Directors to enhance their knowledge and skills by joining professional bodies and attending the courses/seminars/programs/functions offered by such bodies.

CORPORATE GOVERNANCE REPORT

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT (Continued)

The Directors informed the Company that they had received the following training and continuous professional development during the period from 1 January 2024 to 31 December 2024:

Name of Directors	Type of training	
	Reading regulatory updates	Attending seminars/briefings
Executive Directors:		
Ho Chiu Fung, Daisy	✓	✓
Fok Tsun Ting, Timothy	✓	✓
Leong On Kei, Angela	✓	✓
Chan Un Chan	✓	—
Shum Hong Kuen, David	✓	✓
Non-executive Director:		
Tsang On Yip, Patrick	✓	✓
Independent Non-executive Directors:		
Ho Hau Chong, Norman	✓	✓
Wong Yu Pok, Marina	✓	✓
Yeung Ping Leung, Howard	✓	✓
Tse Hau Yin (<i>retired on 26 June 2024</i>)	✓	✓

FINANCIAL REPORTING

The Board is accountable to the Shareholders and is committed to presenting comprehensive and timely information to the Shareholders on an assessment of the Company's performance, financial position and prospects. A separate statement containing a discussion and analysis of the Group's performance is included on pages 7 to 12 in this Annual Report.

Starting from 2010, the Company has been announcing quarterly unaudited key performance indicators of the Group for the three months ended 31 March and 30 September respectively to enable its Shareholders, investors and the public to better appraise the position and business performance of the Group. Such financial information is prepared using the accounting policies applied to the Company's interim and annual financial statements.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the presentation of financial statements which give a true and fair view of the state of affairs of the Company and the Group and the results and cash flow for each financial period. In preparing the financial statements, the Directors have to ensure that appropriate accounting policies are adopted. The financial statements are prepared on a going concern basis.

The Board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports and other financial disclosures required under the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.

AUDITOR'S RESPONSIBILITY

The Auditor of the Company is Deloitte Touche Tohmatsu. A statement by the Auditor about their reporting responsibilities is included in the Independent Auditor's Report on the Company's Financial Statements on pages 101 to 105.

In arriving at its opinion, the Auditor conducted a full scope audit without any restrictions and had access to individual Directors (including Audit Committee members) and management of the Company.

The Auditor will be available at the annual general meeting of the Company to answer questions which Shareholders may have.

AUDITOR'S REMUNERATION

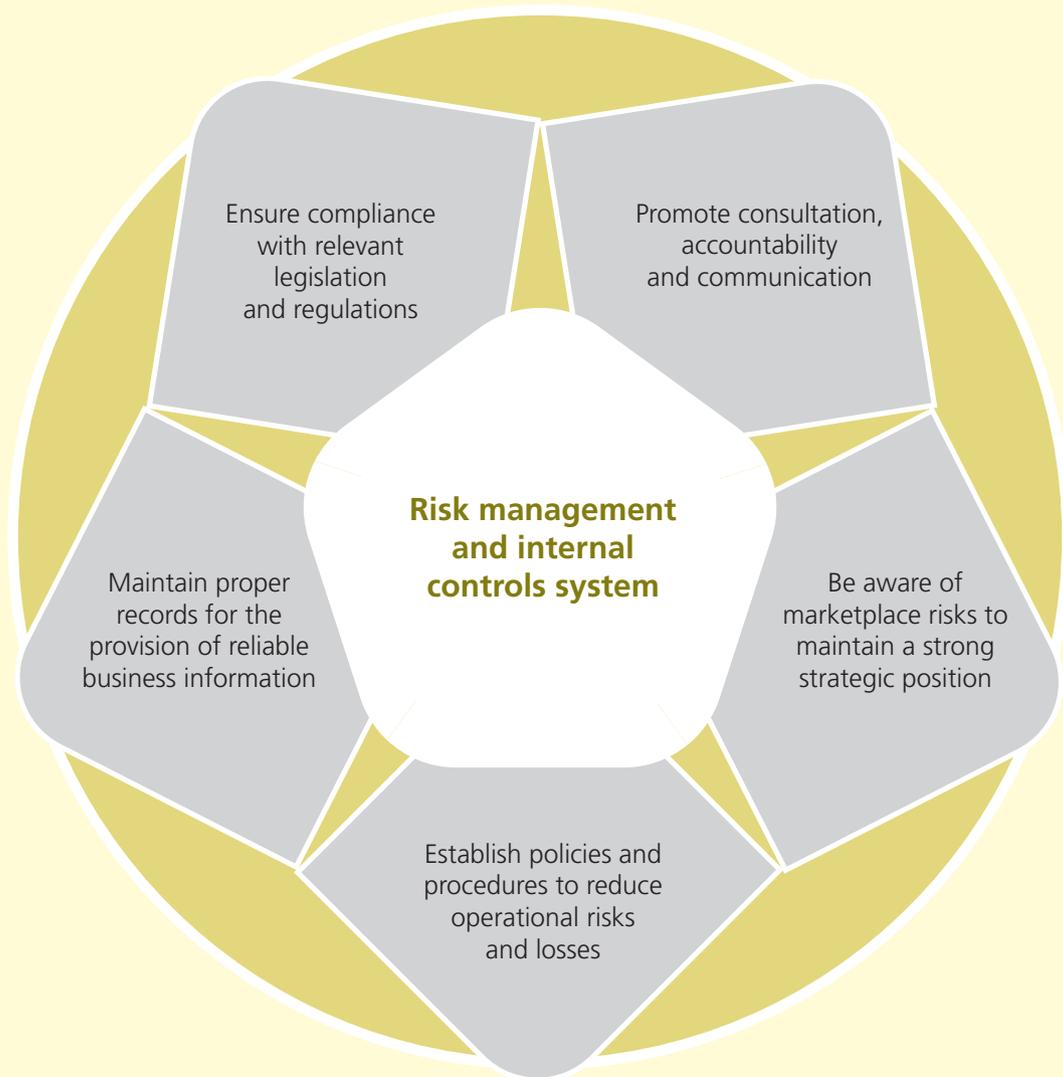
The remunerations paid and payable to Deloitte Touche Tohmatsu, the Auditor of the Company and their respective associates in respect of statutory audit and non-audit services (with each significant non-audit service assignment listed out separately) provided to the Group in 2024 and 2023 is set out below:

Audit and Non-audit Services	2024 HK\$ million	2023 HK\$ million
Annual audit	11.2	10.9
Interim review	4.1	4.1
Quarterly results review	0.8	0.8
Tax consultancy and advisory	0.9	0.7
Total:	17.0	16.5

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining a sound and effective system of risk management and internal controls and for evaluating their effectiveness, on which a review is conducted at least annually. The system is designed in the framework as set out below:



Such system of risk management and internal controls is aimed at limiting the risks of the Company to an acceptable level but cannot, of itself, eliminate all risks.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

The key procedures established by the Board to provide effective risk management and internal controls include:

Key procedures for providing effective risk management and internal controls

A defined management structure and a risk management framework with clear strategy, lines of responsibility and limits of authority

An appropriate organisational structure, and well defined policy and procedures, which adequately provides the necessary information flow for risk analysis and management decisions

Proper budgetary and management accounting control to ensure efficient allocation of resources and to provide timely financial and operational performance indicators for managing business activities and risks

Effective financial control to ensure the recording and reporting of complete, accurate and timely accounting information for management decision making

Review work conducted by Risk Management Committee and Audit Committee

The Board continues to oversee on an on-going basis, through the Audit Committee, the effectiveness of the systems of risk management and internal control that includes finance, operation, compliance and internal audit. The review process consists of:

Review process of effectiveness of the systems of risk management and internal control

Review the adequacy of resources, experience, qualification, training of the Company's accounting, internal audit, financial reporting and ESG functions

Assessment of risks (including ESG risks) by Risk Management Committee

Operational management's assurance of the maintenance of controls

Control issues identified by external auditors during statutory audit

External consultant's review conducted on a periodic basis, or if required, of the effectiveness of the Group's system of internal controls in specific areas including compliance, procurement, information technology and anti-money laundering

Compliance review of gaming regulations by both the Compliance Department and Internal Audit Department

Assessment of internal controls by the Internal Audit Department

The Risk Management Committee is established to implement a framework for assessing and monitoring risks faced by the Group. The terms of reference requires the Committee to meet at least quarterly to update the risk register based on inputs from risk owners and classifies and prioritises risks. During each quarter, the Risk Management Committee reviews specific areas of risks that are of concerns in respect to financial, operations, compliance, and ESG associated risks, which in turn, are reported to the Audit Committee on a semi-annual basis.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

The Internal Audit Department of SJM is tasked with independently examining the sufficiency and efficacy of the Group's risk management and internal controls frameworks, and provides assurance to the Audit Committee and executive management on an on-going basis. An annual audit plan is formulated by the Internal Audit Department, taking into account applicable regulatory requirements and risk assessments, for review and approval by the Audit Committee. Once approved, audit work and testing are conducted throughout the fiscal year. Any findings or recommendations for corrective action are communicated to the Audit Committee and relevant management personnel.

During the year ended 31 December 2024, the Internal Audit Department performed reviews of the effectiveness of the internal control systems of the Group's businesses, with results and conclusions reported to the Audit Committee on a quarterly basis. With regard to the year ended 31 December 2024, no significant internal control deficiencies were identified that would have an adverse impact on the financial position or operations of the Group.

For the year under review, the Board considers that the risk management and internal control systems of the Group are adequate and effective and the Company has complied with the relevant code provisions in the CG Code.

Whistleblowing Policy

The Group is committed to lawful and ethical behavior in all its businesses and requires all members of the Company to act according to all applicable laws, regulations and policies with the highest standard of openness, probity and accountability. To this end, the Board has adopted a Whistleblowing Policy to provide reporting channels and guidance for a whistleblower to report serious concerns about any suspected fraud, malpractice, misconduct or irregularity in the Group directly addressed to the designated investigation officer. The Group will make every effort to keep whistleblower's identity and the reported concern strictly confidential.

The Audit Committee is responsible for monitoring and reviewing the effectiveness of the Whistleblowing Policy and the actions resulting from the investigations.

Anti-Fraud and Counter-Corruption Policy

The Group is committed to protecting its reputation, revenues, assets and information from any attempt of fraud, corruption and bribery, deceit or related improper conduct by employees or third parties. The Board has adopted an Anti-Fraud and Counter-Corruption Policy in compliance with Code Provision D.2.7 of the CG Code. It outlines the Company's expectations and requirements relating to the prevention, detection, reporting and investigation of any suspected fraud, corruption and bribery, and any other similar irregularities. All of our employees, business partners including joint venture partners, associated companies, contractors and suppliers are encouraged to abide by the requirements of the Anti-Fraud and Counter-Corruption Policy.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Information Disclosure Policy

The Board has adopted the Information Disclosure Policy with the intention of ensuring compliance by the Company of its obligations in respect of protection and timely disclosure of inside information concerning the Group. All disclosures must be timely, accurate and full.

If any employee becomes aware of any new developments or information which could potentially be inside information, he/she shall report such information to his/her department head as soon as possible. The department head must ensure he/she has appropriate procedures in place within his/her area of responsibility to identify and report information as potentially being inside information and ensure that all such information is reported to him/her immediately so as to allow him/her to report the matter to the Company's Chairman of the Board as soon as possible for forwarding, if appropriate, to the Executive Committee for a determination as to whether the information is indeed inside information.

The Company's policy is for all potential inside information to be reported to the Executive Committee. The Executive Committee is responsible for:

- (i) deciding whether information is inside information;
- (ii) deciding whether the Company is entitled to delay announcement of inside information;
- (iii) approving announcements if required; and
- (iv) deciding to take other action, if appropriate (for example, to seek a trading halt or trading suspension from listing, pending clarification of uncertainties).

Where any potential inside information is reported, the Executive Committee will:

- (i) seek advice from the Company's Senior Legal Counsel, Company Secretary and/or external legal or financial advisers, as necessary;
- (ii) determine whether the Board should be involved; and
- (iii) co-ordinate the actual form of disclosure.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Ms. Kwok Shuk Chong is a full-time employee of the Company with professional qualifications and extensive experience to discharge the functions of Company Secretary of the Company. She is a Chartered Secretary and a Chartered Governance Professional and a fellow member (Practitioner's Endorsement) of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She has more than 30 years of experience in company secretarial practices in professional firms, private and listed groups of companies. Ms. Kwok has taken no less than 15 hours of relevant professional training in 2024.

The Board is responsible for the approval of the selection, appointment or dismissal of the Company Secretary. The Company Secretary should have day-to-day knowledge of the Company's affairs. She reports to the Chairman of the Board, and is responsible for advising the Board on governance matters and to facilitate induction and professional development for Directors. In addition, the Company Secretary shall ensure good information flow within the Board and that the Board policy and procedures are followed.

SHAREHOLDERS' RIGHTS

Procedures for convening a general meeting and for putting forward proposals at a general meeting

Pursuant to Article 49 of the Articles, the Board may, whenever it thinks fit, convene a general meeting. General meetings shall also be convened by the Directors on the requisition of Shareholders pursuant to section 566 of the Hong Kong Companies Ordinance (Cap. 622) ("Hong Kong Companies Ordinance").

According to section 566 of the Hong Kong Companies Ordinance, the Shareholders may request the Directors to call a general meeting of the Company. The Directors are required to call a general meeting if the Company has received requests to do so from Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings. A request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Requests may consist of several documents in like form. A request may be sent to the Company in hard copy form or in electronic form and must be authenticated by the person or persons making it.

Enquiries and suggestions from Shareholders or investors to the Board are welcomed by mail to the Company's registered office at 18th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168 – 200 Connaught Road Central, Hong Kong or via email to ir@sjmholdings.com for the attention of the Investor Relations Department. For putting forward proposals at any general meeting of the Company, Shareholders are invited to send their proposals by mail to the Company's registered office as aforesaid or via email to comsec@sjmholdings.com.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (Continued)

Voting at a general meeting

The rights of Shareholders and the procedures for demanding a poll on resolutions at a general meeting are contained in the Articles. The Listing Rules require that voting is by way of poll at all general meetings of the Company except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Any questions from Shareholders regarding voting by way of poll will be answered after explanation of the procedures.

Poll results will be posted on the websites of the Company and of the Stock Exchange.

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. It is the Company's general practice that the Chairman of the Board as well as Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, their duly appointed delegates, who are members of the relevant committees, are available to answer questions at the annual general meeting of the Company. At general meeting, individual resolutions are proposed on each substantially separate issue, including the election of individual Directors.

Sufficient notice of general meetings will be given to Shareholders in accordance with the Articles. Besides, the Company will ensure that Shareholders are familiar with the detailed procedures for conducting a poll, and will arrange to address questions from Shareholders in general meetings of the Company.

DIVIDEND POLICY

According to the dividend policy set out in the Company's initial public offering (the "IPO Offering") prospectus dated 26 June 2008, the Board intends to distribute 50% of the Company's net profit as dividends for periods subsequent to the IPO Offering. The payment and the amount of any dividends will depend on the Company's financial condition, results of operations, cash flow, statutory and regulatory restrictions on the payment of dividends by the Company, future prospects and other factors that the Board may consider relevant. Holders of the Company's Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares.

Dividends may be paid only out of the Company's distributable profits as permitted under Hong Kong law, which does not restrict the payment of dividends to non-resident holders of its securities.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

Shareholders' Communication Policy

The Company recognises the importance of maintaining on-going and timely communications with Shareholders and the investment community. The Board has adopted a Shareholders' Communication Policy to ensure that the Shareholders are provided with timely, updated, accurate and adequate information of the Company, in order to enable them to form their own judgment and to provide constructive feedback. Such policy will be reviewed annually and updated to ensure its effectiveness.

The Company has established the following channels to communicate with Shareholders and to solicit and understand the views of Shareholders and stakeholders:

- (i) Enquiries and suggestions from Shareholders or investors to the Board are welcomed by mail to the Company's registered office or via email to ir@sjmholdings.com for the attention of the Investor Relations Department. For putting forward proposals at any general meeting of the Company, Shareholders are invited to send their proposals by mail to the Company's registered office or via email to comsec@sjmholdings.com.
- (ii) Corporate Communications as required under the Listing Rules are provided to Shareholders, and where appropriate, other holders of the Company's securities, in hard copy or through electronic means.
- (iii) Corporate Communications and other Company's information as required for posting on the Company's website pursuant to the Listing Rules and applicable laws and regulations to the Company are posted on the Company's website as soon as practicable.
- (iv) Shareholders are welcomed to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. They are encouraged to use their attendance at meetings to ask questions on any relevant matter, with time being specifically set aside for Shareholder questions.
- (v) The Company holds press conferences, analysts' briefings and investor meetings/calls after the announcement of its financial results, and regularly participates in investment forums and briefings hosted by investment banks. Designated senior management maintains regular dialogue with institutional investors, financial media and analysts to keep them abreast of the Company's development.

Taking into account the above variety of communication channels and engagement with Shareholders, the Board considers that the implementation and effectiveness of the Shareholders' Communication Policy conducted during the year is satisfactory.

CORPORATE GOVERNANCE REPORT

CHANGES IN THE COMPANY'S CONSTITUTIONAL DOCUMENTS

There is no amendment to the Articles during the year of 2024. The latest version of the Articles is available on the websites of the Company and of the Stock Exchange.

LOOKING FORWARD

We will continue to review and enhance our corporate governance practices taking into account the internal environment of the Group as well as the external regulatory requirements, practices and developments.

For and on behalf of the Board of Directors

SJM Holdings Limited

Ho Chiu Fung, Daisy

Chairman and Executive Director

Hong Kong, 4 March 2025

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE MEMBERS OF

SJM HOLDINGS LIMITED

澳門博彩控股有限公司

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of SJM Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 106 to 207, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of property and equipment and right-of-use assets related to the project of Grand Lisboa Palace Resort ("GLP Project")

We identified the impairment assessment of property and equipment and right-of-use assets related to GLP Project as a key audit matter because the estimation of the recoverable amount of these assets involved significant management judgement and estimation.

As at 31 December 2024, the carrying amounts of property and equipment and right-of-use assets related to GLP Project were HK\$32,151.5 million and HK\$1,783.9 million, respectively, as set out in note 4 to the consolidated financial statements. The management of the Group considered there was indication for impairment for these property and equipment and right-of-use assets and prepared discounted cash flow projections for GLP Project based on the financial budget approved by the management of the Group and engaged an independent professional valuer (the "Valuer") to conduct impairment assessment on their recoverable amount of property and equipment and right-of-use assets as at 31 December 2024. The key assumptions adopted by the management of the Group are the pre-tax discount rate, terminal growth rate and expected changes in revenues and costs in the discounted cash flow projections.

