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澳門博彩控股有限公司 SJM HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 880)

Interim Results Announcement For the Six Months ended 30 June 2010

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2010 (the “**Reporting Period**”).

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Increase
	2010	2009	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Total Group revenue	26,716	14,914	79.1%
Gaming revenue	26,519	14,794	79.3%
Adjusted EBITDA*	2,232	925	141.3%
Profit attributable to owners of the Company	1,567	338	363.6%
Earnings per share — basic	HK31.2 cents	HK6.8 cents	358.8%
— diluted	HK29.6 cents	Not Applicable	Not Applicable

* Earnings after adjustment for non-controlling interests and before interest income and expense, tax, depreciation and amortization, and before accounting for share-based payments

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK5 cents per share for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

The interim dividend is expected to be paid on Wednesday, 13 October 2010 to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 29 September 2010.

OPERATING HIGHLIGHTS

- In addition to the increases in gaming revenue, Adjusted EBITDA and profit attributable to owners of the Company of 79.3%, 141.3% and 363.6%, respectively, from the year-earlier period, the Group's Adjusted EBITDA Margin (Hong Kong GAAP basis) improved to 8.4% from 6.2%, reflecting greater efficiency of the Group's operations.
- The Group's VIP gaming revenue grew by 111.4% in the first half of 2010, compared with the year-earlier period, exceeding the market growth during this period of 84.6%.
- The Group's mass market table gaming revenue grew by 39.6% in the first half of 2010, compared with the year-earlier period, exceeding the market growth during this period of 36.1%.
- Restructuring of third party-promoted casino service agreements is materially completed, resulting in a contribution of HK\$524 million in Adjusted EBITDA and HK\$476 million in attributable profit from that business segment.
- Sociedade de Jogos de Macau, S.A. ("SJM") continued to lead in market share of the Macau casino gaming market, with 41.2% of mass market table gaming revenue and 29.8% of VIP gaming revenue, and increased its overall market share to 31.8% from 29.6% in the year-earlier period.
- The Group maintained a strong financial position with cash, bank balances and pledged bank deposits of HK\$11.7 billion as at 30 June 2010.
- Compared with the second half of 2009, profit attributable to owners of the Company increased by 175.4% to HK\$1,567 million from HK\$569 million.
- The Group continued to obtain strong performance from its flagship Casino Grand Lisboa, which increased revenue, Adjusted EBITDA and attributable profit by 68.1%, 56.0% and 73.5%, respectively, as compared to the year-earlier period.
- Hotel Grand Lisboa achieved average occupancy of 72.8% and average daily room rate of HK\$1,933, increases of 26.9% and 1.1% from the year-earlier period.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Six months ended 30 June	
		2010	2009
		<i>HK\$ million</i>	<i>HK\$ million</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Gaming, hotel, catering and related services revenues		<u>26,715.5</u>	<u>14,913.6</u>
Gaming revenue	4	26,518.6	14,794.4
Special gaming tax, special levy and gaming premium		<u>(10,254.5)</u>	<u>(5,752.8)</u>
		16,264.1	9,041.6
Hotel, catering and related services income		196.9	119.2
Cost of sales and services on hotel, catering and related services		(94.5)	(77.8)
Other income		62.9	59.1
Marketing and promotional expenses		(11,552.8)	(5,717.8)
Operating and administrative expenses		(3,206.3)	(3,026.2)
Finance costs	5	(117.1)	(105.0)
Share of profits (losses) of an associate		1.3	(6.7)
Share of profits of a jointly controlled entity		<u>2.5</u>	<u>2.9</u>
Profit before taxation	6	1,557.0	289.3
Taxation	7	<u>(8.7)</u>	<u>(8.7)</u>
Profit for the period and total comprehensive income for the period		<u>1,548.3</u>	<u>280.6</u>
Profit for the period and total comprehensive income attributable to			
— owners of the Company		1,567.0	338.0
— non-controlling interests		<u>(18.7)</u>	<u>(57.4)</u>
		<u>1,548.3</u>	<u>280.6</u>
Earnings per share			
— Basic	9	<u>HK31.2 cents</u>	<u>HK6.8 cents</u>
— Diluted	9	<u>HK29.6 cents</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2010	At 31 December 2009
	<i>Notes</i>	<i>HK\$ million</i> <i>(unaudited)</i>	<i>HK\$ million</i> <i>(audited)</i>
Non-current assets			
Property and equipment		9,854.4	10,139.6
Land use rights		825.4	845.8
Intangible assets		42.7	45.8
Art works and diamonds		289.5	289.2
Interest in an associate		71.9	67.4
Interest in a jointly controlled entity		70.2	67.7
Available-for-sale investments in equity securities		5.5	5.5
Deposits made on acquisitions		139.4	168.1
Amount due from a fellow subsidiary		317.6	329.2
Pledged bank deposits		145.6	145.6
Bank deposits		—	1,000.0
		<u>11,762.2</u>	<u>13,103.9</u>
Current assets			
Inventories		56.2	52.1
Trade and other receivables	10	1,259.2	1,233.3
Loan receivables		220.0	132.0
Amount due from ultimate holding company		118.7	23.3
Amount due from an associate		20.0	20.0
Amount due from a jointly controlled entity		14.3	14.3
Amounts due from investee companies		154.2	156.7
Financial assets at fair value through profit or loss		143.7	28.4
Pledged bank deposits		265.4	265.4
Short-term bank deposits		1,562.0	400.0
Bank balances and cash		9,710.2	7,937.1
		<u>13,523.9</u>	<u>10,262.6</u>
Current liabilities			
Trade and other payables	11	7,930.5	6,895.0
Financial guarantee obligations		6.0	13.3
Obligations under finance leases		21.1	33.3
Taxation		30.1	38.8
Current portion of long-term bank loans		1,040.0	1,040.0
Convertible bonds		1,444.1	—
		<u>10,471.8</u>	<u>8,020.4</u>
Net current assets		<u>3,052.1</u>	<u>2,242.2</u>
Total assets less current liabilities		<u>14,814.3</u>	<u>15,346.1</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	At 30 June 2010 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2009 <i>HK\$ million</i> <i>(audited)</i>
Non-current liabilities		
Obligations under finance leases	317.6	329.2
Long-term bank loans	3,592.0	4,102.0
Amount due to non-controlling interests of a subsidiary	918.7	807.3
Convertible bonds	—	1,588.2
	<u>4,828.3</u>	<u>6,826.7</u>
Net assets	<u>9,986.0</u>	<u>8,519.4</u>
Capital and reserves		
Share capital	5,093.1	5,000.0
Reserves	<u>4,832.6</u>	<u>3,454.7</u>
Equity attributable to owners of the Company	9,925.7	8,454.7
Non-controlling interests	<u>60.3</u>	<u>64.7</u>
Total equity	<u>9,986.0</u>	<u>8,519.4</u>

