



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



2018 中期報告
INTERIM REPORT

ABOUT US

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

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

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

As at 30 June 2018, SJM operated 20 casinos, comprising more than 1,600 gaming tables and over 2,700 slot machines.



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BUSINESS REVIEW

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

GROUP OPERATING RESULTS

The Group's total net revenue, net gaming revenue, profit attributable to owners of the Company, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2018 ("the Reporting Period") each increased from the year-earlier period:

	For the six months ended		Increase
	2018	2017	
Group operating results	HK\$ million	HK\$ million	
Total net revenue	17,197	15,674	9.7%
Net gaming revenue	16,843	15,362	9.6%
Profit attributable to owners of the Company	1,498	955	56.8%
Adjusted EBITDA ¹	1,959	1,508	29.9%
Adjusted EBITDA Margin ²	11.4%	9.6%	

¹ Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain on disposal of property and equipment and share-based payments.

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

During the Reporting Period, the Group's gross gaming revenue amounted to approximately 15.1% of total gaming revenue in Macau, compared with 16.7% in the corresponding period last year, according to figures from the Macau Gaming Inspection and Coordination Bureau ("DICJ").

Attributable profit in the Reporting Period was affected by deductions of share-based payments of \$2 million, as compared with \$31 million in the corresponding period last year. Depreciation and amortisation charges in the Reporting Period were \$627 million, as compared to \$614 million in the corresponding period last year.

BUSINESS REVIEW

The Group's operating results for the six months ended 30 June 2018, as compared to the six months ended 30 June 2017, are as follows:

OPERATING RESULTS — VIP GAMING

VIP operations	For the six months ended		Increase/ (Decrease)
	30 June 2018	2017	
Gross gaming revenue (HK\$ million)	9,958	9,818	1.4%
Average daily net-win per VIP gaming table (HK\$)	192,355	179,018	7.4%
VIP chips sales (HK\$ million)	350,765	316,973	10.7%
Average number of VIP gaming tables (Average of month-end numbers)	286	303	(5.6%)

VIP gaming operations accounted for 45.2% of the Group's total gross gaming revenue in the Reporting Period, as compared to 48.0% for the corresponding period last year. As at 30 June 2018, SJM had 291 VIP gaming tables in operation with 18 VIP promoters, as compared with 279 VIP gaming tables and 19 VIP promoters as at 31 December 2017.

The Group's gross gaming revenue from VIP gaming operations amounted to approximately 12.2% of total VIP gaming revenue in Macau, compared to 14.2% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 2.84%, as compared with 3.10% in the corresponding period last year.

BUSINESS REVIEW

OPERATING RESULTS — MASS MARKET TABLE GAMING

Gross gaming revenue from mass market table gaming operations comprised 52.2% of the Group's total gross gaming revenue in the Reporting Period, as compared to 49.5% in the corresponding period last year. Operating results for the Reporting Period are as follows:

Mass market operations	For the six months ended		
	30 June		
	2018	2017	Increase
Gross gaming revenue (HK\$ million)	11,487	10,135	13.3%
Average daily net-win per mass market gaming table (HK\$)	44,916	40,401	11.2%
Average number of mass market gaming tables (Average of month-end numbers)	1,413	1,386	1.9%

In the Reporting Period, the Group's gross gaming revenue from mass market table gaming operations amounted to approximately 20.2% of total mass market table gaming revenue in Macau, compared to 21.4% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,408 mass market gaming tables in its casinos as at 30 June 2018, as compared with 1,424 mass market gaming tables as at 31 December 2017.

OPERATING RESULTS — SLOT MACHINES AND OTHER GAMING OPERATIONS

Gross gaming revenue from slot machine operations, which include other electronic gaming machines, comprised 2.6% of total gross gaming revenue in the Reporting Period, as compared to 2.5% in the corresponding period of last year. Operating results for the Reporting Period are as follows:

Slot machine operations	For the six months ended		
	30 June		
	2018	2017	Increase
Gross gaming revenue (HK\$ million)	582	520	12.0%
Average daily net-win per slot machine (HK\$)	1,172	1,070	9.6%
Average number of slot machines (Average of month-end numbers)	2,743	2,684	2.2%

In the Reporting Period, the Group's gross gaming revenue from slot machine operations amounted to approximately 7.9% of total slot machine revenue in Macau, compared to 8.5% in the corresponding period last year, according to figures from DICJ.

SJM had 2,797 slot machines, operating in 13 of its casinos, as at 30 June 2018 as compared with 2,473 slot machines as at 31 December 2017.