The Group estimated the recoverable amount of the property and equipment and right-of-use assets related to GLP Project based on higher of fair value less costs of disposal and value in use and concluded that the carrying amount of these assets does not exceed their recoverable amount based on value in use. Accordingly, no impairment loss has been recognised as at 31 December 2024 or for the year then ended.

Our procedures in relation to the impairment assessment of property and equipment and right-of-use assets related to GLP Project included:

- Understanding the impairment assessment process of the Group, including the involvement of the Valuer engaged by the management of the Group to estimate the recoverable amount based on the value in use of the property and equipment and right-of-use assets related to GLP Project;
- Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
- Assessing the reasonableness of the key assumptions adopted by the management of the Group, namely the terminal growth rate and expected changes in revenues and costs, in determining the recoverable amount based on the value in use of property and equipment and right-of-use assets related to GLP Project by comparing the management's expectations for the market development to relevant industry growth forecasts;
- Assessing the reasonableness of pre-tax discount rate applied by the management of the Group in the discounted cash flow projections by comparing it to our independent estimation for the discount rate based on market data and certain entity specific input data with the assistance of our valuation specialists; and
- Performing sensitivity analysis to determine the extent of change in pre-tax discount rate and terminal growth rate, either individually or collectively, to assess the potential impact on the value in use.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Au Mei Yin.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

4 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$ million	2023 HK\$ million
Gaming, hotel, catering, retail, leasing and related services revenues	5(a)	28,768.9	21,623.2
Gaming revenue	6	26,846.1	20,059.2
Special gaming tax and special levy		(11,528.3)	(8,486.6)
		15,317.8	11,572.6
Hotel, catering, retail, leasing and related services income		1,922.8	1,564.0
Cost of sales and services on hotel, catering, retail, leasing and related services		(741.0)	(632.0)
Other income, gains and losses		263.2	250.9
Marketing and promotional expenses		(5,071.8)	(3,825.4)
Operating and administrative expenses		(9,654.7)	(8,837.6)
Finance costs	7	(1,892.6)	(1,930.1)
Share of profit (loss) of an associate	17	7.0	(7.8)
Share of profit of a joint venture	18	8.1	6.5
Profit (loss) before taxation	8	158.8	(1,838.9)
Taxation	10	(52.3)	(36.1)
Profit (loss) for the year		106.5	(1,875.0)
Other comprehensive expense:			
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		(14.7)	(53.2)
Total comprehensive income (expense) for the year		91.8	(1,928.2)
Profit (loss) for the year attributable to:			
— owners of the Company		3.2	(2,009.8)
— non-controlling interests		103.3	134.8
		106.5	(1,875.0)
Total comprehensive (expense) income for the year attributable to:			
— owners of the Company		(11.5)	(2,063.0)
— non-controlling interests		103.3	134.8
		91.8	(1,928.2)
Earnings (loss) per share:			
— Basic	12	HK0.04 cents	HK(28.30) cents
— Diluted	12	HK0.04 cents	HK(28.30) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$ million	2023 HK\$ million
Non-current assets			
Property and equipment	13	37,566.4	38,353.9
Right-of-use assets	14	2,507.7	2,483.5
Gaming concession right	15	2,097.7	2,297.1
Art works and diamonds	16	281.3	281.3
Interest in an associate	17	39.4	32.9
Interest in a joint venture	18	58.4	50.3
Investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")	19	357.0	370.9
Pledged bank deposit	21	970.9	970.9
Other assets	20	1,584.6	465.1
		45,463.4	45,305.9
Current assets			
Inventories		148.1	147.9
Trade and other receivables	22	867.6	706.5
Pledged bank deposits	21	37.9	37.7
Short-term bank deposits	23	215.0	452.6
Bank balances and cash	23	1,992.9	3,089.1
		3,261.5	4,433.8
Current liabilities			
Trade and other payables	24	4,743.5	4,231.2
Taxation payable		50.1	36.1
Bank loans — due within one year	25	1,729.5	970.7
Lease liabilities	27	77.0	37.5
Amount due to non-controlling interests of a subsidiary	28	333.3	—
		6,933.4	5,275.5
Net current liabilities		(3,671.9)	(841.7)
Total assets less current liabilities		41,791.5	44,464.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$ million	2023 HK\$ million
Non-current liabilities			
Other payables	24	2,278.7	2,283.2
Bank loans — due after one year	25	11,769.7	14,265.2
Unsecured notes	26	9,349.9	9,413.7
Lease liabilities	27	595.4	558.0
Amount due to non-controlling interests of a subsidiary	28	—	348.2
Loan from ultimate holding company	29	2,006.8	2,006.8
Deferred taxation	30	12.7	10.5
Convertible bond	31	1,602.3	1,493.4
		27,615.5	30,379.0
Net assets		14,176.0	14,085.2
Capital and reserves			
Share capital	32	14,415.1	14,415.1
Reserves		(491.0)	(479.5)
Equity attributable to owners of the Company		13,924.1	13,935.6
Non-controlling interests		251.9	149.6
Total equity		14,176.0	14,085.2

The consolidated financial statements on pages 106 to 207 were approved and authorised for issue by the Board of Directors on 4 March 2025 and are signed on its behalf by:

Ho Chiu Fung, Daisy
Director

Fok Tsun Ting, Timothy
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital HK\$ million	Share options reserve HK\$ million	Convertible bond reserve HK\$ million	Investment revaluation reserve HK\$ million	Retained profits (accumulated losses) HK\$ million	Attributable to owners of the Company HK\$ million	Non-controlling interests HK\$ million	Total HK\$ million
At 1 January 2023	14,415.1	674.6	574.7	(166.3)	500.5	15,998.6	14.8	16,013.4
(Loss) profit for the year	—	—	—	—	(2,009.8)	(2,009.8)	134.8	(1,875.0)
Other comprehensive expense for the year	—	—	—	(53.2)	—	(53.2)	—	(53.2)
Total comprehensive (expense) income for the year	—	—	—	(53.2)	(2,009.8)	(2,063.0)	134.8	(1,928.2)
Release of lapsed/forfeited share-based payments	—	(290.1)	—	—	290.1	—	—	—
At 31 December 2023	14,415.1	384.5	574.7	(219.5)	(1,219.2)	13,935.6	149.6	14,085.2
Profit for the year	—	—	—	—	3.2	3.2	103.3	106.5
Other comprehensive expense for the year	—	—	—	(14.7)	—	(14.7)	—	(14.7)
Total comprehensive (expense) income for the year	—	—	—	(14.7)	3.2	(11.5)	103.3	91.8
Release of lapsed/forfeited share-based payments	—	(367.6)	—	—	367.6	—	—	—
Arising from changes in cash flow estimates on amount due to non-controlling interests of a subsidiary (note 28)	—	—	—	—	—	—	(1.0)	(1.0)
At 31 December 2024	14,415.1	16.9	574.7	(234.2)	(848.4)	13,924.1	251.9	14,176.0

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK\$ million	2023 HK\$ million
Operating activities		
Profit (loss) before taxation	158.8	(1,838.9)
Adjustments for:		
Interest income	(101.0)	(123.0)
Interest expenses	1,884.0	1,921.4
Imputed interest on an amount due to non-controlling interests of a subsidiary	8.6	8.7
Share of (profit) loss of an associate	(7.0)	7.8
Share of profit of a joint venture	(8.1)	(6.5)
Loss on modification of a bank loan	25.6	59.0
Depreciation of property and equipment	1,496.2	1,471.8
Depreciation of right-of-use assets	130.8	112.0
Amortisation of intangible asset	261.7	255.7
Loss on disposals/write-off of property and equipment	10.7	6.5
Gain on modification of a bank loan	—	(0.4)
Gain on modification/early termination of lease contracts	—	(3.3)
Dividend income	(1.4)	—
Gain on early repurchase of unsecured notes	(4.1)	—
Operating cash flows before movements in working capital	3,854.8	1,870.8
Increase in inventories	(0.2)	(1.2)
Increase in trade and other receivables	(170.4)	(34.5)
Increase in trade and other payables	409.4	2,010.8
Cash generated from operations	4,093.6	3,845.9
Income tax paid	(36.1)	(50.5)
Net cash generated from operating activities	4,057.5	3,795.4

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK\$ million	2023 HK\$ million
Investing activities		
Withdrawal of short-term bank deposits	452.6	933.1
Interest received	106.4	135.8
Proceeds of rental deposits refunded	2.1	11.1
Proceeds from disposal of property and equipment	1.7	2.1
Dividend received from investments in equity instruments designated at FVTOCI	0.6	—
Placement of pledged bank deposits	(0.2)	(1.2)
Advance to ultimate holding company	(0.2)	(0.2)
Payments for rental deposits	(2.7)	(0.6)
Payment for leasehold lands	(16.8)	—
Placement of short-term bank deposits	(215.0)	(813.1)
Acquisitions of property and equipment	(439.0)	(1,529.1)
Deposits paid for acquisitions of property and equipment and right-of-use assets	(1,298.3)	(159.1)
Withdrawal of pledged bank deposits	—	146.6
Advance to a joint venture	—	(0.1)
Net cash used in investing activities	(1,408.8)	(1,274.7)
Financing activities		
Repayment of bank loans	(3,127.3)	(3,800.0)
Interest paid	(1,756.1)	(1,801.5)
Repayments of unsecured notes	(73.5)	—
Repayments of lease liabilities	(66.1)	(52.7)
Repayment of payable for gaming concession right	(62.4)	(59.3)
Repayment to non-controlling interests of a subsidiary	(24.5)	—
New bank loans raised	1,365.0	—
Payment of bank loans arrangement fee	—	(1.0)
Net cash used in financing activities	(3,744.9)	(5,714.5)
Net decrease in cash and cash equivalents	(1,096.2)	(3,193.8)
Cash and cash equivalents at 1 January	3,089.1	6,282.9
Cash and cash equivalents at 31 December	1,992.9	3,089.1
Analysis of the balances of cash and cash equivalents, representing bank balances and cash	1,992.9	3,089.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

SECTION A

THE COMPANY'S STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

	Notes	2024 HK\$ million	2023 HK\$ million
Non-current assets			
Investments in subsidiaries	43	8,630.9	8,630.9
Amount due from a subsidiary	44	19,173.4	19,173.4
		27,804.3	27,804.3
Current assets			
Other receivables, deposits and prepayments		1.5	3.9
Amounts due from subsidiaries	44	4,868.3	5,211.8
Short-term bank deposits		—	90.7
Bank balances and cash		98.2	278.4
		4,968.0	5,584.8
Current liabilities			
Other payables and accruals		6.0	4.9
Amounts due to subsidiaries	44	9,349.8	9,411.2
		9,355.8	9,416.1
Net current liabilities		(4,387.8)	(3,831.3)
Total assets less current liabilities		23,416.5	23,973.0
Non-current liability			
Loan from ultimate holding company	29	2,006.8	2,006.8
Net assets		21,409.7	21,966.2
Capital and reserves			
Share capital	32	14,415.1	14,415.1
Reserves	34	6,994.6	7,551.1
Total equity		21,409.7	21,966.2

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 4 March 2025 and is signed on its behalf by:

Ho Chiu Fung, Daisy
Director

Fok Tsun Ting, Timothy
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

SECTION B

1. GENERAL INFORMATION

SJM Holdings Limited (the “Company”) is a public limited company incorporated in Hong Kong and acts as an investment holding company. The Company’s ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its subsidiaries are principally engaged in the development and operations of casinos and related facilities, and hotel, catering, retail, leasing and related services in Macau Special Administrative Region, the People’s Republic of China (“Macau SAR”). Its immediate and ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”), a company established in Macau SAR. The address of the registered office and principal place of business of the Company is disclosed in Corporate information of the annual report.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“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 Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within twelve months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

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:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors of the Company continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

In preparing the consolidated financial statements, the directors of the Company have carefully considered the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$3,671.9 million and the Group had capital commitments of HK\$759.6 million.

The Group has undrawn facility from the bank loans facility agreement amounting to HK\$4,380.0 million as at 31 December 2024. The directors of the Company reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2024 that are of the opinion that the Group will have sufficient liquidity to meet its financial obligations that will be due in the coming twelve months from 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* ("HKFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets* ("HKAS 36").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Material accounting policy information

3.2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.1 Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3.2.2 Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at deemed cost plus additional capital contribution, less any identified impairment loss. The deemed cost represents the carrying amounts of consolidated net assets of the subsidiaries at the date on which they were transferred to the Company at the time of a group reorganisation in prior accounting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.3 Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When an objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.4 Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When an objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.5 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations including obligation to provide goods or services to patrons on complementary basis and patron’s options to acquire additional goods or services for free or at a discount in future granted under customer relationship programs, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.5 Revenue from contracts with customers (Continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or service before that goods or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or service by another party. In this case, the Group does not control the specified goods or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The directors of the Company considered that the Group acts as a principal for gaming operations in casinos with services provided by gaming promoters and service providers as the Group controls the specified service to be provided by the Group before services transferred to a customer.

Revenue recognition

The Group's revenue contracts with customers consist of casino, hotel rooms, food and beverage, retail and other transactions.

Gaming revenue is the aggregate net difference between gaming wins and losses. Commissions paid to gaming promoters and rebates paid to patrons are recorded as a reduction to gaming revenue. The Group accounts for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognising net win per gaming day.

For gaming operations that the Group provides complimentary goods and services to gaming customers to incentivise gaming, the Group allocates a portion of the gaming revenue to the respective type of revenue from complimentary goods or services based on its relative stand-alone selling price. Discretionary complimentary supplies supplied by third parties are recorded as payables to third parties. The Group accounts for complimentary on a portfolio basis given the similar characteristics of the incentives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.5 Revenue from contracts with customers (Continued)

Revenue recognition (Continued)

For gaming operations that the Group provides award points to customers under loyalty programs, the Group allocates a portion of the gaming revenue to the loyalty programs liabilities based on its relative stand-alone selling price of such award points (less estimated breakage). Such allocated amount is deferred revenue and recognised as loyalty programs liabilities until customers redeem the award points for free goods and services. Upon redemption, the deferred consideration of each good and service is allocated to the respective type of revenue. Redemption of award points at third party outlets are recorded as payables to third parties.

The transaction price of hotel rooms, food and beverage, and retail transactions is the net amount collected from the customer for such goods and services. The transaction price for such transactions is recorded as revenue when the good or service is transferred or rendered to the customer during their stay at the hotel or when the delivery is made for the food and beverage, retail and other services.

The Group has other contracts that include multiple goods and services, such as packages that bundle food and beverage and other services with hotel stays. For such arrangements, the Group allocates revenue to each good or service based on its relative stand-alone selling price. The Group primarily determines the stand-alone selling price of hotel rooms, food and beverage, and retail transactions based on the amount that the Group charges when each is sold separately in similar circumstances to similar customers.

3.2.6 Property and equipment

Property and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

When the buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as right-of-use assets and amortised over a straight line basis over the shorter of its estimated useful life and the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of construction in progress. Construction in progress is carried at cost, less any identified impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of buildings commences when they are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.6 Property and equipment (Continued)

The cost of leasehold improvements is depreciated on a straight line basis over their respective estimated useful lives.

Depreciation is recognised so as to write off the cost of other property and equipment, less their residual values over their estimated useful lives, using the straight line method, at the following rates per annum:

Chips	6.7% – 25%
Furniture, fixtures and equipment	2.4% – 50%
Gaming equipment	20% – 25%
Motor vehicles	14.3% – 20%
Vessels	3.3% – 10%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the item and is recognised in profit or loss.

3.2.7 Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position.

For the leasehold land and buildings in Macau SAR and Hong Kong, where the cost of right-of-use assets cannot be reliably separated from the cost of land and buildings, the entire cost of land and buildings is treated as property and equipment and depreciated on a straight line basis over the estimated useful life of the buildings.

The cost of other buildings in Macau SAR is depreciated over 25 years to 50 years using the straight line method, which represents the shorter of respective lease term or estimated useful life of buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.2.9 Special gaming tax and special levy

In December 2022, a subsidiary of the Company, SJM Resorts, S.A. ("SJM") entered into a definitive gaming concession contract (the "New Gaming Concession Contract") with the Macau SAR Government, pursuant to which SJM was granted a 10-year gaming concession commencing on 1 January 2023 and expiring on 31 December 2032, to operate games of fortune and chance or other games in Macau (details are disclosed in note 15). According to the New Gaming Concession Contract, the Group is required to pay a special gaming tax, tourism contribution and cultural contribution, which are equivalent to 35%, 3% and 2% of the gross gaming revenue, respectively. These expenses are recognised as "Special gaming tax and special levy" in profit or loss in the period in which they are incurred.

3.2.10 Intangible asset

In accordance with the requirements of the Macau Gaming Law, since the casino premises, which are owned and operated by the Group as at 31 December 2022, reverted to the Macau SAR Government at the end of the concession period (see details in note 4), SJM paid an annual utilisation fee (the "Utilisation Fee") to the Macau SAR Government for use of the casino premises in the new concession period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.10 Intangible asset (Continued)

Pursuant to the terms of the New Gaming Concession Contract, SJM is required to pay the Macau SAR Government an annual gaming premium (the "Annual Premium") consisting of a fixed and a variable portion. The fixed portion of the Annual Premium is composed of an annual amount equal to Macau Pataca(s) ("MOP") 30.0 million (equivalent to approximately HK\$29.1 million). The variable portion of the Annual Premium is composed of an annual amount equal to MOP300,000 (approximately HK\$291,000) per gaming table located in special gaming halls reserved exclusively to particular games or players ("VIP table"), MOP150,000 (equivalent to approximately HK\$145,000) per gaming table that is not reserved exclusively to particular games or players ("Mass market table"), and MOP1,000 (equivalent to approximately HK\$970) per gaming machine, including slot machines, operated by SJM.

When the Group has a right to operate games of fortune and chance or other games in Macau and the unconditional obligation to make payments under the New Gaming Concession Contract, it recognises an intangible asset at the net present value of the future payments for the Utilisation Fee based on the agreed fee taking into account the inflation adjustment estimated as of the date of initial recognition and Annual Premium based on the existing composition of VIP table, Mass market table and gaming machine, with a corresponding amount recognised as financial liability. The intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible asset is recognised on a straight-line basis over their estimated useful lives (i.e. 10-year term of the New Gaming Concession Contract). The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Any changes in the estimated future payments (including inflation adjustment, changes in variable premium depending on the actual number of VIP table, Mass market table and gaming machines) will be recognised as an adjustment to the carrying amount of the gaming concession right and corresponding financial liability.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.11 Art works and diamonds

Art works and diamonds are stated at cost less accumulated impairment loss.