Notes

1. Corporate information

The Company is a public limited company incorporated in Hong Kong and acts as an investment holding company. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its subsidiaries are principally engaged in the development and operation of casinos and related facilities in the Macau Special Administrative Region, the People's Republic of China ("**MSAR**"). Its ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A., a company established in MSAR. The address of the registered office and principal place of business of the Company is Suites 3201-3205, 32nd Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

2. Basis of preparation

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

The condensed consolidated financial information has been prepared under the historical cost basis except that certain financial instruments are measured at fair values. The principal accounting policies adopted in the condensed consolidated financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2009, except as described below.

2.1 Application of new and revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009, except for amendment to HKAS 1, which has been early adopted in the last financial year
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share based payments transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners

The application of the new and revised HKFRSs had no effect on the condensed consolidated financial information of the Group for the current or prior accounting periods.

2.2 New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related party disclosures ⁴
HKAS 32 (Amendment)	Classification of rights issues ²
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ³
HKFRS 9	Financial instruments ⁵
HK(IFRIC) — INT 14 (Amendment)	Prepayments of a minimum funding requirement ⁴
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Operating segments

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

(a) Gaming operations — operation of casinos and related facilities

(b) Hotel and catering operations — operation of hotel, catering and related services

For gaming operations, the chief operating decision makers (the “CODM”), which are a group of executive directors of the Company, regularly analyses gaming revenue in terms of VIP gaming operations, mass market table gaming operations, slot machine operations and others. The CODM reviews the revenues and operating results of gaming operations as a whole. For hotel and catering operations, the CODM regularly reviews the performance on the basis of each individual hotel. For segment reporting under HKFRS 8, financial information of the Group’s hotels has been aggregated into a single operating segment named “hotel and catering operations”.