BUSINESS REVIEW

OPERATING RESULTS — CASINO GRAND LISBOA

Casino Grand Lisboa	For the six months ended		
	30 June		
	2018	2017	Increase
Gross gaming revenue (HK\$ million)	7,949	7,356	8.1%
Profit attributable to the Group (HK\$ million)	999	708	41.0%
Adjusted Grand Lisboa EBITDA ³ (HK\$ million)	1,093	847	29.0%
Adjusted Grand Lisboa EBITDA Margin (over gross gaming revenue)	13.7%	11.5%	

³ Adjusted Grand Lisboa EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain on disposal of property and equipment and share-based payments, and before elimination of inter-company consumption.

Operating results of Casino Grand Lisboa are as follows:

Casino Grand Lisboa	For the six months ended		
	30 June		
	2018	2017	Increase/ (Decrease)
VIP operations			
Gross gaming revenue (HK\$ million)	5,114	4,952	3.3%
Average daily net-win per VIP gaming table (HK\$)	247,845	220,653	12.3%
VIP chips sales (HK\$ million)	195,103	176,598	10.5%
Average number of VIP gaming tables (Average of month-end numbers)	114	124	(8.1%)
Mass market operations			
Gross gaming revenue (HK\$ million)	2,606	2,205	18.2%
Average daily net-win per mass market gaming table (HK\$)	52,351	44,949	16.5%
Average number of mass market gaming tables (Average of month-end numbers)	275	271	1.5%
Slot machine operations			
Gross gaming revenue (HK\$ million)	229	199	15.2%
Average daily net-win per slot machine (HK\$)	1,549	1,348	14.9%
Average number of slot machines (Average of month-end numbers)	816	814	0.2%

Casino Grand Lisboa received over 5.6 million visitors during the Reporting Period, an average of approximately 31,000 visitors per day compared with approximately 5.0 million visitors during the first half of 2017, or approximately 28,000 visitors per day.

BUSINESS REVIEW

OPERATING RESULTS — OTHER SELF-PROMOTED CASINOS

Other self-promoted casinos are Casino Lisboa, Casino Oceanus at Jai Alai (including the casino area in the Jai Alai building) and Casino Taipa (collectively, "Other Self-promoted Casinos").

Other self-promoted casinos	For the six months ended		Increase/ (Decrease)
	30 June 2018	2017	
Gross gaming revenue (HK\$ million)	3,034	3,080	(1.5%)
Profit attributable to the Group (HK\$ million)	278	165	68.4%
Adjusted EBITDA (HK\$ million)	402	303	32.6%
Adjusted EBITDA Margin (over gross gaming revenue)	13.2%	9.8%	

Operating results of other self-promoted casinos are as follows:

Other self-promoted casinos	For the six months ended		Increase/ (Decrease)
	30 June 2018	2017	
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	765	999	(23.4%)
Average daily net-win per VIP gaming table (HK\$)	150,954	197,188	(23.4%)
VIP chips sales (HK\$ million)	29,307	32,696	(10.4%)
Average number of VIP gaming tables (Average of month-end numbers)	28	28	—
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	2,120	1,959	8.2%
Average daily net-win per mass market gaming table (HK\$)	33,370	29,495	13.1%
Average number of mass market gaming tables (Average of month-end numbers)	351	367	(4.4%)
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	149	121	23.2%
Average daily net-win per slot machine (HK\$)	1,054	872	20.8%
Average number of slot machines (Average of month-end numbers)	781	766	2.0%

As at 30 June 2018, Casino Lisboa operated a total of 109 mass market gaming tables, 28 VIP gaming tables and 161 slot machines, and Casino Oceanus at Jai Alai operated a total of 198 mass market gaming tables and 474 slot machines, plus 37 mass market gaming tables and 88 slot machines in the casino area of the Jai Alai building. Casino Taipa operated 5 mass market gaming tables and 101 slot machines.

BUSINESS REVIEW

OPERATING RESULTS — SATELLITE CASINOS

As at 30 June 2018, SJM operated 16 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Club VIP Legend, Casino Diamond, Casino Eastern, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Kam Pek Paradise, Casino Lan Kwai Fong, Casino L'Arc Macau, Casino Legend Palace, Casino Macau Jockey Club, Casino Ponte 16 and Casino Royal Dragon. The 16 satellite casinos comprised a total of 785 mass market gaming tables, 149 VIP gaming tables and 1,157 slot machines as at 30 June 2018.