3.2.12 Inventories

Inventories, which mainly represent food and beverage held for sale, are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3.2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling the financial assets and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments designated at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments and will be transferred to retained profits/accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses" line item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 Financial Instruments (“HKFRS 9”)

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including advances to gaming patrons, other receivables from service providers, other sundry receivables, rental deposits, pledged bank deposits, short-term bank deposits, bank balances, amounts due from an associate/a joint venture/an investee company) and lease receivables which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group applies simplified approach to recognise lifetime ECL for advances to gaming patrons and lease receivables. For all other instruments, the Group measures the loss allowance equal to 12m ECL under general approach, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the ability of gaming promoters or service provider to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the gaming promoters or service providers;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the gaming promoters or service providers that results in a significant decrease in the ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The ECL on advances to gaming patrons, other receivables from services providers, lease receivables and amounts due from an associate/a joint venture/an investee company are assessed individually.

Other sundry receivables, rental deposits, pledged bank deposits, short-term bank deposits and bank balances are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivables is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits/accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, loan from ultimate holding company, amount due to non-controlling interests of a subsidiary, unsecured notes, liability component of convertible bond and bank loans are subsequently measured at amortised cost using the effective interest method.

Convertible bond

The component parts of the convertible bond are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible bond, the balance recognised in equity will be transferred to retained profits/accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The above said fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.14 Impairment losses on property and equipment, right-of-use assets and intangible asset

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, and intangible asset with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment, right-of-use assets, and intangible asset are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.14 Impairment losses on property and equipment, right-of-use assets and intangible asset (Continued)

If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to reduce the carrying amount of assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.2.15 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.16 Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit/loss for the year. Taxable profit/loss differs from profit/loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in a joint venture and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.16 Taxation (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3.2.17 Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.17 Leases (Continued)

The Group as a lessee (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold land and buildings and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever (i) the lease payments change due to changes in market rental rates following a market rent review, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate, or (ii) a lease contract is modified and the lease modification is not accounted for as a separate lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.17 Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentive receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

The Group as a lessor

Classification and measurement of leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.17 Leases (Continued)

The Group as a lessor (Continued)

Classification and measurement of leases (Continued)

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

3.2.18 Equity-settled share-based payment transactions

(a) Share options granted to directors, employees and other participants of the Group

Equity-settled share based payments to directors, employees and other participants providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest with a corresponding increase in equity (share options reserve). At the end of the reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits/accumulated losses.

(b) Share options granted to other participants

Equity-settled share-based payment transactions with parties other than directors and employees are measured at the fair values of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the goods or the counterparty renders service. The fair values of the goods or services received are recognised as expenses, unless the goods or services qualify for recognition as assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.19 Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Judgement in determining whether reversion of gaming assets and equipment and ownership rights to the casino properties in Macau to Macau Government upon expiration of the Gaming Concession Contract (as defined below) would result in derecognition

In 2002, Macau SAR Government granted to SJM one of the three concessions for the exploitation of games of fortune and chance or other games in casino in Macau SAR (the "Gaming Concession Contract"), which was expired on 31 December 2022.

Upon expiration of the Gaming Concession Contract, all of SJM's casinos, gaming assets and equipment and ownership rights to the casino properties in Macau were reverted to the Macau Government without compensation to SJM (the "Assets Reverted to the Macau Government").

On 16 December 2022, Macau government had awarded SJM the New Gaming Concession Contract for a 10-year period. On 30 December 2022, SJM signed a deed with the Macau Government where SJM agreed with the Assets Reverted to the Macau Government. Macau Government temporarily transferred the Assets Reverted to the Macau Government to SJM for its operation of games of chance or other games in the casinos during the concession period under the New Gaming Concession Contract.

The management of the Company assessed whether the reversion of gaming assets and equipment and ownership rights to the casino properties in Macau to Macau Government upon expiration of the Gaming Concession Contract would result in derecognition of the Asset Reverted to the Macau Government. The management of the Company believe that SJM will be in a good position for the renewal, extension or application process for gaming concession retendering or extension upon the expiration of the New Gaming Concession Contract. The management of the Company have established that the Group can continue to direct the use of and obtain substantially all of the remaining benefits from the Assets Reverted to the Macau Government and therefore the Group can retain control of the Assets Reverted to the Macau Government. As a result, the management of the Company concluded that the reversion of Assets Reverted to the Macau Government will not result in derecognition and the Group shall continue to recognise the Assets Reverted to the Macau Government in the respective categories of property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Determination on recognition of an intangible asset of the gaming concession right

The Group applies judgement to determine the recognition of an intangible asset of the gaming concession right with a corresponding financial liability, representing the right to operate games of fortune and chance or other games in Macau and the unconditional obligations to make payments under the New Gaming Concession Contract, which was estimated as the net present value of the future payments for the Utilisation Fee and Annual Premium based on the existing composition of VIP table, Mass market table and gaming machines.

As at 31 December 2024, the carrying amounts of gaming concession right and payable for gaming concession right are HK\$2,097.7 million (2023: HK\$2,297.1 million) and HK\$2,493.4 million (2023: HK\$2,493.5 million) as set out in notes 15 and 24 respectively.

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to leasehold lands.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by Group; and
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

As at 31 December 2024, the carrying amounts of right-of-use assets and lease liabilities for the lease contracts which the Group is reasonably certain to exercise the renewal option are HK\$2,238.2 million and HK\$470.8 million (2023: HK\$2,298.4 million and HK\$470.4 million) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of the property and equipment and right-of-use assets related to the project of Grand Lisboa Palace Resort ("GLP Project")

In determining whether property and equipment and right-of-use assets related to GLP Project are impaired, the management of the Group has to exercise significant judgement and make estimation on the recoverable amounts of the property and equipment and right-of-use assets related to GLP Project. Changes in the key assumptions, including the pre-tax discount rate, terminal growth rate and expected changes in revenues and costs in the discounted cash flow projections, could materially affect the recoverable amounts.

The management of the Group considered there was indication for impairment for these property and equipment and right-of-use assets and prepared discounted cash flow projections for GLP Project based on the financial budget approved by the management of the Group and engaged an independent professional valuer to conduct impairment assessment on their recoverable amount of property and equipment and right-of-use assets.

At 31 December 2024, the carrying amounts of the property and equipment and right-of-use assets related to GLP Project were HK\$32,151.5 million and HK\$1,783.9 million (2023: HK\$33,227.2 million and HK\$1,830.4 million), respectively.

The Group estimated the recoverable amount of the property and equipment and right-of-use assets related to GLP Project based on higher of fair value less costs of disposal and value in use and concluded that the carrying amount of these assets does not exceed their recoverable amount based on value in use. Accordingly, no impairment has been recognised as at 31 December 2024 or for the year then ended.

Estimates of timing and amount of repayment of amount due to non-controlling interests of a subsidiary

As disclosed in note 28, the amount due to non-controlling interests of a subsidiary as at 31 December 2024 of HK\$333.3 million (2023: HK\$348.2 million) is repayable only when the subsidiary has surplus funds which require significant estimates. Surplus fund represents cash available in the subsidiary after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. As such, the carrying amount of such amount due to non-controlling interests of a subsidiary may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the surplus funds and consequently the timing and amount of repayment to the non-controlling interests, and will affect the amount of imputed interest to be recognised in profit or loss over the expected life of such amount due to non-controlling interests of a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Useful lives of property and equipment

The Group depreciates property and equipment over their estimated useful lives, using the straight-line method, commencing from the date the property and equipment are ready for the intended use. The useful lives that the Group estimated for property and equipment reflects the Group management's estimate of the period that the Group intends to derive future economic benefits from the use of the assets. Future events could result in a change in the manner in which the Group uses certain assets and could have an impact on the estimated useful lives of such assets. Should there be any changes in such estimates, the depreciation of property and equipment may vary with changes affecting profit or loss in the period of the change.

The management of the Group believe SJM will be successful in extending the term of concession and/or obtaining a new gaming concession when the New Gaming Concession Contract expires. Therefore, the useful lives of property and equipment has taken into consideration of such factor.

5. 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 rolling revenue, non-rolling revenue and electronic gaming revenue and the relevant revenues and operating results 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 Operating Segments, 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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. 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	
	2024 HK\$ million	2023 HK\$ million	2024 HK\$ million	2023 HK\$ million
Gaming operations: recognised at a point in time	26,846.1	20,059.2	363.9	(1,228.3)
Hotel, catering, retail and leasing operations: External sales:				
Catering and retail operations: recognised at a point in time	748.9	651.2		
Hotel operations: recognised over time	1,013.3	765.5		
Leasing operations: revenue from operating leases	160.6	147.3		
	1,922.8	1,564.0		
Inter-segment sales:				
Catering and retail operations: recognised at a point in time	226.5	93.2		
Hotel operations: recognised over time	112.8	70.1		
	339.3	163.3		
	2,262.1	1,727.3	(96.5)	(505.6)
Eliminations	(339.3)	(163.3)		
	1,922.8	1,564.0		
Total:				
Revenue from contracts with customers: recognised at a point in time	27,595.0	20,710.4		
recognised over time	1,013.3	765.5		
	28,608.3	21,475.9		
Revenue from operating leases: lease payments	160.6	147.3		
	28,768.9	21,623.2		
Reconciliation from segment results to profit (loss) before taxation:			267.4	(1,733.9)
Unallocated corporate income			13.8	18.9
Unallocated corporate expenses			(137.5)	(122.6)
Share of profit (loss) of an associate			7.0	(7.8)
Share of profit of a joint venture			8.1	6.5
Profit (loss) before taxation			158.8	(1,838.9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. 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 profit (loss) before taxation from each segment without allocation of corporate income and expenses and share of profit (loss) 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.

	2024 HK\$ million	2023 HK\$ million
Revenues excluded inter-segment sales:		
Gross gaming revenue	28,823.7	21,204.5
Hotel, catering, retail, leasing and related services income	1,922.8	1,564.0
	30,746.5	22,768.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. OPERATING SEGMENTS (Continued)

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

	2024 HK\$ million	2023 HK\$ million
ASSETS		
Segment assets:		
— gaming operations	35,117.6	35,996.7
— hotel, catering, retail and leasing operations	10,460.4	10,298.7
	45,578.0	46,295.4
Interest in an associate	39.4	32.9
Interest in a joint venture	58.4	50.3
Unallocated bank deposits, bank balances and cash	111.2	380.3
Other unallocated assets	2,937.9	2,980.8
Group's total	48,724.9	49,739.7
LIABILITIES		
Bank loans:		
— gaming operations	13,094.4	15,056.7
— hotel, catering, retail and leasing operations	404.8	179.2
	13,499.2	15,235.9
Unsecured notes:		
— gaming operations	9,349.9	9,413.7
Convertible bond:		
— gaming operations	1,168.5	1,089.1
— hotel, catering, retail and leasing operations	433.8	404.3
	1,602.3	1,493.4
Other segment liabilities:		
— gaming operations	8,871.0	8,063.7
— hotel, catering, retail and leasing operations	600.7	638.6
	9,471.7	8,702.3
Total segment liabilities	33,923.1	34,845.3
Unallocated liabilities	625.8	809.2
Group's total	34,548.9	35,654.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. 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 FVTOCI.
- (ii) unallocated liabilities include mainly certain construction payables, certain lease liabilities 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

	2024 HK\$ million	2023 HK\$ million
Additions to non-current assets (other than financial instruments):		
— gaming operations	1,259.9	2,775.0
— hotel, catering, retail and leasing operations	717.2	43.6
— corporate level*	14.8	46.3
	1,991.9	2,864.9

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. OPERATING SEGMENTS (Continued)

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

	2024 HK\$ million	2023 HK\$ million
Depreciation and amortisation:		
— gaming operations	846.8	812.3
— hotel, catering, retail and leasing operations	977.6	953.8
— corporate level	63.9	73.4
	1,888.3	1,839.5
Loss (gain) on disposals/write-off of property and equipment:		
— gaming operations	10.8	6.3
— hotel, catering, retail and leasing operations	(0.1)	0.2
	10.7	6.5
Gain on modification of lease contracts:		
— corporate level	—	(3.3)
Gain on early repurchase of unsecured notes:		
— gaming operations	(4.1)	—
Finance costs:		
— gaming operations	1,780.4	1,816.1
— hotel, catering, retail and leasing operations	20.7	21.2
— corporate level	91.5	92.8
	1,892.6	1,930.1
Interest income:		
— gaming operations	(53.7)	(61.4)
— hotel, catering, retail and leasing operations	(42.3)	(45.4)
— corporate level	(5.0)	(16.2)
	(101.0)	(123.0)
Loss (gain) on modification on bank loans:		
— gaming operations	25.6	59.0
— hotel, catering, retail and leasing operations	—	(0.4)
	25.6	58.6

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. GAMING REVENUE

	2024 HK\$ million	2023 HK\$ million
Gaming revenue comprises of:		
Rolling gross gaming revenue	2,687.4	1,556.7
Non-rolling gross gaming revenue	23,762.1	17,874.4
Electronic game gross gaming revenue	2,374.2	1,773.4
Gross gaming revenue	28,823.7	21,204.5
Less: commissions and incentives	(1,977.6)	(1,145.3)
	26,846.1	20,059.2

7. FINANCE COSTS

	2024 HK\$ million	2023 HK\$ million
Interests on:		
— bank loans	971.4	1,021.4
— unsecured notes	436.9	435.8
— gaming concession right	230.1	230.7
— convertible bond	147.0	137.2
— loan from ultimate holding company	80.2	80.0
— lease liabilities	18.4	16.3
Imputed interest on an amount due to non-controlling interests of a subsidiary	8.6	8.7
	1,892.6	1,930.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. PROFIT (LOSS) BEFORE TAXATION

	2024 HK\$ million	2023 HK\$ million
<i>Profit (loss) before taxation has been arrived at after charging:</i>		
Directors' remuneration (<i>note 9</i>)	47.0	51.2
Less: Amount capitalised	—	(2.6)
	47.0	48.6
Retirement benefits scheme contributions for other staff	216.7	205.4
Less: Forfeited contributions	(12.4)	(15.4)
	204.3	190.0
Other staff costs	6,046.2	5,484.7
Total employee benefit expenses	6,297.5	5,723.3
Auditor's remuneration	16.0	15.8
Amortisation of gaming concession right (included in operating and administrative expenses)	261.7	255.7
Depreciation of property and equipment	1,496.2	1,471.8
Less: capitalised in construction in progress	(0.4)	—
	1,495.8	1,471.8
Depreciation of right-of-use assets	130.8	112.0
Loss on modification on a bank loan	25.6	59.0
Loss on disposals/write-off of property and equipment	10.7	6.5
<i>and after crediting:</i>		
Bank interest income	101.0	123.0
Dividend income	1.4	—
Dredging services income	163.7	164.7
Gain on early repurchase of unsecured notes	4.1	—
Gain on modification of lease contracts	—	3.3
Gain on modification on a bank loan	—	0.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of directors during the year are analysed as follows:

	2024				2023			
	Base fees HK\$ million (Note (a))	Special fees HK\$ million (Note (b))	Other fees HK\$ million (Note (c))	Total HK\$ million	Base fees HK\$ million (Note (a))	Special fees HK\$ million (Note (b))	Other fees HK\$ million (Note (c))	Total HK\$ million
THE COMPANY								
Executive directors:								
Ms. Ho Chiu Fung, Daisy	1.2	0.1	—	1.3	1.2	0.1	—	1.3
Mr. Fok Tsun Ting, Timothy	1.1	0.1	—	1.2	1.1	0.1	—	1.2
Deputada Leong On Kei, Angela	1.1	0.1	—	1.2	1.1	0.1	—	1.2
Dr. So Shu Fai (Note (d))	—	—	—	—	0.5	—	—	0.5
Mr. Shum Hong Kuen, David	0.6	—	—	0.6	0.6	—	—	0.6
Dr. Chan Un Chan	0.6	—	—	0.6	0.6	—	—	0.6
Non-executive director:								
Mr. Tsang On Yip, Patrick	0.6	—	—	0.6	0.6	—	—	0.6
Independent non-executive directors:								
Mr. Tse Hau Yin (Note (e))	0.4	—	—	0.4	0.9	0.1	—	1.0
Ms. Wong Yu Pok, Marina	0.8	0.1	—	0.9	0.8	0.1	—	0.9
Mr. Yeung Ping Leung, Howard	0.8	0.1	—	0.9	0.8	0.1	—	0.9
Mr. Ho Hau Chong, Norman (Note (f))	0.8	0.1	—	0.9	0.8	0.1	—	0.9
	8.0	0.6	—	8.6	9.0	0.7	—	9.7
SUBSIDIARIES								
Executive directors:								
Ms. Ho Chiu Fung, Daisy	12.0	1.0	0.6	13.6	12.0	1.0	0.6	13.6
Mr. Fok Tsun Ting, Timothy	8.0	0.7	0.4	9.1	6.1	0.5	0.3	6.9
Deputada Leong On Kei, Angela	5.8	0.5	1.7	8.0	6.6	0.6	1.6	8.8
Dr. So Shu Fai (Note (d))	—	—	—	—	4.9	0.4	0.2	5.5
Mr. Shum Hong Kuen, David	3.2	0.3	0.2	3.7	2.5	0.2	0.1	2.8
Dr. Chan Un Chan	2.8	0.2	0.1	3.1	2.2	0.2	0.1	2.5
Non-executive director:								
Mr. Tsang On Yip, Patrick	—	—	0.5	0.5	—	—	0.5	0.5
Independent non-executive directors:								
Mr. Tse Hau Yin (Note (e))	—	—	0.4	0.4	—	—	0.9	0.9
Ms. Wong Yu Pok, Marina	—	—	—	—	—	—	—	—
Mr. Yeung Ping Leung, Howard	—	—	—	—	—	—	—	—
Mr. Ho Hau Chong, Norman (Note (f))	—	—	—	—	—	—	—	—
	31.8	2.7	3.9	38.4	34.3	2.9	4.3	41.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

	2024				2023			
	Base fees	Special fees	Other fees	Total	Base fees	Special fees	Other fees	Total
	HK\$ million (Note (a))	HK\$ million (Note (b))	HK\$ million (Note (c))	HK\$ million	HK\$ million (Note (a))	HK\$ million (Note (b))	HK\$ million (Note (c))	HK\$ million
THE GROUP								
Executive directors:								
Ms. Ho Chiu Fung, Daisy	13.2	1.1	0.6	14.9	13.2	1.1	0.6	14.9
Mr. Fok Tsun Ting, Timothy	9.1	0.8	0.4	10.3	7.2	0.6	0.3	8.1
Deputada Leong On Kei, Angela	6.9	0.6	1.7	9.2	7.7	0.7	1.6	10.0
Dr. So Shu Fai (Note (d))	—	—	—	—	5.4	0.4	0.2	6.0
Mr. Shum Hong Kuen, David	3.8	0.3	0.2	4.3	3.1	0.2	0.1	3.4
Dr. Chan Un Chan	3.4	0.2	0.1	3.7	2.8	0.2	0.1	3.1
Non-executive director:								
Mr. Tsang On Yip, Patrick	0.6	—	0.5	1.1	0.6	—	0.5	1.1
Independent non-executive directors:								
Mr. Tse Hau Yin (Note (e))	0.4	—	0.4	0.8	0.9	0.1	0.9	1.9
Ms. Wong Yu Pok, Marina	0.8	0.1	—	0.9	0.8	0.1	—	0.9
Mr. Yeung Ping Leung, Howard	0.8	0.1	—	0.9	0.8	0.1	—	0.9
Mr. Ho Hau Chong, Norman (Note (f))	0.8	0.1	—	0.9	0.8	0.1	—	0.9
	39.8	3.3	3.9	47.0	43.3	3.6	4.3	51.2