An analysis of the Group's revenue and results by operating segment is as follows:

	Segment revenue		Segment results	
	Six months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Gaming operations	<u>26,518.6</u>	<u>14,794.4</u>	1,817.2	583.5
Hotel and catering operations				
— external sales	196.9	119.2		
— inter-segment sales	<u>84.3</u>	<u>50.8</u>		
	281.2	170.0	(215.9)	(290.5)
Eliminations	<u>(84.3)</u>	<u>(50.8)</u>		
	<u>196.9</u>	<u>119.2</u>		
Group revenue	<u>26,715.5</u>	<u>14,913.6</u>		
Reconciliation from segment results to profit before taxation			1,601.3	293.0
Unallocated corporate expenses			(64.7)	(8.8)
Change in fair value of financial assets at fair value through profit or loss			16.6	8.9
Share of profits (losses) of an associate			1.3	(6.7)
Share of profits of a jointly controlled entity			<u>2.5</u>	<u>2.9</u>
Profit before taxation			<u>1,557.0</u>	<u>289.3</u>

Segment results represent the profit earned by each segment without allocation of corporate expenses, change in fair value of financial assets at fair value through profit or loss, share of profits (losses) of associate/jointly controlled entity and taxation. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

4. Gaming revenue

	Six months ended 30 June	
	2010	2009
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Gaming revenue from		
— VIP gaming operations	17,680.0	8,363.7
— mass market table gaming operations	8,298.2	5,943.9
— slot machine operations	539.5	486.0
— others	0.9	0.8
	<u>26,518.6</u>	<u>14,794.4</u>

5. Finance costs

	Six months ended 30 June	
	2010	2009
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on		
— bank borrowings wholly repayable within five years	(40.6)	(76.1)
— finance leases	(9.1)	(12.5)
Imputed interest on amount due to non-controlling interests of a subsidiary	(20.1)	(17.6)
Imputed interest on convertible bonds	(48.0)	—
	<u>(117.8)</u>	<u>(106.2)</u>
Less: Amount capitalised in construction in progress	0.7	1.2
	<u>(117.1)</u>	<u>(105.0)</u>

6. Profit before taxation

	Six months ended 30 June	
	2010	2009
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	53.6	—
Amortisation of intangible assets (included in operating and administrative expenses)	3.1	3.1
Depreciation of property and equipment	586.2	538.5
Loss on disposal of property and equipment	1.5	5.7
Share-based payments to		
— directors of the Company	8.3	—
— staff	17.5	—
— other participants	1.9	—
	27.7	—
Staff costs exclusive of share-based payments	1,739.8	1,608.0

7. Taxation

The charge represents current period taxation detailed below:

No provision for MSAR Complementary Tax (“CT”) on gaming related income is made for its subsidiary SJM. Pursuant to the approval notice issued by the MSAR government dated 8 December 2007, SJM has been exempted from CT for income generated from gaming operations for the years from 2007 to 2011.

In addition, pursuant to the approval letter dated 2 December 2008 issued by the Finance Services Bureau of the MSAR government, SJM’s shareholders were obligated to pay a special tax of MOP18.0 million (equivalent to HK\$17.5 million) for each of the years 2007 to 2011. During the period, the Company, as a shareholder of SJM, was obligated to pay MOP9.0 million (equivalent to HK\$8.7 million).

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

No provision for Hong Kong Profits Tax has been made as the Group’s profit neither arises in, nor is derived from, Hong Kong.

8. Dividends

	Six months ended 30 June	
	2010	2009
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
2008 final dividend of HK6.0 cents per share paid	—	300.0
2009 final dividend of HK9.0 cents per share paid	<u>453.8</u>	<u>—</u>
	<u>453.8</u>	<u>300.0</u>

On 30 August 2010, the Board has resolved to declare an interim dividend of HK5 cents per share for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

9. Earnings per share

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

	Six months ended 30 June	
	2010	2009
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	1,567.0	338.0
Effect of dilutive potential ordinary shares — imputed interest on convertible bonds	<u>48.0</u>	<u>—</u>
	<u>1,615.0</u>	<u>338.0</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,017,944,828	<u>5,000,000,000</u>
Effect of dilutive potential ordinary shares on — share options	59,628,971	
— conversion of convertible bonds	<u>373,860,702</u>	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,451,434,501</u>	

There were no potential ordinary shares during the six months ended 30 June 2009.

10. Trade and other receivables

	At 30 June 2010 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2009 <i>HK\$ million</i> <i>(audited)</i>
Advances to gaming promoters	892.7	733.8
Other receivables from gaming promoters	90.2	113.9
Prepayments	92.8	86.3
Others	183.5	299.3
	<u>1,259.2</u>	<u>1,233.3</u>

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

	At 30 June 2010 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2009 <i>HK\$ million</i> <i>(audited)</i>
Age		
0 to 30 days	793.5	617.1
31 to 60 days	6.2	0.4
61 to 90 days	—	9.1
Over 90 days	93.0	107.2
	<u>892.7</u>	<u>733.8</u>

In general, SJM provides temporary interest-free credit to gaming promoters which is repayable on demand in the month following the month in which the credit is granted. The relevant temporary credit is generally limited to the commissions accrued/payable to gaming promoters. SJM may also grant credit to gaming promoters that is repayable through instalments and revolving credit facilities with pre-approved credit lines, in which cheques or other forms of securities such as letters of credit are provided by gaming promoters to SJM.

The directors of the Company consider that this credit is only temporary credit provided against unpaid commissions to gaming promoters and is granted based on the performance and financial background of the relevant gaming promoters. In some cases, unsecured credit of not more than the equivalent of two to three months' commissions accrued/payable to the relevant gaming promoters may be granted to those gaming promoters with good credit histories and track records of large business volumes. In the event that a gaming promoter fails to repay credit granted by SJM, SJM has the right, pursuant to the relevant gaming promoter agreement, to withhold commissions payable to the gaming promoter to satisfy the credit granted until full repayment is made.

The advances to gaming promoters and other receivables from gaming promoters are interest-free, unsecured and repayable on demand.

11. Trade and other payables

	At 30 June 2010 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2009 <i>HK\$ million</i> <i>(audited)</i>
Trade payables	1,615.2	1,239.6
Special gaming tax payable	1,497.8	1,325.2
Chips liabilities	3,561.6	2,725.9
Payables for acquisition of property and equipment	64.9	78.3
Construction payables	236.5	562.3
Deposits received from gaming patrons and gaming promoters	216.3	237.5
Accrued staff costs	184.9	194.1
Rentals payables	107.1	106.7
Withholding tax payable for gaming promoters	9.4	7.0
Withholding tax payable on employees' professional tax	10.1	10.6
Other payables	426.7	407.8
	<u>7,930.5</u>	<u>6,895.0</u>

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

	At 30 June 2010 <i>HK\$ million</i> <i>(unaudited)</i>	At 31 December 2009 <i>HK\$ million</i> <i>(audited)</i>
Age		
0 to 90 days	1,585.9	1,213.5
91 to 180 days	5.9	13.6
181 to 365 days	12.3	8.6
Over 365 days	11.1	3.9
	<u>1,615.2</u>	<u>1,239.6</u>

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

BUSINESS REVIEW

Group Operating Results

The Group's total revenue, gaming revenue, profit attributable to owners of the Company, Adjusted EBITDA and Adjusted EBITDA Margin for the Reporting Period each increased substantially from the year-earlier period:

Half-year Operating Results	For the six months ended 30 June		Increase
	2010 <i>HK\$ million</i>	2009 <i>HK\$ million</i>	
Total revenue	26,716	14,914	79.1%
Gaming revenue	26,519	14,794	79.3%
Profit attributable to owners of the Company	1,567	338	363.6%
Adjusted EBITDA ⁽¹⁾	2,232	925	141.3%
Adjusted EBITDA Margin (%) ⁽²⁾	8.4%	6.2%	

For the three months ended 30 June 2010, the Group's operating results also showed increases as compared to the three months ended 31 March 2010:

Quarterly Operating Results	For the quarter ended		Increase
	30 June 2010 <i>HK\$ million</i>	31 March 2010 <i>HK\$ million</i>	
Total revenue	13,953	12,763	9.3%
Gaming revenue	13,836	12,683	9.1%
Profit attributable to owners of the Company	807	760	6.2%
Adjusted EBITDA	1,136	1,096	3.6%

During the Reporting Period, the Group's gaming revenue amounted to approximately 31.8% of total gaming revenue in Macau, compared with 29.6% in the corresponding period last year, according to figures from the Macau Gaming Inspection and Coordination Bureau ("DICJ").

Attributable profit for the Reporting Period reflected depreciation and amortization charges of HK\$609 million, which increased from HK\$562 million in the corresponding period last year, due mainly to increased depreciation charges related to Casino Oceanus at Jai Alai, which commenced operations on 15 December 2009.

- (1) Adjusted EBITDA is earnings after adjustment for non-controlling interests and before interest income and expense, tax, depreciation and amortization, and before accounting for share-based payments. SJM Holdings Limited discloses Adjusted EBITDA, for the Group and for separate business units of the Group, in order to provide investors with an additional measurement of the Group's overall operating performance and the operating performance of the business units. While Adjusted EBITDA is used widely as a performance measurement, the Group's calculation method may be different from the calculation methods used by other companies and therefore comparability may be limited. In particular, the Group's calculation of Adjusted EBITDA does not exclude other items such as pre-opening costs, property charges and other non-operating income.