Notes:

- (a) Base fee represents a fixed fee paid for the holding of an office as a director and, where appropriate, a board committee member.
- (b) Special fee represents a performance-based discretionary payment.
- (c) Other fees paid to Deputada Leong On Kei, Angela include the fee (including performance-based discretionary payment) acting as the chairman of the Staff Welfare Consultative Committee of SJM, a subsidiary of the Company. Other fees paid to Mr. Tse Hau Yin represent the fee (including performance-based discretionary payment) acting as supervisory committee chairman of SJM and its certain subsidiaries. Other fees paid to Mr. Tsang On Yip, Patrick represent the fee acting as supervisory committee member of SJM and its certain subsidiaries. Other fees paid to all directors also include various allowances.
- (d) Retired as an executive director of the Company and appointed as advisor of the Company on 15 June 2023. He continues to act as director of SJM and a number of subsidiaries of the Company.
- (e) Retired as an independent non-executive director and Chairman of Audit Committee of the Company and appointed as an advisor of the Company on 26 June 2024. He continues to act as the Chairman of Supervisory Committee of SJM and a number of subsidiaries of the Company.
- (f) Elected as an independent non-executive director on 15 June 2022 and Chairman of Audit Committee on 26 June 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Executive directors are also senior management of the Group.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive director's and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The five highest paid individuals of the Group for the year ended 31 December 2024 included two (2023: two) directors of the Company, whose emoluments are disclosed above, and the remaining three (2023: three) are employees of the Group, details of whose emolument are as follows:

	2024 HK\$ million	2023 HK\$ million
Employee:		
Salaries and allowances	37.4	37.6

Their emoluments were within the following bands:

	Number of employees	
	2024	2023
HK\$10,500,001 to HK\$11,000,000	1	—
HK\$11,500,001 to HK\$12,000,000	—	1
HK\$12,000,001 to HK\$12,500,000	1	—
HK\$12,500,001 to HK\$13,000,000	—	1
HK\$13,000,001 to HK\$13,500,000	—	1
HK\$14,000,001 to HK\$14,500,000	1	—

No emoluments were paid by the Group to the directors and the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office in both years. None of the directors and the five highest paid individuals has waived any emoluments during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. TAXATION

	2024 HK\$ million	2023 HK\$ million
Macau SAR Complementary Tax ("CT"):		
— current tax	50.1	36.1
Deferred taxation charge (<i>note 30</i>)	2.2	—
	52.3	36.1

No provision for CT on gaming related income has been made for SJM. SJM has applied for obtaining approval from the Financial Services Bureau of the Macau SAR Government for the exemption of CT from 1 January 2023 to 31 December 2032. Pursuant to the approval notice issued by the Macau SAR Government dated 29 January 2024, the Company has been exempted from CT for income generated from gaming operations for the period from 1 January 2023 to 31 December 2027.

In addition, during the year ended 31 December 2023, SJM has applied for obtaining approval for the dividend tax which the shareholders are obligated to pay to Macau SAR Government for dividend distribution (the "Special Complementary Tax") from the Financial Services Bureau of the Macau SAR Government. Pursuant to the approval letter dated 24 January 2024 issued by Financial Services Bureau of the Macau SAR Government, SJM's shareholders are obligated to pay the Special Complementary Tax at an applicable rate of gross gaming revenue for the period from 1 January 2023 to 31 December 2025 regardless of any dividend distributed.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. TAXATION (Continued)

Tax charge for the year is reconciled to profit (loss) before taxation as follows:

	2024 HK\$ million	2023 HK\$ million
Profit (loss) before taxation	158.8	(1,838.9)
Tax charge (credit) at the applicable income tax rate of 12%	19.1	(220.7)
Effect of tax exemption granted to the Group	(103.5)	134.7
Effect of share of results of an associate and a joint venture	(1.8)	0.1
Effect of income not taxable for tax purpose	(2.1)	(2.9)
Effect of expenses not deductible for tax purpose	77.5	67.8
Effect of tax losses not recognised	44.0	73.0
Deductible temporary difference not recognised	0.6	0.7
Utilisation of deductible temporary difference previously not recognised	(0.5)	(13.3)
Utilisation of tax losses previously not recognised	(30.0)	(39.4)
Special Complementary Tax	49.0	36.1
Tax charge for the year	52.3	36.1

11. DIVIDENDS

	2024 HK\$ million	2023 HK\$ million
Final dividend per ordinary share paid: — nil (2023: nil)	—	—

On 4 March 2025, the board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. EARNINGS (LOSS) PER SHARE

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

Profit (loss)

	2024 HK\$ million	2023 HK\$ million
Profit (loss) for the purposes of basic and diluted earnings (loss) per share (profit (loss) for the year attributable to owners of the Company)	3.2	(2,009.8)

Number of shares

	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	7,101,805,366	7,101,805,366

Earnings (loss) per share

	2024	2023
— Basic	HK0.04 cents	HK(28.30) cents
— Diluted	HK0.04 cents	HK(28.30) cents

Note: For the years ended 31 December 2024 and 2023, the diluted earnings (loss) per share does not assume the exercise of the Company's share options and the conversion of the Company's convertible bond because the assumed exercise would result in an increase in earnings per share (2023: decrease in loss per share).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. PROPERTY AND EQUIPMENT

	Leasehold land and buildings	Chips	Furniture, fixtures and equipment	Gaming equipment	Leasehold improvements	Motor vehicles	Vessels	Construction in progress	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
COST									
At 1 January 2023	25,663.3	529.2	19,644.9	710.0	4,295.1	98.7	286.1	4,978.0	56,205.3
Adjustment upon finalisation of costs	—	—	—	—	—	—	—	(364.3)	(364.3)
Additions	—	0.1	91.1	6.6	11.3	—	—	39.8	148.9
Disposals/write-off	—	—	(106.6)	—	(148.0)	(9.3)	—	—	(263.9)
Transfers	1,764.0	—	1,495.8	—	30.4	—	—	(3,290.2)	—
At 31 December 2023	27,427.3	529.3	21,125.2	716.6	4,188.8	89.4	286.1	1,363.3	55,726.0
Adjustment upon finalisation of costs	—	—	—	—	—	—	—	(0.7)	(0.7)
Additions	23.9	36.3	330.0	132.9	189.6	4.4	—	4.7	721.8
Disposals/write-off	—	—	(240.2)	(3.4)	(164.6)	(4.9)	—	—	(413.1)
Transfers	1.5	—	2.5	—	4.2	—	—	(8.2)	—
At 31 December 2024	27,452.7	565.6	21,217.5	846.1	4,218.0	88.9	286.1	1,359.1	56,034.0
DEPRECIATION AND IMPAIRMENT									
At 1 January 2023	3,330.9	469.3	7,392.5	518.1	4,256.8	60.7	127.3	—	16,155.6
Provided for the year	616.9	8.4	749.5	59.5	19.1	8.5	9.9	—	1,471.8
Eliminated on disposals/write-off	—	—	(98.0)	—	(148.0)	(9.3)	—	—	(255.3)
At 31 December 2023	3,947.8	477.7	8,044.0	577.6	4,127.9	59.9	137.2	—	17,372.1
Provided for the year	640.4	8.8	748.2	59.7	22.2	7.6	9.3	—	1,496.2
Eliminated on disposals/write-off	—	—	(227.9)	(3.4)	(164.5)	(4.9)	—	—	(400.7)
At 31 December 2024	4,588.2	486.5	8,564.3	633.9	3,985.6	62.6	146.5	—	18,467.6
CARRYING VALUES									
At 31 December 2024	22,864.5	79.1	12,653.2	212.2	232.4	26.3	139.6	1,359.1	37,566.4
At 31 December 2023	23,479.5	51.6	13,081.2	139.0	60.9	29.5	148.9	1,363.3	38,353.9

During the year ended 31 December 2023, SJM reached an agreement with the principal contractors in relation to the settlement amount of the finalised construction costs of the GLP Project.

At 31 December 2024, the carrying values of the property and equipment of HK\$32,151.5 million (2023: HK\$33,227.2 million) represented the property and equipment of GLP Project.

For the year ended 31 December 2024, other staff costs of HK\$0.4 million and depreciation expenses of property and equipment of HK\$0.4 million have been capitalised in construction in progress.

For the year ended 31 December 2023, other staff costs of HK\$5.3 million, short-term lease rentals in respect of rented premises of HK\$1.1 million and depreciation expenses of right-of-use assets of HK\$1.1 million have been capitalised in construction in progress.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. RIGHT-OF-USE ASSETS

	Leasehold lands HK\$ million	Leasehold land and buildings HK\$ million	Total HK\$ million
COST			
At 1 January 2023	2,685.7	282.3	2,968.0
Adjustment to lease modification	—	(47.2)	(47.2)
Additions	—	43.7	43.7
Early termination/end of lease contracts	—	(48.9)	(48.9)
At 31 December 2023	2,685.7	229.9	2,915.6
Adjustment to lease modification	—	(0.3)	(0.3)
Additions	16.8	138.5	155.3
Early termination/end of lease contracts	—	(44.3)	(44.3)
At 31 December 2024	2,702.5	323.8	3,026.3
DEPRECIATION			
At 1 January 2023	260.5	108.5	369.0
Charge for the year	62.6	49.4	112.0
Early termination/end of lease contracts	—	(48.9)	(48.9)
At 31 December 2023	323.1	109.0	432.1
Charge for the year	62.7	68.1	130.8
Early termination/end of lease contracts	—	(44.3)	(44.3)
At 31 December 2024	385.8	132.8	518.6
CARRYING VALUES			
At 31 December 2024	2,316.7	191.0	2,507.7
At 31 December 2023	2,362.6	120.9	2,483.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. RIGHT-OF-USE ASSETS (Continued)

	2024 HK\$ million	2023 HK\$ million
Expense relating to short-term leases	42.8	51.2
Total cash outflow for leases	122.5	115.5

At 31 December 2024, the carrying values of the right-of-use assets of HK\$1,783.9 million (2023: HK\$1,830.4 million) represented the right-of-use assets related to GLP Project.

During the years ended 31 December 2023 and 2024, SJM entered into several agreements with landlords in terminating lease terms before original maturity dates during the respective years.

For both years, the Group leases certain leasehold lands, commercial properties and carparks for its operations. Lease contract are entered into for fixed term from 1 to 25 years. Certain leases of leasehold lands in Macau SAR are negotiated for an initial term of 25 years with extension options exercisable by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns commercial properties. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests and fixed payments are paid annually. The leasehold land components of these owned properties are not presented separately only if the payments made cannot be allocated reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. GAMING CONCESSION RIGHT

	2024 HK\$ million	2023 HK\$ million
Carrying amount at 1 January	2,297.1	2,559.1
Amortisation	(261.7)	(255.7)
Adjustment	62.3	(6.3)
Carrying amount at 31 December	2,097.7	2,297.1

In December 2022, SJM entered into the New Gaming Concession Contract with the Macau SAR Government, pursuant to which SJM was granted a 10-year gaming concession commencing on 1 January 2023 and expiring on 31 December 2032, to operate games of fortune and chance or other games in Macau. SJM is authorised to operate 1,250 gaming tables and 1,700 gaming machines under the New Gaming Concession Contract.

In accordance with the requirements of the Macau Gaming Law, since the casino premises, which are owned and operated by the Group as at 31 December 2022, reverted to the Macau SAR Government at the end of the concession period, SJM paid the Utilisation Fee to the Macau SAR Government for use of the casino premises in the new concession period. On 30 December 2022, the Macau SAR Government has established in the deed of reversion regarding, among other things, the Utilisation Fee for the casino spaces at Casino Grand Lisboa, Casino Grand Lisboa Palace, Casino Lisboa and Casino Oceanus at Jai Alai, which were reverted to the Macau SAR Government. SJM paid the Utilisation Fee of approximately MOP68.8 million (equivalent to approximately HK\$66.8 million), subject to inflation adjustment to the Macau SAR 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 per square meter (equivalent to approximately HK\$728 per square meter), 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 per square meter (equivalent to approximately HK\$2,427 per square meter), 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.

Pursuant to the terms of the New Gaming Concession Contract, SJM is required to pay the Macau SAR Government the Annual Premium consisting of a fixed and a variable portion. The fixed portion of the Annual Premium is composed of an annual amount equal to MOP30.0 million (equivalent to approximately HK\$29.1 million). The variable portion of the Annual Premium is composed of an annual amount equal to MOP300,000 (approximately HK\$291,000) per VIP table, MOP150,000 (equivalent to approximately HK\$145,000) per Mass market table, and MOP1,000 (equivalent to approximately HK\$970) per gaming machine, including slot machines, operated by SJM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. GAMING CONCESSION RIGHT (Continued)

In addition to the above payments, SJM has committed to certain investments in gaming and non-gaming projects. SJM has committed to invest an aggregate of MOP14,033 million (equivalent to approximately HK\$13,624 million) (the “Basic Investment”) during the life of the New Gaming Concession Contract of which MOP12,000 million (equivalent to approximately HK\$11,651 million) is in non-gaming for both capital investment and events, and MOP2,033 million (equivalent to approximately HK\$1,974 million) is in gaming for capital investment.

During the year ended 31 December 2023, since the overall gross gaming revenue in Macau exceeds MOP180 billion (equivalent to approximately HK\$174.8 billion), SJM is required to increase the total amount of the non-gaming investment obligations by MOP2,400 million (equivalent to approximately HK\$2,330 million) in addition to the Basic Investment amount.

As at 1 January 2023, an intangible asset of gaming concession right of MOP2,635.9 million (approximately HK\$2,559.1 million), representing the right to operate games of fortune and chance or other games in Macau SAR and the unconditional obligation to make payments under the Gaming Concession Contract for the operation of casino games of fortune and other games of chance in casinos dated 16 December 2022 between the Macau SAR Government and SJM for the new concession period which commences from 1 January 2023 to 31 December 2032, was initially recognised, which was estimated as the net present value of the future payments for the Utilisation Fee and the Annual Premium, with a corresponding amount recognised as financial liabilities set out in note 24.

The gaming concession right will be amortised on a straight-line basis over the 10-year term of the New Gaming Concession Contract. The future payments of Utilisation Fee will be adjusted according to inflation adjustment and the future payments of the variable premium associated with the gaming concession right will be determined using the actual number of gaming tables at the rate per gaming table and the actual number of gaming machines. Any changes in the estimated future payments (including inflation adjustment, changes in variable premium depending on the actual number of VIP table, Mass market table and gaming machines) will be recognised as an adjustment to the carrying amount of the gaming concession right and corresponding financial liability. During the year ended 31 December 2024, a positive adjustment to the carrying amount of the gaming concession right of HK\$62.3 million (2023: a negative adjustment of HK\$6.3 million) had been recognised.

16. ART WORKS AND DIAMONDS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. INTEREST IN AN ASSOCIATE

	2024 HK\$ million	2023 HK\$ million
Cost of unlisted investment	25.0	25.0
Discount on acquisition	6.8	6.8
Share of post-acquisition profits, net of distributions	7.6	1.1
	39.4	32.9

The cost of investment in an associate represents the Group's 49% quota capital in an entity, Zhen Hwa Harbour Construction Company Limited, which is established in Macau SAR and engaged in the provision of construction services in Macau SAR and investment holding business.

The associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

	2024 HK\$ million	2023 HK\$ million
Current assets	461.5	440.8
Non-current assets	92.0	87.1
Current liabilities	(472.7)	(461.2)
Revenue	137.8	50.7
Profit (loss) for the year	13.3	(14.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. INTEREST IN AN ASSOCIATE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate and share of profit (loss) recognised in the consolidated financial statements:

Reconciliation of interest in an associate

	2024 HK\$ million	2023 HK\$ million
Net assets of an associate	80.8	66.7
Unrecognised share of gain of an associate <i>(Note)</i>	(4.1)	(4.0)
Adjusted net assets of an associate	76.7	62.7
Proportion of the Group's ownership interest in an associate	49%	49%
Effect of fair value adjustments at acquisition	37.6 1.8	30.7 2.2
Carrying amount of the Group's interest in an associate	39.4	32.9

Reconciliation of share of profit (loss) of an associate

	2024 HK\$ million	2023 HK\$ million
Results for the year of an associate	13.3	(14.1)
Unrecognised share of results for the year <i>(Note)</i>	(0.1)	(4.1)
Unrealised losses for the year	1.1	2.3
Adjusted profit (loss) for the year of an associate	14.3	(15.9)
Proportion of the Group's ownership interest in an associate	49%	49%
Share of profit (loss) of an associate	7.0	(7.8)

Note: The Group's share of accumulated losses on a construction project is limited to a fixed amount as agreed with the holding company of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTEREST IN A JOINT VENTURE

	2024 HK\$ million	2023 HK\$ million
Cost of unlisted investment	39.7	39.7
Share of post-acquisition profits, net of dividends received	18.7	10.6
	58.4	50.3

The cost of investment in a joint venture represents the Group's 49% quota capital in an entity, Chong Fung Real Estate Investment Limited, which is established in Macau SAR and engaged in property investment business in Macau SAR.

According to the legal form and terms of the contractual arrangements, each of the two joint venturers that have joint control of the arrangement have rights to the net assets of the arrangement, hence it is regarded as a joint venture.

At the end of the reporting period, included in the cost of investment is goodwill of HK\$34.3 million (2023: HK\$34.3 million) arising on acquisition of the joint venture.