- (2) Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of total revenue. To be more comparable to casino companies reporting in the United States, commissions and discounts paid to players and promoters would be deducted from total revenue before calculating Adjusted EBITDA Margin. Using this method, the Group's Adjusted EBITDA Margin for the first half of 2010 was 14.5%. If the Group's revenue is further adjusted to include only the net revenue of self-promoted casinos and slot halls plus the net revenue contribution (after reimbursed expenses) of the Group's third party-promoted casinos and slot halls, the Group's Adjusted EBITDA Margin would be 26.5%.

Operating Results — VIP Gaming

VIP gaming operations accounted for 66.7% of the Group's total gaming revenue in the Reporting Period, as compared to 56.5% for the corresponding period last year. Operating results for the Reporting Period are as follows:

	For the six months ended 30 June		Increase/ (Decrease)
	2010	2009	
Gaming revenue (HK\$ million)	17,680	8,364	111.4%
Average daily net-win per VIP gaming table (HK\$)	224,036	227,000	(1.3)%
VIP chips sales (HK\$ million)	608,700	295,049	106.3%
Average number of VIP gaming tables (Average of month-end numbers)	436	204	113.7%

In the Reporting Period, the Group's gaming revenue from VIP gaming operations amounted to approximately 29.8% of total VIP gaming revenue in Macau, compared to 26.0% in the corresponding period last year, according to figures from DICJ.

As at 30 June 2010, the Group's principal operating subsidiary SJM had a total of 464 VIP gaming tables with 34 VIP promoters, as compared with 320 VIP gaming tables with 30 VIP promoters as at 31 December 2009.

During the Reporting Period, the hold rate, or house-win percentage, of VIP gaming operations was 2.90%, as compared with 2.83% in the corresponding period last year.

Operating Results — Mass Market Table Gaming

Gaming revenue from mass market table gaming operations comprised 31.3% of the Group's total gaming revenue in the Reporting Period, as compared to 40.2% in the corresponding period last year. Operating results for the Reporting Period are as follows:

	For the six months ended 30 June		Increase
	2010	2009	
Gaming revenue (HK\$ million)	8,298	5,944	39.6%
Average daily net-win per mass market gaming table (HK\$)	34,188	28,300	20.8%
Average number of mass market gaming tables (Average of month-end numbers)	1,341	1,160	15.6%

In the Reporting Period, the Group's gaming revenue from mass market table gaming operations amounted to approximately 41.2% of total mass market table gaming revenue in Macau, compared to 40.2% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,319 mass market tables in its casinos as at 30 June 2010, as compared with 1,404 mass market gaming tables as at 31 December 2009.

Operating Results — Slot Machines and Electronic Gaming Machines

Gaming revenue from slot machine operations, which include other electronic gaming machines and the game of Tombola, comprised 2.0% of total gaming revenue in the Reporting Period, compared to 3.3% in the corresponding period of last year. Operating Results for the Reporting Period are as follows:

	For the six months ended 30 June		Increase/ (Decrease)
	2010	2009	
Gaming revenue (HK\$ million)	541	487	11.1%
Average daily net-win per slot machine (HK\$)	651	698	(6.7)%
Average number of slot machines (Average of month-end numbers)	4,580	3,846	19.1%

In the Reporting Period, the Group's gaming revenue from slot machine operations amounted to approximately 14.0% of total slot machine revenue in Macau, compared to 16.3% in the corresponding period last year, according to figures from DICJ.

SJM had 4,543 slot machines, operating in 15 of SJM's casinos and in four slot halls, as at 30 June 2010 as compared with 4,567 slot machines as at 31 December 2009.

Operating Results — Non-gaming

Hotel and catering service income and other income totaled HK\$260 million in the Reporting Period, an increase from HK\$178 million in the first half of 2009. Of this amount, HK\$107 million consisted of revenue from hotel rooms and HK\$90 million was revenue from food and beverage services. During the Reporting Period, the Hotel Grand Lisboa operated at average occupancy of 72.8%, and achieved an average daily room rate of HK\$1,933. Adjusted EBITDA contribution of Hotel Grand Lisboa was HK\$67 million for the Reporting Period.

The Group's 51%-owned Ponte 16 contributed HK\$56 million in Adjusted EBITDA in the Reporting Period, compared with HK\$11 million in the first half of 2009. The Sofitel Macau at Ponte 16 and food and beverage operations contributed HK\$60 million to the Group's revenues in the Reporting Period compared with HK\$38 million during the year-earlier period.