The joint venture is accounted for using the equity method in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTEREST IN A JOINT VENTURE (Continued)

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

	2024 HK\$ million	2023 HK\$ million
Current assets	168.9	151.5
Non-current assets	21.8	22.6
Current liabilities	(141.6)	(141.4)
Revenue	14.4	11.5
Profit for the year	16.6	13.3
The above profit for the year includes the following:		
Depreciation	0.9	0.9
Interest income	5.8	4.7

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in the consolidated financial statements:

	2024 HK\$ million	2023 HK\$ million
Net assets of a joint venture	49.1	32.7
Proportion of the Group's ownership interest in a joint venture	49%	49%
	24.1	16.0
Goodwill	34.3	34.3
Carrying amount of the Group's interest in a joint venture	58.4	50.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. INVESTMENTS IN EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

At 31 December 2024, the amounts comprise equity shares listed in Hong Kong of HK\$42.8 million (2023: HK\$56.7 million) and unlisted equity shares in a private entity established in the British Virgin Islands of HK\$314.2 million (2023: HK\$314.2 million) that are carried at fair value. These investments are not held for trading, instead, they are held for long-term strategic purposes. The management has elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

20. OTHER ASSETS

	2024 HK\$ million	2023 HK\$ million
Deposits made on acquisitions of property and equipment and right-of-use assets	1,432.5	317.7
Rental deposits	10.1	5.4
Amount due from an associate	88.4	88.4
Amount due from a joint venture	14.6	14.6
Amount due from an investee company	39.0	39.0
	1,584.6	465.1

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. PLEDGED BANK DEPOSITS

	2024 HK\$ million	2023 HK\$ million
Non-current portion:		
Bank deposit pledged:		
— to secure a bank facility <i>(Note)</i>	970.9	970.9
Current portion:		
Bank deposits pledged:		
— to secure bank facilities	36.5	36.3
— in favour of the Macau SAR court against any future legal proceedings of labour disputes	1.0	1.0
— others	0.4	0.4
	37.9	37.7

Note:

The amount represents a deposit pledged to secure the bank facility granted to SJM. The bank facility represents a guarantee amounting to HK\$970.9 million which is in favour of the Macau SAR government against the legal and contractual financial obligations of SJM under the New Gaming Concession Contract.

At 31 December 2024, the pledged bank deposits carry fixed interest rate ranging from 3.10% to 3.80% (2023: 3.60% to 4.60%) per annum.

Details of impairment assessment of pledged bank deposits for the year ended 31 December 2024 are set out in note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22. TRADE AND OTHER RECEIVABLES

	2024 HK\$ million	2023 HK\$ million
Advances to gaming patrons, net	153.9	38.0
Lease receivables	213.4	164.8
Other receivables from service providers, net	—	42.6
Prepayments	231.8	179.5
Other sundry receivables	268.5	281.6
	867.6	706.5

As at 1 January 2023, the carrying amount of advances to gaming patrons was HK\$2.3 million.

Advances to gaming patrons mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming patrons are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. As at 31 December 2024, included in the Group's advances to gaming patrons with aggregate carrying amount of HK\$28.7 million (2023: HK\$30.5 million) which are past due as at the reporting date. Out of the past due balances, HK\$8.5 million (2023: HK\$1.4 million) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Advances are only granted to gaming 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 patrons. In addition, in the event that a gaming patron fails to repay, the Group has the right, pursuant to the relevant gaming patrons agreement, to realise cheques and execute guarantees.

As at 31 December 2023, other receivables from service providers represent certain costs to be reimbursed from a service provider. With the consent of service provider, the Group can offset the outstanding balances against commission and service fee payables to or deposits from relevant service provider. In the event that a service provider fails to repay, the Group has the right, pursuant to the relevant service provider agreement, to offset or withhold the payables to that service provider, realise cheques and execute guarantees, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22. TRADE AND OTHER RECEIVABLES (Continued)

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

	2024 HK\$ million	2023 HK\$ million
Age		
0 to 30 days	30.0	7.5
31 to 60 days	99.3	0.3
61 to 90 days	16.1	28.8
Over 90 days	8.5	1.4
	153.9	38.0

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

Details of impairment assessment of trade and other receivables for the year ended 31 December 2024 are set out in note 40.

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

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

	2024 HK\$ million	2023 HK\$ million
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	178.3	115.1
An associate and a joint venture of the Group	3.0	3.0
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	63.7	55.0
	245.0	173.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH

At 31 December 2024, the short-term bank deposits carry fixed interest rates ranging from 3.10% to 4.00% (2023: 3.15% to 4.80%) per annum with original maturity of 3 months to 6 months (2023: 6 months) and are classified as current assets since their remaining maturity is within 12 months from the end of the reporting period.

At 31 December 2024, bank balances carry effective interest rates ranging from 1.00% to 4.10% (2023: 4.70% to 5.10%) per annum.

24. TRADE AND OTHER PAYABLES

	2024 HK\$ million	2023 HK\$ million
Trade payables	395.6	348.6
Special gaming tax payable	955.1	873.1
Chips in circulation	386.7	407.7
Chips in custody and deposits received from gaming patrons and gaming promoters	502.4	379.6
Payables for acquisition of property and equipment	456.1	179.0
Construction payables	81.9	260.3
Accrued staff costs	855.2	829.0
Accrued operating expenses	59.8	43.4
Payable for gaming concession right	2,493.4	2,493.5
Withholding tax payable	22.8	17.7
Other sundry payables and accruals	813.2	682.5
	7,022.2	6,514.4
Less: Non-current portion of other payables and payable for gaming concession right (<i>Note</i>)	(2,278.7)	(2,283.2)
	4,743.5	4,231.2

Note: Non-current portion of other payables comprise of deposits received for rentals of HK\$69.0 million (2023: HK\$70.7 million) and payable for gaming concession right of HK\$2,209.7 million (2023: HK\$2,212.5 million) at 31 December 2024. These liabilities are classified as non-current based on the contractual or scheduled repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

24. 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:

	2024 HK\$ million	2023 HK\$ million
Age		
0 to 30 days	363.1	325.3
31 to 60 days	29.3	13.5
61 to 90 days	2.5	7.6
Over 90 days	0.7	2.2
	395.6	348.6

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 time frame.

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

	2024 HK\$ million	2023 HK\$ million
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	106.3	113.3
An associate and a joint venture of the Group	14.1	12.2
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	99.1	170.7
	219.5	296.2

	2024 HK\$ million	2023 HK\$ million
The payable for gaming concession right are repayable:		
Within one year	283.7	281.0
Within a period of more than one year but not exceeding two years	409.8	263.1
Within a period of more than two years but not exceeding five years	1,024.3	931.4
Within a period of more than five years	775.6	1,018.0
	2,493.4	2,493.5
Less: Amounts due within one year shown under current liabilities	(283.7)	(281.0)
Amounts shown under non-current liabilities	2,209.7	2,212.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. BANK LOANS

	2024 HK\$ million	2023 HK\$ million
The syndicated secured bank loans are repayable:		
Within one year	1,729.5	970.7
Within a period of more than one year but not exceeding two years	1,719.7	1,460.3
Within a period of more than two years but not exceeding five years	10,050.0	12,804.9
	13,499.2	15,235.9
Less: Amounts due within one year shown under current liabilities	(1,729.5)	(970.7)
Amounts shown under non-current liabilities	11,769.7	14,265.2

Variable-rate bank loans comprise:

	Carrying amounts	
	2024 HK\$ million	2023 HK\$ million
Secured bank loans for GLP Project ("GLP Bank Loans")		
HK\$ bank loan at 1-month Hong Kong Interbank Offered Rate ("HIBOR") +1.25% to 2.25% per annum	12,405.2	14,264.2
MOP bank loan at 1-month Macau Interbank Offered Rate ("MAIBOR") +1.25% to 2.25% per annum	689.2	792.5
	13,094.4	15,056.7
Secured bank loans for Ponte 16 ("P16 Bank Loans")		
HK\$ bank loan at 1-month HIBOR + 2.50% per annum	404.8	179.2
Total bank loans	13,499.2	15,235.9

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For the year ended 31 December 2024

25. BANK LOANS (Continued)

GLP Bank Loans

During the year ended 31 December 2024, the Group recorded a loss of HK\$25.6 million (2023: HK\$59.0 million) on modification of the GLP Bank Loans facilities because of the modified repayment schedule of the GLP Bank Loans facilities.

The Company is not subject to the financial covenant tests on consolidated interest coverage ratio and consolidated leverage ratio during year ended 31 December 2024.

At 31 December 2024, the effective interest rates of the secured bank loans is 6.53% (2023: 7.33%) per annum. The purpose of the secured syndicated loan facilities is for financing the GLP Project.

At 31 December 2024, the GLP Bank Loans are secured by certain non-gaming property and equipment and right-of-use assets of the Group with carrying values of HK\$32,999.7 million and HK\$1,616.2 million respectively (2023: secured by certain non-gaming property and equipment and right-of-use assets of the Group with carrying values of HK\$33,665.9 million and HK\$1,658.3 million respectively).

In addition, the other key terms and securities for such bank loans pledged are set out as follows:

- (i) an assignment of all receivables of SJM and its certain subsidiaries, if default;
- (ii) floating charges over all assets (except immovable property and gaming equipment), legal charges over certain bank accounts and charges of all intellectual properties and rights of SJM and its certain subsidiaries;
- (iii) assignments of all the rights and benefits of the SJM and certain subsidiaries under all insurance policies relating to certain properties held by the Group, if default;
- (iv) share pledges over the shares of the Company and certain subsidiaries; and
- (v) a legal promissory note (i.e. notarised livranca) for HK\$20,900 million (31 December 2023: HK\$20,900 million) issued by SJM and endorsed by the Company and certain subsidiaries of SJM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. BANK LOANS (Continued)

P16 Bank Loans

During the year ended 31 December 2023, the Group entered into a supplementary agreement with banks to revise the terms of previous facility agreement. Pursuant to the supplementary agreement, the maturity of the Group's P16 Bank Loans facility was revised from June 2023 to June 2025 with revised limits of MOP273 million and HK\$230 million. The purpose for the facilities are for the use of non-gaming working capital.

At 31 December 2024, the effective interest rate of the secured bank loans is 7.10% (2023: 8.09%) per annum. The main purpose of the loans is to finance the payment of the land premium and the related cost for any land concession modification in respect of the phase 3 development project at Ponte 16 and settle certain loans from non-controlling shareholders.

At 31 December 2024, the P16 Bank Loans are secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK\$373.8 million (2023: HK\$388.7 million) and HK\$68.0 million (2023: HK\$53.0 million), respectively. In addition, the other key terms and securities for such bank loans pledged are set out as follows:

- (i) financial guarantees with promissory notes given by certain subsidiaries and the non-controlling shareholders amounting to HK\$1,000 million (2023: HK\$1,000 million) and HK\$490 million (2023: HK\$490 million), respectively;
- (ii) an assignment of all receivables and income from gaming and hotel operation of Pier 16 – Property Development Limited ("Pier 16 – Property") and its subsidiaries, if default;
- (iii) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of certain subsidiaries;
- (iv) assignments of all the rights and benefits of insurance policies relating to certain properties held by the Group, if default; and
- (v) share pledges over the shares of certain subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. UNSECURED NOTES

	2024 HK\$ million	2023 HK\$ million
US\$500,000,000 unsecured notes carry fixed coupon rate of 4.50% per annum, payable semi-annually with maturity in 2026 at carrying amounts	3,942.4	3,935.0
US\$500,000,000 unsecured notes carry fixed coupon rate of 4.85% per annum, payable semi-annually with maturity in 2028 at carrying amounts	3,861.3	3,934.9
HK\$1,250,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	1,253.8	1,251.8
MOP300,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	292.4	292.0
	9,349.9	9,413.7

The proceeds from the issuance of unsecured notes are intended to use for refinancing the syndicated secured bank loans and for general corporate purposes of the Group.

The unsecured notes contain special put options, which will be exercisable only after 20 days of triggering events relating to the loss of gaming concession in Macau SAR and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Group, which the Group would be required to make an offer to purchase all outstanding unsecured notes at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest within 50 days after the date of the offer.

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For the year ended 31 December 2024

27. LEASE LIABILITIES

	2024 HK\$ million	2023 HK\$ million
Lease liabilities payable:		
Within one year	77.0	37.5
Within a period of more than one year but not exceeding two years	69.5	32.9
Within a period of more than two years but not exceeding five years	69.2	54.3
Within a period of more than five years	456.7	470.8
	672.4	595.5
Less: Amount due for settlement within 12 months shown under current liabilities	(77.0)	(37.5)
Amount due for settlement after 12 months shown under non-current liabilities	595.4	558.0

The weighted average incremental borrowing rate applied to lease liabilities is 2.66% (2023: 2.48%).

Restrictions or covenants on leases

Lease liabilities of HK\$672.4 million are recognised with related right-of-use assets of HK\$2,507.7 million as at 31 December 2024 (2023: lease liabilities of HK\$595.5 million and related right-of-use assets of HK\$2,483.5 million). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. The related leased assets may not be used as security for borrowing purposes.

As at 31 December 2024, the amounts are secured by rental deposits with carrying values of HK\$13.6 million (2023: HK\$8.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

28. AMOUNT DUE TO NON-CONTROLLING INTERESTS OF A SUBSIDIARY

At the end of the reporting period, the amount is unsecured and interest-free. The Group agreed with the non-controlling shareholders of that subsidiary that the Group will only repay the amount based on the sufficiency of its surplus funds. The surplus funds represent the cash available in the relevant subsidiary of the Group after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayments together with the accrued interests. Therefore, the Group revises its estimates on the timing and amounts of repayments to the non-controlling shareholders of that subsidiary and adjusts the carrying amounts in accordance with the revised estimated cash flows on regular basis.

During the year ended 31 December 2024, imputed interest of HK\$8.6 million (2023: HK\$8.7 million) on the amount due to the non-controlling interests of a subsidiary of HK\$333.3 million (2023: HK\$348.2 million) has been recognised at an effective interest rate of approximately 2.57% (2023: 2.55%) per annum. At 31 December 2024, the principal amount was HK\$341.9 million (2023: HK\$366.4 million). During the year ended 31 December 2024, these carrying amounts were adjusted by HK\$1.0 million (2023: nil) because of changes in cash flow estimates, computed based on the present value of future cash outflows discounted at the original effective interest rate.

At 31 December 2024, the total carrying amounts were classified as current liabilities (2023: non-current liabilities).

29. LOAN FROM ULTIMATE HOLDING COMPANY

The principal amount of HK\$2,000 million was non-trade in nature, unsecured, carried at a fixed interest rate of 4% per annum. The interest of 4% will be paid semi-annually up until the settlement date. The loan amount would be repayable in full on 1 December 2028. At 31 December 2024, the loan amount was classified as non-current liabilities.

30. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities need to be offset for both years.

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the year:

	Accelerated tax depreciation HK\$ million	Tax losses HK\$ million	Right-of-use assets HK\$ million	Lease liabilities HK\$ million	Total HK\$ million
At 1 January 2023 (restated)	(24.6)	14.1	(48.2)	48.2	(10.5)
(Charge) credit to profit or loss (note 10)	(21.2)	21.2	7.0	(7.0)	—
At 31 December 2023	(45.8)	35.3	(41.2)	41.2	(10.5)
(Charge) credit to profit or loss (note 10)	(30.7)	28.5	7.5	(7.5)	(2.2)
At 31 December 2024	(76.5)	63.8	(33.7)	33.7	(12.7)

At 31 December 2024, the Group has unrecognised tax losses of HK\$2,227.4 million (2023: HK\$3,175.7 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. These unrecognised tax losses will expire in three years from the year of assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. CONVERTIBLE BOND

Champion Power Global Limited, a subsidiary of the Company, issued HK\$1,906 million, 2% convertible bond at a par value of HK\$100,000 each to STDM on 22 June 2022. The convertible bond is denominated in Hong Kong dollars. The convertible bond entitles STDM to convert them into ordinary shares of the Company at any time between the date of issue of the notes and 7 days prior to their settlement date on 22 June 2027 at a conversion price of HK\$4.07 per conversion share, being adjusted to HK\$3.78 as a result of the Rights Issue completed on 21 September 2022. If the notes have not been converted or redeemed, they will be redeemed on 22 June 2027 at par with accrued and unpaid interest. Interest of 2% will be paid annually up until the settlement date.

At initial recognition, the equity component of the convertible bond were separated from the liability component. The equity element is presented in equity heading "convertible bond reserve". The effective interest rate of the liability component is 9.54%.

The movement of the liability and equity component of the convertible bond since the issuance of the convertible bond to 31 December 2024 is set out below:

	Liability Component HK\$ million	Equity Component HK\$ million
At 1 January 2023	1,394.3	574.7
Interest expenses	137.2	—
Interest repayment	(38.1)	—
At 31 December 2023	1,493.4	574.7
Interest expenses	147.0	—
Interest repayment	(38.1)	—
At 31 December 2024	1,602.3	574.7

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For the year ended 31 December 2024

32. SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amount HK\$ million
<i>Ordinary shares with no par value</i>		
At 1 January 2023, 31 December 2023 and 31 December 2024	7,101,805,366	14,415.1

33. SHARE OPTION SCHEME

According to an ordinary resolution passed at the annual general meeting held on 13 May 2009, the Company adopted a share option scheme (the "Scheme"), which lapsed automatically on 13 May 2019 upon the expiry of 10-year period, for the purpose of providing incentives to participants to contribute to the Group and/or to enable the Group to recruit high-calibre employees and/or attract human resources that are valuable to the Group. Under the Scheme, the directors might grant options to any employees, officers, agents, consultants or representatives of the Company or any subsidiary, including directors of the Company and any subsidiary (the "Participants") who, as the directors might determine in their absolute discretion, are regarded as valuable human resources of the Group. Following the expiry of the Scheme, no further share options can be granted thereunder but the outstanding share options granted under the Scheme shall continue to be valid and exercisable.

One-third of the options granted are exercisable for a period of nine years commencing on the date each falling six months, 1.5 years and 2.5 years after the date of grant. All options granted are expiring on the last day of the said nine years period; where the acceptance date should not be later than 28 days after the date of grant. A nominal consideration of HK\$1 is payable on acceptance of the grant of options. The subscription price of the option shares is not less than the higher of (i) the closing price of the shares on the date of grant; (ii) the average closing price of the shares on the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed in nominal amount of 10% of the issued share capital of the Company at the date of adoption of the Scheme. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital from time to time.

The maximum entitlement of each Participant, excluding substantial shareholders and independent non-executive directors, in any 12-month period (including the date of grant) is 1% of the number of shares in issue as at the date of grant. No grant may be made to substantial shareholders and independent non-executive directors of the Company or their respective associates if such grant would result in the shares issued and falling to be issued upon the exercise of such options proposed to be granted and all other options already granted and to be granted (a) representing in aggregate over 0.1% of the number of shares then in issue; and (b) having an aggregate value, based on the closing price of the shares on each relevant date on which the grant of such options is made, is in excess of HK\$5 million, unless such grant has first been approved by the independent shareholders in general meeting.

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For the year ended 31 December 2024

33. SHARE OPTION SCHEME (Continued)

A summary of the movements of the outstanding options during the year ended 31 December 2024 under the Scheme is as follows:

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options						
					Outstanding at 1.1.2023	Reclassified in 2023	Lapsed/ forfeited in 2023	Outstanding at 31.12.2023	Reclassified in 2024	Lapsed/ forfeited in 2024	Outstanding at 31.12.2024
Directors	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	25,502,380	(12,483,690)	—	13,018,690	(178,690)	(12,840,000)	—
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.183	25,502,380	(12,483,690)	—	13,018,690	(178,690)	(12,840,000)	—
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.183	25,500,240	(12,482,620)	—	13,017,620	(177,620)	(12,840,000)	—
	22.6.2017	22.6.2017 to 21.12.2018	22.12.2018 to 21.12.2026	7.785	535,000	—	—	535,000	—	—	535,000
	22.6.2017	22.6.2017 to 21.12.2019	22.12.2019 to 21.12.2026	7.785	1,070,000	—	—	1,070,000	—	—	1,070,000
	21.6.2018	21.6.2018 to 20.12.2018	21.12.2018 to 20.12.2027	9.588	1,070,000	—	—	1,070,000	—	—	1,070,000
	21.6.2018	21.6.2018 to 20.12.2019	21.12.2019 to 20.12.2027	9.588	1,070,000	—	—	1,070,000	—	—	1,070,000
	21.6.2018	21.6.2018 to 20.12.2020	21.12.2020 to 20.12.2027	9.588	1,070,000	—	—	1,070,000	—	—	1,070,000
Employees	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	20.561	11,746,460	—	(11,746,460)	—	—	—	—
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	20.561	11,711,150	—	(11,711,150)	—	—	—	—
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	20.561	11,700,450	—	(11,700,450)	—	—	—	—
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	5,054,680	12,483,690	(498,620)	17,039,750	—	(17,039,750)	—
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.183	5,058,960	12,483,690	(498,620)	17,044,030	—	(17,044,030)	—
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.183	4,973,360	12,482,620	(490,060)	16,965,920	—	(16,965,920)	—
Other participants	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	1,071,070	—	(178,690)	892,380	178,690	(1,071,070)	—
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.183	11,771,070	—	(178,690)	11,592,380	178,690	(11,771,070)	—
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.183	11,767,860	—	(177,620)	11,590,240	177,620	(11,767,860)	—
					156,175,060	—	(37,180,360)	118,994,700	—	(114,179,700)	4,815,000
Weighted average exercise price per share					HK\$11.74	—	HK\$19.94	HK\$9.18	—	HK\$9.18	HK\$8.99

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33. SHARE OPTION SCHEME (Continued)

On 15 June 2023, one director of the Company retired but remained as a director of certain subsidiaries of the Group. The classification of outstanding number of such retired director's share options are reclassified to employees' section.

On 26 June 2024, one director of the Company retired but remained as an advisor of the Company and continues to act as the chairman of Supervisory Committee of SJM and its certain subsidiaries in Macau SAR. The classification of outstanding number of such retired director's share options are reclassified to service providers' section.

At the end of the reporting period, 4,815,000 (2023: 118,994,700) share options are exercisable.

During the year ended 31 December 2024, the Group has not recognised expenses (2023: nil) in relation to share options granted by the Company.

34. RESERVES

	Share options reserve	Retained profits	Total
	HK\$ million	HK\$ million	HK\$ million
THE COMPANY			
At 1 January 2023	674.6	7,307.3	7,981.9
Loss and total comprehensive expense for the year	—	(430.8)	(430.8)
Release of lapsed/forfeited share-based payments	(290.1)	290.1	—
At 31 December 2023	384.5	7,166.6	7,551.1
Loss and total comprehensive expense for the year	—	(556.5)	(556.5)
Release of lapsed/forfeited share-based payments	(367.6)	367.6	—
At 31 December 2024	16.9	6,977.7	6,994.6

35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2024, property and equipment totalling HK\$183.5 million (2023: HK\$50.8 million) were acquired by utilising deposits made on acquisitions of property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. CAPITAL COMMITMENTS

	2024 HK\$ million	2023 HK\$ million
Contracted for but not provided in the consolidated financial statements:		
— GLP Project	—	96.0
— Others	759.6	331.3
	759.6	427.3

At 31 December 2024, capital expenditure in respect of acquisitions of property and equipment committed to acquire from related parties amounted to HK\$149.4 million (2023: HK\$0.1 million).

37. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Certain premises in the Group's properties and equipment have committed lessees ranging from 1 to 12 years respectively (2023: 1 to 12 years), and the rentals are pre-determined at fixed amounts except for certain leases of which contingent rentals are charged based on the percentage of sales. The lease commitments presented below is based on the existing committed monthly minimum lease payments.

Undiscounted lease payments receivable on leases are as follows:

	2024 HK\$ million	2023 HK\$ million
Within one year	130.5	83.5
In the second year	112.2	127.3
In the third year	23.9	108.7
In the fourth year	22.2	21.0
In the fifth year	18.9	20.7
After five years	78.7	96.5
	386.4	457.7

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38. RETIREMENT BENEFITS SCHEMES

Employees employed by the Group's operations in Macau SAR are members of government-managed social benefits schemes operated by the Macau SAR government. The Macau SAR operations are required to pay a monthly fixed contribution to the social benefits schemes to fund the benefits. The only obligation of the Group with respect to the social benefits schemes operated by the Macau SAR government is to make the required contributions under the schemes.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of a trustee. The Group contributes 5% of the relevant payroll costs to the MPF Scheme, which is matched with mandatory contribution of all employees. For certain employees, the maximum monthly contribution was limited to HK\$1,500 per employee.

The Group operates a defined contribution retirement scheme for all qualifying employees since 2003. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees. The retirement scheme cost recognised in profit or loss represents contributions payable to the funds by the Group at rates specified in the rules of the scheme.

The Group operates a Non-mandatory Central Provident Fund (the "CPF") for all qualifying employees since 2020. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees. The Group contributes 5% of the relevant payroll costs to the CPF, which is matched with contribution of all relevant employees.

Where there are employees of the Group who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank loans, unsecured notes, lease liabilities, amount due to non-controlling interests of a subsidiary, loan from ultimate holding company, payable for gaming concession right (included in trade and other payables), convertible bond and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in these consolidated financial statements.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends and new share issues, as well as raising bank borrowings and issuing new debt or the redemption of existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

Financial instruments are fundamental to the Group's daily operations. The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(b) Categories of financial instruments

	2024 HK\$ million	2023 HK\$ million
Financial assets		
Investments in equity instruments designated at FVTOCI	357.0	370.9
Amortised cost	3,899.8	5,120.0
	4,256.8	5,490.9
Financial liabilities		
Amortised cost	31,094.8	32,609.9

Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

(c) Credit risk management and impairment assessment

As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the Group's statement of financial position.

The Group has concentration of credit risk as 83% (2023: 94%) of the advances and receivables are due from the Group's four largest patrons (2023: four largest patrons). Other than concentration of credit risk on advances to gaming patrons, the Group does not have any other significant concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (Continued)

(c) Credit risk management and impairment assessment (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for the patrons and service providers. The Group may at its discretion extend credit periods for certain patrons and service provider with long-term relationship and good repayment patterns. The Group assessed the ECL for advances to gaming patrons, other receivables from service providers and lease receivables individually as at 31 December 2024 and 31 December 2023.

During the year ended 31 December 2024 and 2023, no addition or reversal of impairment allowance for advances to gaming patrons, other receivables from service providers was provided. As at 31 December 2024, loss allowance with an aggregate balance of HK\$523.2 million (2023: HK\$523.2 million) represents individually credit-impaired advances to gaming patrons and other receivables from service providers which are impaired as the management considered the outstanding balances from these gaming patrons and service providers were uncollectible given that one or more events of default occurred.

No impairment allowance is recognised for the non-credit-impaired advances to gaming patrons, other receivables from service providers and lease receivables since the loss given default and exposure at default are significantly reduced as those advances to gaming patrons are subject to certain offsetting and enforceable netting agreements, certain service providers provided bank guarantees and rental deposits received to the Group as well as due to the low probability of default of the patrons and service providers based on historical credit loss experience. The management has also assessed all available forward looking information, including but not limited to expected growth rate and future development of gaming industry, and concluded that there is no significant credit risk.

For the interest receivables and credit card receivables included in other sundry receivables, pledged bank deposits, short-term bank deposits and bank balances, no allowance for impairment was made since the management considers the probability of default is negligible as such amounts are receivable from or placed in banks in Macau SAR and Hong Kong having good reputation and are considered to have low credit risk.

For rental deposits, the management considered the historical experience and forward-looking information and assessed the risk of default as low, no impairment allowance is made during the year.

For the amounts due from an associate/a joint venture/an investee company and other amounts in other sundry receivables, no allowance for impairment was made since the management considers the probability of default is minimal after assessing the counterparties' financial background and creditability and/or exposure at default is minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to its bank balances and bank loans. The Group is also exposed to fair value interest rate risk in relation to its fixed-rate bank deposits, pledged bank deposits, short-term bank deposits, unsecured notes, payable for gaming concession right (included in trade and other payables), convertible bond, loan from ultimate holding company and lease liabilities. The Group currently does not have a policy on hedging of interest rate risks. However, the management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR/MAIBOR arising from bank loans.

The sensitivity analyses below have been determined based on the exposure to interest rates for bank balances and bank loans. The analyses were prepared assuming these balances outstanding at the end of the reporting period were outstanding for the whole year. 5 basis points and 50 basis points (2023: 5 basis points and 50 basis points) increase, respectively, represent management's assessment of the reasonably possible change in interest rates.

Interest rates had been 5 or 50 basis points higher/lower for bank balances and bank loans, respectively, and all other variables were held constant, the Group's post-tax profit for the year would decrease by HK\$66.9 million (2023: post-tax loss would increase by HK\$75.2 million). This is mainly attributable to the Group's exposure to interest rates on its bank balances and bank loans with variable rate.

	2024 HK\$ million	2023 HK\$ million
Decrease in profit for the year (2023: Increase in loss for the year)	(66.9)	(75.2)

If interest rates had been lower in an opposite magnitude and all other variables held constant, the potential effect on the results would be equal and opposite.

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (Continued)

(e) Price risk management

The Group is exposed to equity price risk on the investments in listed equity securities measured at FVTOCI, operating in gaming, entertainment and hotel industry sector. The Group currently does not have a policy to hedge such risk. In addition, the Group also invested in certain unquoted equity securities for investees operating in gaming, entertainment and hotel industry sector for long-term strategic purposes which were designated at FVTOCI. The Group has designated a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risk on the equity securities in investments in equity securities designated at FVTOCI at the end of the reporting period. If the fair value on such equity securities had been 10% (2023: 10%) higher/lower, the potential effect on the investment revaluation reserve is as follows:

The Group's investment revaluation reserve would increase/decrease by HK\$35.7 million (2023: HK\$37.1 million) arising from the listed equity securities and unlisted equity shares in investments in equity instruments designated at FVTOCI.

In the management's opinion, the sensitivity analysis is unrepresentative of the price risk as the year end exposure does not reflect the exposure during the year.

(f) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The management of the Group are taking active steps to improve the future liquidity position of the Group by generating sufficient operating funds internally and utilising undrawn banking facilities.

The following table details the Group's remaining contractual maturities of financial liabilities that are exposed to liquidity risk based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The maturity dates for other financial liabilities are based on agreed payment terms. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount of interest payment is estimated based on the interest rate at the end of the reporting period.

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40. FINANCIAL INSTRUMENTS (Continued)

(f) Liquidity risk management (Continued)

	Weighted average effective interest rate	Not more than 3 months or on demand HK\$ million	Over 3 months but not more than 1 year HK\$ million	1 year to 5 years HK\$ million	Over 5 years HK\$ million	Total undiscounted cash flow HK\$ million	Carrying amount HK\$ million
At 31 December 2024							
Trade payables	—	387.7	7.9	—	—	395.6	395.6
Chips in circulation	—	386.7	—	—	—	386.7	386.7
Other payables	—	344.7	613.9	33.4	35.6	1,027.6	1,027.6
Payable for gaming concession right	9.31%	147.8	145.3	1,836.2	1,377.2	3,506.5	2,493.4
Amount due to non-controlling interests of a subsidiary	2.57%	—	341.9	—	—	341.9	333.3
Loan from ultimate holding company	4.00%	—	80.0	2,240.2	—	2,320.2	2,006.8
Bank loans (Note)	6.54%	450.9	2,119.0	13,337.0	—	15,906.9	13,499.2
Unsecured notes	4.68%	179.3	239.4	9,792.3	—	10,211.0	9,349.9
Convertible bond	9.54%	—	38.1	1,982.2	—	2,020.3	1,602.3
Lease liabilities	2.66%	23.3	70.8	191.5	682.3	967.9	672.4
		1,920.4	3,656.3	29,412.8	2,095.1	37,084.6	31,767.2
At 31 December 2023							
Trade payables	—	344.1	4.5	—	—	348.6	348.6
Chips in circulation	—	407.7	—	—	—	407.7	407.7
Other payables	—	231.7	559.7	33.5	37.2	862.1	862.1
Payable for gaming concession right	9.31%	144.3	146.2	1,629.5	1,785.3	3,705.3	2,493.5
Amount due to non-controlling interests of a subsidiary	2.55%	—	—	366.4	—	366.4	348.2
Loan from ultimate holding company	4.00%	—	80.2	2,320.2	—	2,400.4	2,006.8
Bank loans (Note)	7.33%	522.1	1,540.0	17,219.9	—	19,282.0	15,235.9
Unsecured notes	4.68%	181.2	241.5	10,301.6	—	10,724.3	9,413.7
Convertible bond	9.54%	—	38.1	2,020.4	—	2,058.5	1,493.4
Lease liabilities	2.48%	14.4	38.1	140.2	708.7	901.4	595.5
		1,845.5	2,648.3	34,031.7	2,531.2	41,056.7	33,205.4

Note: The amounts included above for variable-rate bank loans are subject to change if variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

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40. FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement of financial instruments

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2024	31 December 2023		
	HK\$ million	HK\$ million		
Investments in equity instruments designated at FVTOCI				
Listed equity securities	42.8	56.7	Level 1	Quoted bid prices in an active market
Unlisted equity securities	314.2	314.2	Level 2	Market approach: Net asset value with main multiple being Price-to-Book multiples of comparable companies

There were no transfers between Levels 1 and 2 during the current year.

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40. FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement of financial instruments (Continued)

In estimating the fair value of unlisted equity securities, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages qualified third party valuers to perform the valuation. The management of the Group works closely with the qualified third party valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the unlisted equity securities.

Information about the valuation techniques and inputs used in determining the fair value of unlisted equity securities are disclosed above.

The estimated fair value of the Group's unsecured notes as at 31 December 2024 listed on the Stock Exchange and MOX were HK\$7,382.9 million and HK\$1,500.9 million respectively. The estimated fair value of unsecured notes listed on the Stock Exchange were derived from the quoted prices that were observable from an inactive market which is classified as Level 2 in the fair value hierarchy. The estimated fair value of unsecured notes listed on MOX were derived from discounted cash flows which is classified as Level 3 in the fair value hierarchy. The most significant input is the discount rates of the instruments.

Except for unsecured notes, the management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

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41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows (used in) from financing activities.

	Bank loans	Unsecured notes	Amount due to non-controlling interests of a subsidiary	Loan from ultimate holding company	Convertible bond	Interest payables	Payable for gaming concession right	Lease liabilities	Total
	HK\$ million (note 25)	HK\$ million (note 26)	HK\$ million (note 28)	HK\$ million (note 29)	HK\$ million (note 31)	HK\$ million (Note)	HK\$ million (Note)	HK\$ million (note 27)	HK\$ million
At 1 January 2023	18,975.3	9,400.6	339.5	2,006.8	1,394.3	0.2	—	650.3	32,767.0
Net financing cash flows	(3,801.0)	(422.7)	—	(80.0)	(38.1)	(1,018.4)	(290.0)	(64.3)	(5,714.5)
Loss on modification of bank loans, net	58.6	—	—	—	—	—	—	—	58.6
Lease modification (note 14)	—	—	—	—	—	—	—	(50.5)	(50.5)
New leases entered	—	—	—	—	—	—	—	43.7	43.7
Interest expenses	3.0	435.8	8.7	80.0	137.2	1,018.4	230.7	16.3	1,930.1
Recognition of gaming concession right	—	—	—	—	—	—	2,559.1	—	2,559.1
Adjustment to future payments (note 15)	—	—	—	—	—	—	(6.3)	—	(6.3)
At 31 December 2023	15,235.9	9,413.7	348.2	2,006.8	1,493.4	0.2	2,493.5	595.5	31,587.2
Net financing cash flows	(1,762.3)	(496.6)	(24.5)	(80.2)	(38.1)	(971.0)	(292.5)	(79.7)	(3,744.9)
Loss on modification of bank loans, net	25.6	—	—	—	—	—	—	—	25.6
Lease modification (note 14)	—	—	—	—	—	—	—	(0.3)	(0.3)
New leases entered	—	—	—	—	—	—	—	138.5	138.5
Interest expenses	—	436.9	8.6	80.2	147.0	971.4	230.1	18.4	1,892.6
Early repurchase of unsecured notes	—	(4.1)	—	—	—	—	—	—	(4.1)
Adjustment to future payments (note 15)	—	—	—	—	—	—	62.3	—	62.3
Arising from changes in cash flow estimates on amount due to non-controlling interests of a subsidiary (note 28)	—	—	1.0	—	—	—	—	—	1.0
At 31 December 2024	13,499.2	9,349.9	333.3	2,006.8	1,602.3	0.6	2,493.4	672.4	29,957.9

Note: The amount is included in trade and other payables as set out in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS

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

Relationship	Nature of transactions	2024 HK\$ million	2023 HK\$ million	
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group ("STDM Group")	Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules			
	Laundry services (note 42(e))	22.9	22.9	
	Entertainment (note 42(e))	5.4	5.8	
	Hotel accommodation (note 42(e))	49.3	49.1	
	Hotel management and operation (note 42(e))	5.2	5.9	
	Maintenance services (note 42(e))	9.1	9.7	
	Promotional and advertising services (note 42(e))	18.2	11.2	
	Rental income (note 42(c))	79.7	79.6	
	Property rentals (note 42(d))	0.1	2.2	
	Transportation (note 42(e))	2.3	0.5	
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules			
	Loan interest (note 29)	80.2	80.0	
	Others (note 42(f))	10.8	10.9	
	Non-exempt connected transactions under Chapter 14A of the Listing Rules			
	Right-of-use assets — HKFRS 16 (note 42(d))	—	16.2	
	Deposit paid for acquisition of property (note 42(l))	16.6	—	
	Acquisition of subsidiaries (note 42(m))	31.5	—	
	Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules		
		Service fees paid to a service provider in relation to the promotion of a casino (note 42(k))	607.3	325.7
Property rentals (note 42(g))		7.4	34.3	
Exempt continuing connected transactions under Chapter 14A of the Listing Rules				
Others (note 42(f))		23.7	24.3	
Non-exempt connected transactions under Chapter 14A of the Listing Rules				
Right-of-use assets — HKFRS 16 (note 42(g))		136.3	0.5	
Entities other than above in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests		Insurance expenses	111.6	117.1
		Construction costs	—	5.1
		Promotion and advertising expenses	0.5	2.4
	Others	11.1	18.7	
An associate	Construction costs and management fee paid	—	6.6	
A joint venture	Property rentals (note 42(j))	14.4	11.5	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS (Continued)

- (b) In 2002, SJM was granted a concession to operate casinos in Macau SAR. For this purpose, SJM has been borrowing casino chips from STDM for the purpose of its business operation since SJM, as a new concessionaire from 2002, did not have sufficient casino chips to meet its business needs. According to the Gaming Concession Contract, SJM is permitted to use STDM's casino chips, both in treasury and those put in circulation by STDM prior to 1 April 2002 and should honour such casino chips. In order to regulate the borrowing and use of STDM chips, the Group entered into an agreement with STDM dated 18 June 2008 (the "Chips Agreement") regarding the honouring and borrowing of STDM chips. Under the Chips Agreement, the Group has agreed to honour the STDM chips in circulation upon their redemption by patrons or clients. In addition, STDM has agreed to reimburse the STDM chips presented by the Group to STDM, by paying to the Group in cheque the aggregate face value of chips so presented within the same quarter when such presentation takes place. During the year ended 31 December 2024, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK\$0.2 million (2023: nil).
- (c) SJM entered into an agreement dated 21 January 2020 with NYH Gestão de Vendas a Retalho Limitada ("NYH"), an indirect wholly-owned subsidiary of STDM, for which SJM grant the rights to use the shop to NYH for the purpose of operating a department store at the shop located in Grand Lisboa Palace Resort. The term of the lease will be 12 years and 6 months commencing on 27 July 2021. The amounts of transactions during the period were disclosed in note 42(a) above.
- (d) The Company entered into an agreement dated 18 June 2008 with STDM for the leasing of properties by STDM or the members of the STDM Group to the Group (the "PLMA with STDM"). The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 March 2020. The PLMA with STDM was renewed on 23 December 2019 for a term of period from 1 April 2020 to 31 December 2022 with similar terms as the previous agreement. The PLMA with STDM was further renewed on 2 March 2023 for a term of period from 1 January 2023 to 31 December 2025 with similar terms as the previous agreement. The amount of transactions during the period were disclosed in note 42(a) above.