On 1 February 2010, the MJ Gallery at Ponte 16 held its grand opening, featuring a permanent display of mementos of superstar Michael Jackson. Open to the public, the Gallery offers a first-of-its-kind in Asia experience for visitors, including several themed sections, multimedia displays and a gift shop.

Operating Results of Casino Segments

Casino Grand Lisboa

The Group's flagship Casino Grand Lisboa continued to perform strongly in the first half of 2010:

	For the six months ended 30 June		
	2010	2009	Increase
Revenue (HK\$ million)	6,827	4,062	68.1%
Profit attributable to the Group (HK\$ million)	989	570	73.5%
Adjusted EBITDA (HK\$ million)	1,123	720	56.0%
Adjusted EBITDA Margin (%)	16.5%	17.7%	

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

	For the six months ended 30 June		Increase/ (Decrease)
	2010	2009	
VIP operations			
Gaming revenue (HK\$ million)	4,774	2,436	96.0%
Average daily net-win per VIP gaming table (HK\$)	306,679	314,000	(2.3)%
VIP chips sales (HK\$ million)	188,669	82,001	130.1%
Average number of VIP gaming tables (Average of month-end numbers)	86	43	100.0%
Mass market operations			
Gaming revenue (HK\$ million)	1,884	1,472	28.0%
Average daily net-win per mass market gaming table (HK\$)	43,196	33,000	30.9%
Average number of mass market gaming tables (Average of month-end numbers)	241	247	(2.4)%
Slot machine operations			
Gaming revenue (HK\$ million)	169	154	9.7%
Average daily net-win per slot machine (HK\$)	1,305	1,162	12.3%
Average number of slot machines (Average of month-end numbers)	715	732	(2.3)%

Casino Grand Lisboa received over 5.2 million visitors during the first half of 2010, an average of 28,843 visitors per day.

Other Self-promoted Casinos and Slot Halls

Besides Casino Grand Lisboa, other self-promoted casinos operated by the Group comprise Casino Lisboa, Casino Oceanus at Jai Alai and Casino Jai Alai. The latter two casinos operate under the same license. The Group also operates three self-promoted slot halls, namely Macau Jockey Club Slot Lounge, Treasure Hunt Slot Lounge and Yat Yuen Canidrome Slot Lounge (collectively, “**Other Self-promoted Casinos and Slot Halls**”).

Performance figures for Other Self-Promoted Casinos and Slot Halls were not disclosed separately by the Group in previous years. For the six months ended 30 June 2010, revenue, Adjusted EBITDA and profit attributable to this category were HK\$6,131 million, HK\$447 million and HK\$318 million respectively. Adjusted EBITDA Margin for this category, therefore, was 7.3% for the Reporting Period.

Other Self-promoted Casinos and Slot Halls operated an average 60 VIP gaming tables and 374 mass market gaming tables during the Reporting Period. Revenue from VIP gaming operations and VIP chips sales was HK\$4,292 million and HK\$147,530 million respectively, and average daily net-win per VIP table was HK\$395,252 for the Reporting Period. Revenue from mass market gaming operations was HK\$1,671 million, and average daily net-win per mass market table was HK\$24,686 for the Reporting Period.

Casino Oceanus at Jai Alai, which opened on 15 December 2009, has been well-received by the gaming public, and has drawn over two million visitors up until 30 June 2010, an average of 10,148 visitors per day.

Satellite Casinos and Slot Halls

Satellite casinos and slot halls operated by the Group consist of 14 third party-promoted casinos and one third party-promoted slot hall, and are listed as follows: Casino Babylon, Casino Casa Real, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview (Macau Jockey Club), Casino Jimei, Casino Kam Pek, Casino Lan Kwai Fong, Casino L'Arc, Casino New Century, Casino Ponte 16, Club Legend VIP and Tiger Slot Lounge (collectively, “**Satellite Casinos and Slot Halls**”).

All of the above were in operation during the entire Reporting Period.

Performance figures for Satellite Casinos and Slot Halls were not disclosed separately by the Group in previous years. For the six months ended 30 June 2010, revenue, Adjusted EBITDA and profit attributable to this category were HK\$13,561 million, HK\$524 million and HK\$476 million respectively. Adjusted EBITDA Margin for this category, therefore, was 3.9% for the Reporting Period.

Satellite Casinos and Slot Halls operated an average 291 VIP gaming tables and 727 mass market gaming tables during the Reporting Period. Revenue from VIP gaming operations and VIP chips sales was HK\$8,614 million and HK\$272,501 million respectively, and average daily net-win per VIP table was HK\$163,539 for the Reporting Period. Revenue from mass market gaming operations was HK\$4,743 million, and average daily net-win per mass market table was HK\$36,044 for the Reporting Period.