The amount disclosed in note 42(a) represents the property rentals with related parties and/or connected parties for the addition of right-of-use assets and expenses relating to the relevant short-term leases.

During the year ended 31 December 2024, the lease transactions with related parties represent addition of right-of-use assets of nil (2023: HK\$16.2 million), incurred expenses relating to the relevant short-term leases of HK\$0.1 million (2023: HK\$2.2 million) and interest expenses of HK\$0.3 million (2023: HK\$0.4 million) on the relevant lease liabilities with carrying amount of HK\$6.0 million as at 31 December 2024 (2023: HK\$12.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS (Continued)

- (e) The Company entered into an agreement dated 18 June 2008 with STDM for the provision of products and services by STDM and its associates (the "Products and Services Master Agreement"). The types of products and services include hotel accommodation, hotel management and operation, entertainment and staff messing, dredging services, transportation, promotional and advertising services, travel agency services and maintenance services. On 19 June 2011, the Company entered into a renewed products and services master agreement with STDM (the "Renewed Master Agreement") for the provision of products and services as described in the Products and Services Master Agreement. The Renewed Master Agreement expired on 31 December 2013, and was renewed on 6 January 2014, 26 January 2017 and 23 December 2019, each for a term of three years starting from 1 January 2014, 1 January 2017 and 1 January 2020, respectively, with similar terms for the provision of products and services for five categories: hotel accommodation, entertainment, transportation, hotel management and operation and maintenance services and were de minimis as described in note 42(f). The Renewed Master Agreement was further renewed on 2 March 2023 for a term of period from 1 January 2023 to 31 December 2025 with similar terms as the previous agreement with addition of laundry services and promotional and advertising services.
- (f) These are individually de minimis transactions as defined under Rule 14A.76 of the Listing Rules, which are continuing connected transactions on normal commercial terms, exempt from reporting, annual review, announcement and independent shareholders' approval requirements as defined under Rule 14A.76(1) of the Listing Rules.
- (g) The Company entered into an agreement dated 22 November 2013 with a director of the Company for the leasing of properties by the director and/or her associates to the Group (the "PLMA with Deputada Leong") effective from 1 January 2014. The term of each implementing lease was for a term commencing on a date specified in the relevant implementing lease and ended on a date not later than 31 December 2016. On 14 December 2016, the Company renewed the PLMA with Deputada Leong which expired on 31 December 2019. The PLMA with Deputada Leong was further renewed on 23 December 2019 for a term of three years from 1 January 2020 with similar terms as the previous agreement, and was further renewed on 3 March 2023 for a term of period from 1 January 2023 to 31 December 2025 with similar terms as the previous agreement. The amount of transactions during the period were disclosed in note 42(a) above.

The amount disclosed in note 42(a) represents the property rentals with related parties and/or connected parties for the additions of right-of-use assets and expenses relating to the relevant short-term leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS (Continued)

(g) (Continued)

During the year ended 31 December 2024, the lease transactions represent addition of right-of-use assets of HK\$136.3 million (2023: HK\$0.5 million), incurred expenses relating to the relevant short-term leases of HK\$7.4 million (2023: HK\$34.3 million) and interest expenses of HK\$3.3 million (2023: nil) on the relevant lease liabilities with carrying amount of HK\$108.0 million as at 31 December 2024 (2023: HK\$0.4 million).

As detailed in the Company's announcement dated 31 May 2024, the Company entered into a sublease contract with the sublessor of Jai Alai Building for the period from 1 April 2024 to 31 March 2027. The amounts of transactions during the period were disclosed in note 42(a) above.

(h) Save as disclosed in note 25, in addition to the securities provided by the Group to the relevant banks, the non-controlling interests of a subsidiary also provided securities to secure the syndicate secured bank loans of the Group. At the end of the reporting period, the key terms and securities pledged are set out as follows:

(i) financial guarantee with promissory note of HK\$490 million (2023: HK\$490 million); and

(ii) share pledges over all shares in Pier 16 – Property and its subsidiaries.

(i) In November 2007, the then immediate holding company, STDM – Investments Limited (“STDM-I”), provided a surety (the “STDM-I Surety”) in favour of the Company for the due and punctual payment of obligations the Company may incur in relation to:

(i) penalties incurred by the Company for any non-criminal violations of relevant laws or regulations pertaining to anti-money laundering, where such violations occurred prior to the listing of the ordinary shares of the Company on the Stock Exchange; and

(ii) losses or contingency provisions incurred by the Company in connection with any judgement of any lawsuit, as set out in the paragraph headed “Litigation” in Appendix VII to the Company's prospectus dated 26 June 2008, to which the Company is a party and which is pending at the time of listing of the ordinary shares of the Company on the Stock Exchange.

STDM has informed the Company in August 2011 that the board of directors of STDM was satisfied that upon liquidation of STDM-I, which occurred during the year ended 31 December 2011, the Company (as beneficiary of the STDM-I Surety) would remain entitled to claim directly against STDM under the same terms and conditions as originally established in the STDM-I Surety.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS (Continued)

- (j) The amount disclosed in note 42(a) represents the property rentals with related parties and/or connected parties for the expenses relating to the relevant short-term leases.
- (k) SJM entered into an agreement with L’Arc Entertainment Group Company Limited (“L’Arc Entertainment”) dated 21 September 2009 and supplemented by addendums dated 27 January 2010, 22 October 2010, 4 February 2016, 4 January 2017, 18 December 2017, 6 May 2020 and 17 June 2022 regarding the provision of the services and licensing for occupation and use of the designated area in the L’Arc Hotel to SJM for the operation of a casino until 31 December 2022 (the “L’Arc Services Agreement”). From the effective date of the completion of the acquisition of the shares of L’Arc Entertainment by an executive director of the Company on 17 May 2021, L’Arc Entertainment has become a company indirectly wholly controlled by the executive director and a connected person of the Group under the Listing Rules by virtue of it being an associate of the executive director. In this regard, the continuing transactions for the service fees in relation to the promotion of a casino paid to/reimbursed from L’Arc Entertainment under the L’Arc Services Agreement have become continuing connected transactions of the Company under Chapter 14A of the Listing Rules and related party transaction since 17 May 2021. The agreement with L’Arc Entertainment was further renewed on 30 December 2022, regarding the services and licensing for occupation and use of designated area in L’Arc Hotel to SJM for the operation of a casino until 31 December 2025.
- (l) As detailed in the Company’s announcement dated 21 May 2024, the Group entered into a promissory agreement to acquire Kam Pek Community Centre (now known as “Kam Pek Market”) (“Kam Pek”) with STDM at a cash consideration of HK\$166 million. During the year ended 31 December 2024, the Group had paid the deposit for acquisition of Kam Pek amounting to HK\$16.6 million and the remaining consideration will be settled in cash by 31 March 2025. The seller in the acquisition is a connected person of the Company, and hence the acquisition constituted a connected transaction pursuant to Chapter 14A of the Listing Rules.
- (m) As detailed in the Company’s announcement dated 21 May 2024, the Group entered into transfer agreements to acquire the entire equity interests in NYH European Fine Cuisine Company Limited (“NYH Euro”) and NYH Italian Fine Cuisine Company Limited (“NYH Italian”) with STDM and the members of the STDM Group at a cash consideration of HK\$18.9 million and HK\$12.6 million respectively. NYH Euro and NYH Italian are principally engaged in the food and beverage service in Grand Lisboa Palace Resort and were acquired with the objective of improving the Group’s food and beverage service. The acquisitions were completed on the same date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. INVESTMENTS IN SUBSIDIARIES

	2024 HK\$ million	2023 HK\$ million
Unlisted shares, at cost	8,535.4	8,535.4
Deemed capital contribution in relation to issue of convertible bond by a subsidiary	95.5	95.5
	8,630.9	8,630.9

Details of the Company's principal subsidiaries at the end of the reporting period are set out in note 45.

44. AMOUNTS DUE FROM SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES

The amounts due from subsidiaries are unsecured. Included in the balances is an amount of HK\$19,173.4 million (2023: HK\$19,173.4 million) which is expected to be realised after 12 months from the end of the reporting period, hence, the amount is classified as non-current asset, out of which HK\$9,349.9 million (2023: HK\$9,413.7 million) carries interest ranging from 3.90% to 4.85% and out of which HK9,823.5 million (2023: HK\$9,759.7 million) is interest-free and repayable on demand. The remaining balances are interest-free and expected to be realised within 12 months from the end of the reporting period.

The amounts due to subsidiaries are unsecured, carry interest ranging from 3.90% to 4.85% and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are as follows:

(a) General information of subsidiaries

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ quota capital	Attributable proportion of nominal value of issued share capital/ quota capital held by the Group		Principal activity
			2024	2023	
Bondwell Limited	Hong Kong	Ordinary share: HK\$1	100%	100%	Property holding
Brilliant Sky International Limited	Macau SAR	Quota capital: MOP25,000	100%	100%	Provision of marketing and promotion services
Brilliant Sky Investments Limited	British Virgin Islands/ Macau SAR	Share: US\$1	100%	100%	Investment holding
Brilliant Talent Hospitality Services Limited	Macau SAR	Quota capital: MOP25,000	100%	100%	Provision of hospitality services
Champion Moments Limited	British Virgin Islands/ Hong Kong	Share: US\$1	100%	100%	Provision of treasury services
Champion Path Holdings Limited	British Virgin Islands/ Hong Kong	Share: US\$1	100%	100%	Provision of treasury services
Champion Power Global Limited	British Virgin Islands/ Hong Kong	Share: US\$1	100%	100%	Provision of treasury services
Cotai Magnific View – Property Development Company Limited	Macau SAR	Ordinary shares: MOP1,000,000	100%	100%	Preparation for property development
GLP Hospitality Services Limited	Macau SAR	Quota capital: MOP500,000	100%	100%	Provision of management services for hotel operations
GLP Shopping Mall Management Limited	Macau SAR	Quota capital: MOP500,000	100%	100%	Provision of management services for shopping mall
Grand Lisboa – Hotel Administration Company Limited	Macau SAR	Ordinary shares: MOP1,000,000	100%	100%	Hotel operations
Grand Lisboa – Property Investment Company Limited	Macau SAR	Ordinary shares: MOP1,000,000	100%	100%	Property holding
Harbour Tide Limited	British Virgin Islands/ Macau SAR	Share: US\$1	100%	100%	Property holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ quota capital	Attributable proportion of nominal value of issued share capital/ quota capital held by the Group		Principal activity
			2024	2023	
Honour State International Limited	British Virgin Islands/ Hong Kong	Share: US\$1	100%	100%	Securities and investment holding
Macau Dredging Services Limited	Macau SAR	Quota capital: MOP1,000,000	100%	100%	Provision of dredging services
Nam Van Lake View Investment Limited	Macau SAR	Quota capital: MOP1,000,000	100%	100%	Property holding
New Hop Wo Catering Company Limited	Macau SAR	Quota capital: MOP100,000	100%	100%	Provision of food and beverage services
NYH European Fine Cuisine Company Limited	Macau SAR	Quota capital: MOP25,000	100%	N/A (Note (e))	Provision of food and beverage services
NYH Italian Fine Cuisine Company Limited	Macau SAR	Quota capital: MOP25,000	100%	N/A (Note (e))	Provision of food and beverage services
Pier 16 – Entertainment Group Corporation Limited	Macau SAR	Quota capital: MOP25,000	51%	51%	Provision of management services for casino operations
Pier 16 – Management Limited	Macau SAR	Quota capital: MOP25,000	51%	51%	Hotel operations
Pier 16 – Property Development Limited	Macau SAR	Ordinary shares: MOP10,000,000	51%	51%	Investment holdings and property development
SJM – Customer Services (HK) Limited	Hong Kong	Ordinary share: HK\$1	100%	100%	Provision of customer services
SJM – F&B Services Limited	Macau SAR	Quota capital: MOP25,000	100%	100%	Provision of food and beverage services
SJM Holdings Management Services Limited	Hong Kong	Ordinary shares: HK\$2	100%	100%	Provision of management services
SJM – Investment Limited	Macau SAR	Quota capital: MOP1,000,000	100%	100%	Investment holdings
SJM Retail Services Private Limited	Macau SAR	Quota capital: MOP25,000	100%	100%	Provision of retail services
SJM – Project Management Services (HK) Limited	Hong Kong	Ordinary share: HK\$1	100%	100%	Provision of human resources and project management services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ quota capital	Attributable proportion of nominal value of issued share capital/ quota capital held by the Group		Principal activity
			2024	2023	
SJM Resorts, S.A.	Macau SAR	Ordinary shares: Type A shares MOP4,250,000,000 Type B shares: MOP750,000,000	100%	100% (Note (a))	Casino operations and investment holding
Vast Field Investments Limited	British Virgin Islands/ Hong Kong	Ordinary shares: US\$1	100%	100%	Securities holding

Notes:

- (a) Pursuant to the relevant requirements under Macau SAR law, SJM's ordinary shares are divided into two categories, namely, Type A shares and Type B shares representing 85% and 15% equity interests in SJM respectively. Holders of Type A shares have voting control of SJM in its shareholders' meeting. Except for one Type A share directly held by a wholly-owned subsidiary of the Company, the Company holds all the remaining Type A shares, whilst Type B shares are held by the managing director of SJM, pursuant to the relevant requirements under Macau SAR law. As Type B shares have restricted rights and only entitle the holder of Type B shares to an aggregate amount of MOP1 of dividend payable, the Company is effectively entitled to a 100% economic interest in SJM.
- (b) Except for Champion Path Holdings Limited, Champion Moments Limited, Champion Power Global Limited, SJM Holdings Management Services Limited and SJM, all other principal subsidiaries listed above are indirectly held by the Company.
- (c) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.
- (d) None of the subsidiaries had any debt securities outstanding at the end of the year except for Champion Path Holdings Limited and Champion Moments Limited have issued unsecured notes and Champion Power Global Limited has issued convertible bond, in which none of the interest was held by the Group.
- (e) NYH European Fine Cuisine Company Limited and NYH Italian Fine Cuisine Company Limited were acquired on 21 May 2024. The financial impact of these acquisition was immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

At the end of both reporting periods, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries are operated in Macau SAR. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Place of incorporation/ establishment/operations	Number of subsidiaries	
		2024	2023
Gaming related operations	Macau SAR	1	1
	Hong Kong	3	3
		4	4
Hotel, catering, retail and leasing related operations	Macau SAR	—	1
	Hong Kong	1	1
		1	2
Investment holdings/Inactive	British Virgin Islands/Macau SAR	14	14
	British Virgin Islands/Hong Kong	3	3
	Hong Kong	9	9
	Macau SAR	3	3
	Singapore	1	1
	South Korea	1	—
		31	30
		36	36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	2024	2023	2024	2023
				HK\$ million	HK\$ million	HK\$ million	HK\$ million
Pier 16 – Property Development Limited	Macau SAR	49%	49%	103.3	134.8	251.9	149.6

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Pier 16 – Property Development Limited (“Pier 16 – Property”)

	2024 HK\$ million	2023 HK\$ million
Current assets	235.2	251.9
Non-current assets	1,027.7	591.6
Current liabilities	(1,104.7)	(52.7)
Non-current liabilities	(20.5)	(861.9)
Equity attributable to owners of Pier 16 – Property	137.7	(71.1)
	2024 HK\$ million	2023 HK\$ million
Revenue	641.2	662.8
Cost of sales and expenses	(427.7)	(392.0)
Profit for the year	210.8	275.2
Profit attributable to owners of Pier 16 – Property	210.8	275.2
Net cash inflow from operating activities	232.3	223.3
Net cash outflow from investing activities	(456.5)	(162.9)
Net cash inflow (outflow) from financing activities	162.8	(65.0)
Net cash outflow	(61.4)	(4.6)

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				2024 HK\$ million
	2020 HK\$ million	2021 HK\$ million	2022 HK\$ million	2023 HK\$ million	
RESULTS					
Gaming, hotel, catering, retail, leasing and related services revenues	7,506.7	10,076.0	6,678.6	21,623.2	28,768.9
Gaming revenue	7,304.2	9,607.9	6,092.0	20,059.2	26,846.1
(Loss) profit before taxation	(3,152.4)	(4,176.7)	(7,787.5)	(1,838.9)	158.8
Taxation	(22.5)	(21.4)	(61.1)	(36.1)	(52.3)
(Loss) profit for the year	(3,174.9)	(4,198.1)	(7,848.6)	(1,875.0)	106.5
(Loss) profit attributable to					
— owners of the Company	(3,024.9)	(4,143.7)	(7,798.4)	(2,009.8)	3.2
— non-controlling interests	(150.0)	(54.4)	(50.2)	134.8	103.3
	(3,174.9)	(4,198.1)	(7,848.6)	(1,875.0)	106.5

	As at 31 December				2024 HK\$ million
	2020 HK\$ million	2021 HK\$ million	2022 HK\$ million	2023 HK\$ million	
ASSETS AND LIABILITIES					
Total assets	52,721.5	49,906.2	52,647.7	49,739.7	48,724.9
Total liabilities	(28,081.6)	(29,501.1)	(36,634.3)	(35,654.5)	(34,548.9)
Net assets	24,639.9	20,405.1	16,013.4	14,085.2	14,176.0

CORPORATE INFORMATION

CHAIRMAN EMERITUS

The late Dr. Ho Hung Sun, Stanley

BOARD OF DIRECTORS

Chairman and Executive Director

Ms. Ho Chiu Fung, Daisy

Co-Chairmen and Executive Directors

Mr. Fok Tsun Ting, Timothy

Deputada Leong On Kei, Angela

Executive Directors

Dr. Chan Un Chan

Mr. Shum Hong Kuen, David

Non-executive Director

Mr. Tsang On Yip, Patrick

Independent Non-executive Directors

Mr. Ho Hau Chong, Norman

Ms. Wong Yu Pok, Marina

Mr. Yeung Ping Leung, Howard

AUDIT COMMITTEE

Mr. Ho Hau Chong, Norman (*Committee Chairman*)

(*re-designated from a member to the Committee*)

Chairman on 26 June 2024

Ms. Wong Yu Pok, Marina

Mr. Yeung Ping Leung, Howard

NOMINATION COMMITTEE

Ms. Ho Chiu Fung, Daisy (*Committee Chairman*)

Mr. Fok Tsun Ting, Timothy

Mr. Ho Hau Chong, Norman

Ms. Wong Yu Pok, Marina

Mr. Yeung Ping Leung, Howard

REMUNERATION COMMITTEE

Ms. Wong Yu Pok, Marina (*Committee Chairman*)

Ms. Ho Chiu Fung, Daisy

Deputada Leong On Kei, Angela

Mr. Ho Hau Chong, Norman

Mr. Yeung Ping Leung, Howard

COMPANY SECRETARY

Ms. Kwok Shuk Chong

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited

Bank of China Limited

BNP Paribas

Industrial and Commercial Bank of China (Asia) Limited

Chong Hing Bank Limited

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

18th Floor, China Merchants Tower, Shun Tak Centre

Nos. 168 – 200 Connaught Road Central, Hong Kong

Tel: (852) 3960 8000 Fax: (852) 3960 8111

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

Email (Investor Relations): ir@sjmholdings.com

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712 – 1716, 17th Floor, Hopewell Centre,

183 Queen's Road East, Wanchai, Hong Kong

General enquiry:

Tel: (852) 2862 8555 Fax: (852) 2865 0990

Webpage: https://www.computershare.com/hk/en/online_feedback

Change of means of receipt of Corporate Communication:

Email: sjm.ecom@computershare.com.hk Tel: (852) 2862 8688

LISTING INFORMATION

Share listing: Hong Kong Stock Exchange (Main Board)

Listing date: 16 July 2008

Stock short name: SJM Holdings

Stock code: 880 (Hong Kong Stock Exchange)

0880.HK (Reuters)

880:HK (Bloomberg)

Board lot: 1,000 shares

Designated Securities Eligible for Short Selling

Eligible Stock for both "buy" and "sell" of

Southbound Trading of Shanghai-Hong Kong Stock Connect

and Shenzhen-Hong Kong Stock Connect

Constituent of the following indexes:

Hang Seng Composite Index

Hang Seng Composite Industry Index – Consumer Discretionary

Hang Seng Composite MidCap/LargeCap & MidCap/

MidCap & SmallCap Index(es)

Hang Seng Large-Mid Cap (Investable)/Equal Weighted Factor

Mix (QVLM)/Risk Parity Factor Mix (QVLM) Index(es)

Hang Seng Large-Mid Cap Dividend Yield/Low Size/

Low Volatility/Momentum/Quality/Value

Comprehensive Index(es)

Hang Seng SCHK HK Companies/Consumption/Consumer

Discretionary/Culture & Entertainment/Consumption

(Investable)/Consumer Discretionary (Investable)/

Tourism Index(es)

Hang Seng Stock Connect Greater Bay Area Composite/

Macao-Zhuhai-Zhongshan-Jiangmen/Consumer Services/

Quality Life Index(es)

Hang Seng Stock Connect Hong Kong/Greater Bay Area/

MidCap & SmallCap Index(es)

DEFINITIONS

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

“2024 AGM”	:	the annual general meeting of the Company held on Wednesday, 26 June 2024
“2025 AGM”	:	the annual general meeting of the Company to be held on Tuesday, 10 June 2025
“2026 HK\$ Senior Notes”	:	HK\$1,250,000,000 3.9% Senior Notes Due 2026 issued by Champion Moments on 12 May 2021 which are listed on MOX
“2026 MOP Senior Notes”	:	MOP300,000,000 3.9% Senior Notes Due 2026 issued by Champion Moments on 12 May 2021 which are listed on MOX
“2026 US\$ Senior Notes”	:	US\$500,000,000 4.50% Senior Notes Due 2026 issued by Champion Path on 27 January 2021 which are listed on the Stock Exchange
“2028 US\$ Senior Notes”	:	US\$500,000,000 4.85% Senior Notes Due 2028 issued by Champion Path on 27 January 2021 which are listed on the Stock Exchange
“Acquisitions”	:	the acquisitions of the Target Companies by SJM Investment and SJM F&B from STDM and Panda and the assignment of Shareholder’s Loan by Panda to SJM Investment
“Adjusted EBITDA”	:	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, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, dividend income and pre-opening expenses
“Adjusted EBITDA Margin”	:	the Adjusted EBITDA divided by total net revenue
“Adjusted Property EBITDA”	:	earnings or losses before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, bank charges for bank loans, gain/loss on modification of bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, pre-opening expenses and corporate costs, and before elimination of inter-company consumption
“ADR”	:	average daily rate
“Annual Premium”	:	annual gaming premium payable by SJM to the Macau Government pursuant to the terms of the New Gaming Concession Contract, consisting of a fixed and a variable portion
“Articles”	:	articles of association of the Company
“Assets Reverted to the Macau Government”	:	upon expiration of the Gaming Concession Contract, all of SJM’s casinos, gaming assets and equipment and ownership rights to the casino properties in Macau were reverted to the Macau Government without compensation to SJM
“Auditor”	:	Deloitte Touche Tohmatsu, the auditor of the Company

DEFINITIONS

“Basic Investment”	:	investment in aggregate of MOP14,033 million (equivalent to approximately HK\$13,624 million) committed by SJM during the life of the New Gaming Concession Contract, of which MOP12,000 million (equivalent to approximately HK\$11,651 million) is in non-gaming for both capital investment and events, and MOP2,033 million (equivalent to approximately HK\$1,974 million) is in gaming for capital investment
“Board”	:	the board of directors of the Company
“CG Code”	:	Corporate Governance Code set out in Appendix C1 of the Listing Rules
“Champion Moments”	:	Champion Moments Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands
“Champion Path”	:	Champion Path Holdings Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands
“Champion Power”	:	Champion Power Global Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands
“Chips Agreement”	:	the agreement dated 18 June 2008 entered into between STDM and SJM to regulate the honouring, borrowing and use of the casino chips of STDM for the purposes of SJM’s gaming operations
“Code”	:	HKICPA’s Code of Ethics for Professional Accountants
“CODM”	:	the chief operating decision maker, 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
“Commencement Date”	:	the commencement date of NYH Agreement, being 27 July 2021
“Company”	:	SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the HKSE Main Board
“connected person(s)”	:	has the meaning ascribed to it under the Listing Rules
“Convertible Bond”	:	the convertible bond issued by Champion Power to STDM on 22 June 2022 in the principal amount of HK\$1,906 million at 2.0% coupon rate with 5-year maturity
“CPF”	:	Non-mandatory Central Provident Fund operated by the Group for all qualifying employees since 2020
“CPPCC”	:	Chinese People’s Political Consultative Conference
“CT”	:	the Complementary Tax of the Macau SAR
“Deed with Reservation”	:	the public deed to be entered into between STDM and SJM in respect of the acquisition of Kam Pek with reservation of ownership of Kam Pek in favour of STDM

DEFINITIONS

“Director(s)”	:	the director(s) of the Company
“ECL”	:	expected credit loss
“ESG”	:	environmental, social and governance
“Financial Statements”	:	audited consolidated financial statements of the Company for the year ended 31 December 2024
“FVTOCI”	:	fair value through other comprehensive income
“FVTPL”	:	fair values through profit or loss
“Gaming Concession Contract”	:	the gaming concession contract for the operation of casino games dated 28 March 2002 entered into between the Macau Government and SJM (as amended and supplemented by supplemental agreements between the same parties dated 19 April 2005, 26 September 2013, 23 January 2017, 15 March 2019 and 23 March 2020) and as extended up to 26 June 2022 by a concession extension contract dated 15 March 2019 and further extended up to 31 December 2022 by the Concession Amendment Contract
“GGR”	:	gross gaming revenue
“GLP Bank Loans”	:	secured bank loans for Grand Lisboa Palace Resort Macau
“GLP Project”	:	the project of Grand Lisboa Palace Resort Macau
“Grand Lisboa” or “GL”	:	Grand Lisboa Macau
“Grand Lisboa Palace Resort” or “GLP”	:	Grand Lisboa Palace Resort Macau, a casino, hotel and entertainment complex on a parcel of land in Cotai, Macau SAR leased by Macau SAR Government to SJM for 25 years starting from 15 May 2013
“Group”	:	the Company and its subsidiaries
“Harbour Tide”	:	Harbour Tide Limited, a subsidiary of the Company, incorporated in the British Virgin Islands
“HIBOR”	:	Hong Kong Interbank Offered Rate
“HKAS”	:	Hong Kong Accounting Standard
“HKFRSs”	:	Hong Kong Financial Reporting Standards
“HKICPA”	:	Hong Kong Institute of Certified Public Accountants
“HKSAs”	:	Hong Kong Standards on Auditing
“HKSE Main Board”	:	the Main Board of the Stock Exchange
“Hong Kong” or “Hong Kong SAR”	:	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Hong Kong Companies Ordinance”	:	the Hong Kong Companies Ordinance (Cap. 622)
“IPO Offering”	:	initial public offering by the Company on 26 June 2008
“IVS”	:	Individual Visit Scheme
“JASC”	:	Centro Comercial Jai-Alai, Limitada (in Portuguese) Jai-Alai Shopping Centre Company Limited (in English), a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of STDM
“Kam Pek”	:	Kam Pek Market (formerly known as “Kam Pek Community Centre”)
“L’Arc Entertainment”	:	L’Arc Entertainment Group Company Limited, a company indirectly wholly controlled by an executive Director
“L’Arc Services Agreement”	:	the agreement entered into between SJM and L’Arc Entertainment dated 21 September 2009 and supplemented by addendums dated 27 January 2010, 22 October 2010, 4 February 2016, 4 January 2017, 18 December 2017, 6 May 2020 and 17 June 2022 regarding the provision of the services and licensing for occupation and use of the designated area in the L’Arc Hotel to SJM for the operation of a casino until 31 December 2022, and renewed on 30 December 2022 for a three-year term from 1 January 2023 to 31 December 2025
“Listing Rules”	:	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”, “Macao” or “Macau SAR”	:	the Macau Special Administrative Region of the People’s Republic of China
“Macau Jai Alai”	:	Sociedade de Pelota Basca de Macau, S.A. (in Portuguese) Macau Jai Alai Company Limited (in English), a company owned as to approximately 97% by Deputada Leong On Kei, Angela, a Director
“MAIBOR”	:	Macau Interbank Offered Rate
“Maturity Date”	:	the maturity date of the Convertible Bond, being the date of the fifth anniversary of the issue date of the Convertible Bond
“MGTO”	:	Macao Government Tourism Office
“Model Code”	:	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules
“MOX”	:	Chongwa (Macao) Financial Asset Exchange Co., Ltd.
“MPF Scheme”	:	Mandatory Provident Fund Scheme operated by the Group for all qualifying employees in Hong Kong
“New Gaming Concession Contract”	:	the gaming concession contract for the operation of casino games of fortune and other games of chance in casinos dated 16 December 2022 between the Macau Government and SJM for the new concession period which commences from 1 January 2023 to 31 December 2032

DEFINITIONS

“Notes”	:	2026 US\$ Senior Notes, 2028 US\$ Senior Notes, 2026 HK\$ Senior Notes and 2026 MOP Senior Notes
“NYH”	:	NYH Gestão de Vendas a Retalho Limitada, an indirect wholly-owned subsidiary of STDM
“NYH Agreement”	:	the agreement dated 21 January 2020 entered into between SJM (as the owner) and NYH (as the user) in relation to grant of rights to use the Shop for operating a department store
“NYH Euro”	:	NYH Cozinha Fina Europeia Companhia Limitada (in Portuguese) NYH European Fine Cuisine Company Limited (in English), a subsidiary of the Company, incorporated under the laws of Macau
“NYH Italian”	:	NYH Cozinha Fina Italiana Companhia Limitada (in Portuguese) NYH Italian Fine Cuisine Company Limited (in English), a subsidiary of the Company, incorporated under the laws of Macau
“Oceanus Building”	:	the building in which Casino Oceanus resides
“Options”	:	share options which the Directors may grant to any participants of the Scheme
“Panda”	:	Panda, Sociedade de Gestão de Investimentos, Limitada (in Portuguese), an indirect wholly owned subsidiary of STDM
“P16 Bank Loans”	:	secured bank loans for Ponte 16
“Pier 16 – Property”	:	Ponte 16 – Desenvolvimento Predial, S.A. (in Portuguese) Pier 16 – Property Development Limited (in English), a 51% subsidiary of the Company
“PLMA with Deputada Leong”	:	the premises leasing master agreement entered into between the Company and Deputada Leong On Kei, Angela, a Director, dated 22 November 2013 for the leasing of properties by her and/or her associates (as defined in the Listing Rules) to the Group for a term of three years from 1 January 2014, and renewed on 14 December 2016 and further renewed on 23 December 2019 and 3 March 2023 for a term of three years from 1 January 2023
“PLMA with STDM”	:	the premises leasing master agreement entered into between the Company and STDM dated 18 June 2008 and renewed on 23 December 2019 and 2 March 2023 for the leasing of properties by STDM or the members of the STDM Group to the Group for a term of three years from 1 January 2023
“Premises”	:	a specific portion of the Jai Alai Building leased by Macau Jai Alai to SJM
“Products and Services Master Agreement”	:	the agreement entered into between the Company and STDM on 18 June 2008 for the provision of products and services by STDM and/or its associates (as defined in the Listing Rules) to the Group
“Public Deed”	:	the public deed to be entered into between STDM and SJM to cancel the reservation of ownership of Kam Pek with STDM provided under the Deed with Reservation

DEFINITIONS

“Relevant Period”	:	the term of PLMA with Deputada Leong, being 1 January 2023 to 31 December 2025
“Renewed Master Agreement”	:	the products and services master agreement dated 19 June 2011 entered into between the Company and STDM in relation to the renewal of the Products and Services Master Agreement which was further renewed on 6 January 2014, 26 January 2017, 23 December 2019 and 2 March 2023 for a term of three years from 1 January 2023
“Reporting Period”	:	the period for the year ended 31 December 2024
“RevPAR”	:	revenue per available room
“Rights Issue”	:	the issue by way of rights of the rights Shares to the qualifying Shareholders on the basis of one (1) rights Share for every four (4) existing Shares held on 29 August 2022 (the record date) at the subscription price HK\$2.08 per rights Share
“San Ma Lo”	:	the Avenida de Almeida Ribeiro in Macau
“Scheme”	:	the share option scheme of the Company adopted on 13 May 2009 which lapsed on 13 May 2019
“Services”	:	support services provided by L’Arc Entertainment to SJM pursuant to the L’Arc Services Agreement
“SFO”	:	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	:	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	:	holder(s) of the Share(s)
“Shareholder’s Loan”	:	the loan due and owing from the Target Companies to Panda
“Shop”	:	a shop on the second floor of the shopping mall in GLP leased by NYH from SJM
“Shun Tak”	:	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the HKSE Main Board
“SJM”	:	SJM Resorts, S.A. (in Portuguese) SJM Resorts, Limited (in English) (name changed from Sociedade de Jogos de Macau, S.A. since 9 June 2021), a joint stock company “ <i>sociedade anónima</i> ” incorporated under the laws of Macau and a subsidiary of the Company
“SJM F&B”	:	SJM – Serviços de Alimentos e Bebidas, Limitada (in Portuguese) SJM – F&B Services Limited (in English), a limited liability company by quotas incorporated under the laws of Macau and a wholly owned subsidiary of SJM Investment

DEFINITIONS

“SJM Investment”	SJM – Investimentos Limitada (in Portuguese) SJM – Investment Limited (in English), a limited liability company by quotas incorporated under the laws of Macau and an indirect subsidiary of the Company
“Special Complementary Tax”	: the dividend tax which SJM’s shareholders are obligated to pay to the Finance Services Bureau of Macau SAR Government for dividend distribution from SJM
“STDM”	: Sociedade de Turismo e Diversões de Macau, S.A. (in Portuguese) Macau Tourism and Amusement Company Limited (in English), a joint stock company “ <i>sociedade anónima</i> ” incorporated under the laws of Macau, and a controlling Shareholder
“STDM Group”	: STDM and its associates (as defined in the Listing Rules), excluding the Group
“STDM-I”	: STDM – Investments Limited, a subsidiary of STDM and the former immediate holding company of the Company liquidated on 15 August 2011
“STDM-I Surety”	: a surety provided by STDM-I in favour of the Company for the due and punctual payment of certain obligations of the Company may incur
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Target Companies”	: NYH Euro and NYH Italian
“Term”	: the term of NYH Agreement, being 12 years and 6 months
“Transfer”	: transfer of surplus funds by the Company to SJM for general working capital purposes
“Transfer Agreement”	: the transfer agreement dated 26 May 2022 entered into among Harbour Tide, the Company, Champion Power, JASC and STDM in relation to the provision of the letter of commitment by JASC to the Macau Government for reversion of the gaming area of Oceanus Building to the Macau Government and the acquisition of the non-gaming area of Oceanus Building by Harbour Tide from JASC pursuant to the terms and conditions of the Transfer Agreement
“Utilisation Fee”	: the annual utilisation fee payable by SJM to the Macau Government for use of the casino premises during the term of the New Gaming Concession Contract
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“MOP”	: Macau pataca(s), the lawful currency of Macau
“US\$”	: United State dollar(s), the lawful currency of the United States of America
“%”	: per cent.



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保護我們的環境，選用電子形式收取企業通訊



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