PROSPECTS AND RECENT DEVELOPMENTS

Market Environment

In the Reporting Period, the Macau tourism and gaming market continued the growth trajectory which had commenced in the second half of 2009 and showed a substantial increase over the year-earlier period. Total casino gaming revenue established new monthly records successively in January, April and May of 2010. According to the Macau Government Statistics and Census Service, 12.2 million visitors came to Macau in the first half of 2010, an increase of 17.9% from the year-earlier period and an increase of 7.4% from the second half of 2009. The average length of stay in Macau by visitors and the average length of hotel stay in Macau were fairly constant at around 1.0 days and 1.6 days, respectively.

For the six months ended 30 June 2010, Macau casino gaming revenue reached HK\$83,352 million, an increase of 66.9% over the same period last year and an increase of 26.4% from the second half of 2009. Growth in gaming revenue in Macau was mainly derived from growth in VIP gaming revenue, which reached HK\$59,349 million in the six months ended 30 June 2010, an increase of 84.6% from the year-earlier period and an increase of 30.8% from the second half of 2009. As VIP gaming business in Macau is generally conducted on credit provided by junket operators, favorable credit conditions in the region can be assumed to have had a positive influence on the growth of this market.

Currently, and until the opening of two casino resort projects anticipated in 2011 or 2012, the supply of table gaming facilities in Macau is not expected to increase. Measured by the number of gaming tables in operation, which has grown at a compound annual rate of approximately 39.4% since 2002, Macau's supply is experiencing only a minimal increase in 2010.

In March 2010 the Macau government announced that the total number of gaming tables permitted to operate in Macau would be capped at 5,500 for a three-year period. The Group believes that this policy will not affect the Group's business plans during the coming three years, and within the present level of 1,783 gaming tables operated by SJM, adjustments may be made among SJM's casinos and between VIP and mass market gaming tables.

The Group continues to pursue its strategy of growing its business through the development of strategically located gaming facilities in Macau, targeting different segments of the gaming market. The Group seeks to improve operating margins through implementing cost reduction initiatives, improving efficiency, and actively managing its portfolio by upgrading its existing casinos to improve their yields. The Group believes that it is important to have strong operations in both the mass market and VIP gaming businesses, as well as a strong presence in key locations on the Macau Peninsula.

Current Initiatives

To advance its strategy, the Group is progressing on a number of projects, which are described below.

- **at Casino Grand Lisboa**

In the fourth quarter of 2009 SJM opened its first high-vista VIP gaming rooms, on the 36th floor of the Grand Lisboa. By the fourth quarter of 2010, SJM is scheduled to open additional high-vista VIP rooms, with a total of 32 additional VIP gaming tables, on the 38th and 39th floors of the Grand Lisboa.

- **at Casino Lisboa**

In early 2010, SJM completed installation of new information technology systems at Casino Lisboa, including systems for customer relations management and table management, which are expected to enhance the casino's efficiency and customer traction. The Lisboa Card, which was first launched in September 2008, was relaunched in February 2009, adding the functions of player tracking and award of bonus points to the original purpose of supporting promotional campaigns. Membership in the Lisboa Card programme has increased by over a third in the first half of 2010 and there are now over 300,000 members.

- **at Casino Oceanus at Jai Alai**

Elements that remain to complete the current phase of Casino Oceanus at Jai Alai include enhancement of the existing walkway connecting Oceanus to the Macau Maritime Terminal, construction of an overhead walkway connecting Oceanus with the Jai Alai premises, enhancement of the entrances to Oceanus and construction of additional signage. The Group expects to commence work on these items later in 2010.

Future Projects

The Group is considering a number of additional new projects and enhancements to existing facilities, as follows:

- **Cotai**

Consistent with the Group's intention to expand its casino business into the Cotai area, SJM has applied for land concessions for two parcels of land on Cotai, and has entered into discussions regarding potential cooperation with owners of a site adjacent to one of these parcels. SJM has also expressed its interest to the Macau government for other parcels should they become available. The Group is studying carefully the overall progress and prospects of Cotai and as at the current date does not estimate when it will undertake development of any of the above sites.

- **Casino Lisboa and Casino Jai Alai**

The Group is considering various possibilities for enhancing the profitability of Casino Lisboa by refurbishing or renovating its different sections, as well as for renovation of Casino Jai Alai to support the future expansion of Casino Oceanus at Jai Alai. Design decisions have not been made for Casino Lisboa, though a final design is under consideration for Casino Jai Alai. Material capital expenditure for these projects is not expected in 2010.

Outlook

The Group's performance in the second half of the year will remain susceptible to the overall economic performance of the surrounding region and the level of visitation to Macau, as well as to the competitive situation among the casino operators in Macau. During this period, the Group is committed to maintaining its strength in both the VIP and mass market gaming segments while striving to improve its operating efficiency. The Group is cautiously optimistic regarding its performance for the rest of the year.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group maintained a strong financial position during the Reporting Period, with bank balances and cash amounting to HK\$11,272 million (not including HK\$411 million pledged bank deposits) as at 30 June 2010 (as at 31 December 2009: HK\$9,337 million).

Total loan facilities drawn by the Group as at 30 June 2010 amounted to HK\$6,272 million (as at 31 December 2009: HK\$6,262 million). The maturity profile of the Group's borrowings as at 30 June 2010 is set out below:

Maturity Profile

Within 1 year	1–2 years	2–5 years	Over 5 years	Total
22.5%	32.0%	45.5%	—	100.0%

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less bank and cash balances to total assets (excluding bank and cash balances)) was nil at the end of the Reporting Period (as at 31 December 2009: nil).

Capital expenditure commitments by the Group amounted to HK\$267 million at the end of the Reporting Period (as at 31 December 2009: HK\$663 million), which were primarily for construction works on the Grand Lisboa Hotel and Ponte 16.

Future projects such as the development of sites in Cotai will be funded by a combination of internal resources and debt and/or equity finance. The exact investment plans on future projects are subject to change based upon execution of business plan, the progress of the projects, market conditions and the management's view on future business conditions.

Pledge of Assets

As at 30 June 2010, certain of the Group's property and equipment and land use rights with carrying values of HK\$5,971 million and HK\$777 million, respectively (as at 31 December 2009: HK\$6,127 million and HK\$797 million, respectively), were pledged with banks for loan facilities.

In addition, the Group had pledged bank deposits of HK\$411 million as at 30 June 2010 (as at 31 December 2009: HK\$411 million).

Contingent Liabilities and Guarantees

As at 30 June 2010, the Group had total guarantees given to banks of HK\$139 million (as at 31 December 2009: HK\$244 million), which were guarantees in respect of credit facilities granted to an associate, an investee company and a related company. The Company has also agreed to guarantee payment of all sums payable in relation to the issue of convertible bonds made in October 2009. The Group had no significant contingent liabilities as at 30 June 2010.

Financial Risk

The Group follows a conservative policy in financial management with minimal exposure to currency and interest rate risks. Funds raised by the Group are on a floating rate basis. The Group does not currently hedge its interest rate exposure, although it may consider doing so in the future. None of the Group's outstanding borrowings was denominated in a foreign currency at the end of the Reporting Period. The Group's principal operations are primarily conducted and recorded in Hong Kong dollars resulting in minimal exposure to foreign exchange fluctuations.

All of the Group's bank deposits are denominated in Hong Kong dollars, United States dollars or Macau patacas. It is the Group's policy not to engage in speculative trading activity.

Human Resources

As at 30 June 2010, the Group had 19,902 full-time employees (as at 31 December 2009: 19,936). During the Reporting Period the Group's employee turnover rate was minimal.

Staff remuneration of the Group is determined by reference to personal working performance, professional qualification, industry experience and relevant market trends, and includes salary, allowances, medical insurance and provident fund. In addition, the Group operates a share option scheme for its senior employees.

The management of the Group regularly reviews the remuneration policy and evaluates staff performance. Employees 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 scholarships to children of staff to study at institutions of their choice.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The directors of the Company recognise the importance of good corporate governance in the management of the Group. During the six months ended 30 June 2010, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, except for the deviation from code provision E.1.2 that due to health reason, Dr. Ho Hung Sun, Stanley was absent from the annual general meeting of the Company held on 31 May 2010.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements of the shareholders, the register of members of the Company will be closed from Monday, 27 September 2010 to Wednesday, 29 September 2010, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 24 September 2010.

REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The Group's unaudited interim financial information for the six months ended 30 June 2010 has been reviewed by the Audit Committee of the Company, which comprises three independent non-executive directors: Mr. Chau Tak Hay, Mr. Shek Lai Him, Abraham and Mr. Tse Hau Yin and by the Company's joint auditors in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
SJM HOLDINGS LIMITED
So Shu Fai
*Executive Director and
Chief Executive Officer*

Hong Kong, 30 August 2010

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