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

Satellite casinos	For the six months ended		
	30 June 2018	2017	Increase
Gross gaming revenue (HK\$ million)	11,044	10,038	10.0%
Profit attributable to the Group (HK\$ million)	417	283	47.2%
Adjusted EBITDA (HK\$ million)	395	295	33.8%
Adjusted EBITDA Margin (over gross gaming revenue)	3.6%	2.9%	

Operating results of satellite casinos are as follows:

Satellite casinos	For the six months ended		
	30 June 2018	2017	Increase/ (Decrease)
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	4,078	3,866	5.5%
Average daily net-win per VIP gaming table (HK\$)	156,476	141,460	10.6%
VIP chips sales (HK\$ million)	126,356	107,679	17.3%
Average number of VIP gaming tables (Average of month-end numbers)	144	151	(4.6%)
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	6,762	5,971	13.2%
Average daily net-win per mass market gaming table (HK\$)	47,467	44,104	7.6%
Average number of mass market gaming tables (Average of month-end numbers)	787	748	5.2%
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	204	200	2.1%
Average daily net-win per slot machine (HK\$)	985	1,002	(1.7%)
Average number of slot machine (Average of month-end numbers)	1,146	1,104	3.8%

BUSINESS REVIEW

NON-GAMING OPERATIONS

During the Reporting Period, the Grand Lisboa Hotel contributed \$256 million in revenue and \$25 million in Adjusted Grand Lisboa EBITDA to the Group as compared with \$259 million in revenue and \$37 million in Adjusted Grand Lisboa EBITDA for the corresponding period last year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 96.3% for the Reporting Period, as compared with 93.3% for the corresponding period last year. Average room rate during the Reporting Period was approximately \$1,503 as compared with \$1,575 for the corresponding period last year.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$102 million in revenue to the Group, compared with a contribution of \$92 million for the corresponding period last year. The occupancy rate of the 408-room hotel averaged 92.4% for the Reporting Period as compared with 88.8% in the corresponding period last year, and the average room rate was \$1,103 as compared with \$1,024 for the corresponding period last year.

PROSPECTS AND RECENT DEVELOPMENTS

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

MARKET ENVIRONMENT

During the first half of 2018 Macau's total gaming revenue increased by 18.9% over the corresponding period in 2017. One new casino resort opened in the Cotai area of Macau by a competitor in the first half of 2018. According to figures from the Macau Government Statistics and Census Service, visitor arrivals to Macau in the first half of 2018 increased by 8.0% to 16.8 million, of which visitors from Mainland China increased by 13.3% to 11.7 million, or 69.6% of the total.

CURRENT AND RECENT INITIATIVES

Grand Lisboa Palace

Construction of the Grand Lisboa Palace, SJM's future integrated resort on Cotai, which began in February 2014, made good progress in the first half of 2018, following setbacks which occurred in the second half of 2017 due to Typhoon Hato and a fire. SJM aims to complete construction of the project by the end of 2018.

When open, which is expected by the second half of 2019, the Grand Lisboa Palace will comprise a total gross floor area of 521,435 square metres plus 77,158 square metres of parking area. More than 90% of the total area will be devoted to a full range of nongaming facilities, including hotel towers bearing the insignia "Grand Lisboa Palace", "Palazzo Versace" and "Karl Lagerfeld", totaling approximately 2,000 rooms, plus facilities for events, meetings and conferences, shopping, dining and entertainment, and a casino, at an estimated total project cost of approximately \$36 billion.

SJM signed a \$25 billion syndicated loan facilities agreement in April 2017 primarily to finance the construction costs of the Grand Lisboa Palace. Of these facilities, \$15 billion had been drawn by the end of the first half of 2018.

As at 30 June 2018, SJM had entered into capital commitments in connection with the Grand Lisboa Palace project with a total value of approximately \$12.5 billion.

Oceanus at Jai Alai Complex

SJM opened the Jai Alai Hotel in November 2017, adding lodging capacity of 132 rooms and two restaurants to the Oceanus at Jai Alai Complex. Previously the casino area in the Jai Alai building had been opened in December 2016 and the JA Avenue retail arcade, which focuses on brand cosmetics and beauty aids, opened in April 2017.

OUTLOOK

The Group's performance in the second half of 2018 will remain susceptible to the overall economic performance of the surrounding region, government regulatory policies, and the level of visitation to Macau, as well as to the competitive situation among the casino operators in Macau. During this period, the Group is committed to maintaining its strength in both the mass market and VIP gaming segments while striving to improve its operating efficiency. The Group is optimistic regarding its performance for the rest of the year.

FINANCIAL REVIEW

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a strong financial position, with bank balances and cash amounting to \$21,768 million (not including \$147 million pledged bank deposits) as at 30 June 2018. This represented an increase of 37.0% as compared with the position as at 31 December 2017 of \$15,890 million. The increase was mainly attributable to cash inflows for drawdown of syndicated loan facilities during the year.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2018 amounted to \$15,535 million (as at 31 December 2017: \$8,135 million). The maturity of the Group's borrowings as at 30 June 2018 is as follows:

Maturity Profile			
Within 1 year	1–2 years	2–5 years	Total
11%	21%	68%	100%

GEARING RATIO

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less bank balances and cash to total assets (excluding bank balances and cash)) was zero at the end of the Reporting Period (as at 31 December 2017: zero).

CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments by the Group amounted to \$12.8 billion as at 30 June 2018 (as at 31 December 2017: \$15.6 billion), of which \$12.5 billion were for the Grand Lisboa Palace project. As at 30 June 2018, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$36 billion, including capital expenditure commitments to date.

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

PLEDGE OF ASSETS

As at 30 June 2018, certain of the Group's property and equipment and land use rights with carrying values of \$24,178 million and \$1,845 million, respectively (as at 31 December 2017: \$21,762 million and \$1,892 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$147 million as at 30 June 2018 (as at 31 December 2017: \$147 million).

FINANCIAL REVIEW

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2018, the total amount of guarantees of the Group given to banks was \$87 million (as at 31 December 2017: \$87 million), which were guarantees in respect of credit facilities granted to an associate and an investee company. The Group had no significant contingent liabilities as at 30 June 2018.

FINANCIAL RISK

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

MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisitions or material disposals of subsidiaries and associated companies during the Reporting Period.

HUMAN RESOURCES

As at 30 June 2018, the Group had approximately 20,500 full-time employees. The Group's employee turnover rate was minimal in the first half of 2018.

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.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK8 cents per Share for the six months ended 30 June 2018 (six months ended 30 June 2017: HK5 cents per Share). The interim dividend is expected to be paid on 28 September 2018 to Shareholders whose names appear on the register of members of the Company on 14 September 2018.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

Book close dates for interim dividend	: 12 September 2018 to 14 September 2018
Ex-dividend date	: 10 September 2018
Record date for interim dividend	: 14 September 2018
Latest time to lodge transfer documents with the Company's share registrar to qualify for the interim dividend	: 4:30 p.m. on Tuesday, 11 September 2018
Name and address of the Company's share registrar	: Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Expected payment date	: 28 September 2018

DISCLOSURE OF INTERESTS

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

As at 30 June 2018, interests and short positions of each Director and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, are as follows:

DISCLOSURE OF INTERESTS

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

Interests in Shares, underlying Shares and debentures of the Company

Name of Director	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Ho Chiu Fung, Daisy	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
Fok Tsun Ting, Timothy	Beneficial owner	Long position	—	9,000,000 (Note 1)	0.16%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	—	8.09%
	Beneficial owner	Long position	—	30,000,000 (Note 1)	0.53%
			457,950,000	30,000,000	8.62%
So Shu Fai	Beneficial owner	Long position	153,327,922	—	2.71%
	Beneficial owner	Long position	—	35,000,000 (Note 1)	0.62%
			153,327,922	35,000,000	3.33%
Cheng Kar Shun	Beneficial owner	Long position	—	6,000,000 (Note 1)	0.11%
Chau Tak Hay	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			500,000	500,000	0.02%
Lan Hong Tsung, David	Beneficial owner	Long position	100,000	—	0.002%
	Beneficial owner	Long position	—	1,000,000 (Note 1)	0.02%
			100,000	1,000,000	0.022%

DISCLOSURE OF INTERESTS

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

Interests in Shares, underlying Shares and debentures of the Company

Name of Director	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Shek Lai Him, Abraham	Beneficial owner	Long position	200,000	—	0.004%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			200,000	500,000	0.014%
Tse Hau Yin	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	1,000,000 (Note 1)	0.02%
			500,000	1,000,000	0.03%
Ng Chi Sing	Beneficial owner	Long position	118,452,922	—	2.09%
	Beneficial owner	Long position	—	32,000,000 (Note 1)	0.57%
			118,452,922	32,000,000	2.66%
Chan Un Chan	Beneficial owner	Long position	2,034,000	—	0.04%
	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
			2,034,000	3,000,000	0.09%
Shum Hong Kuen, David	Beneficial owner	Long position	3,000,000	—	0.05%
	Beneficial owner	Long position	—	6,000,000 (Note 1)	0.11%
			3,000,000	6,000,000	0.16%

Notes:

- These represent the interests in underlying Shares in respect of the Options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.
- The percentage has been calculated based on 5,658,669,293 Shares in issue as at 30 June 2018.

DISCLOSURE OF INTERESTS

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

Interests in shares, underlying shares and debentures of associated corporations

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

Name of Director	Capacity	Long/short position	No. 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%

Sociedade de Jogos de Macau, S.A.

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

Save as disclosed above, so far as was known to any Director, as of 30 June 2018, none of the Directors or the chief executives of the Company had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange, or any interest which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or any interests which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS

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

As at 30 June 2018, details of substantial Shareholders' and other persons' (who are required to disclose their interests pursuant to Part XV of the SFO) interests and short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of substantial Shareholder	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Sociedade de Turismo e Diversões de Macau, S.A.	Beneficial owner and its controlled corporation (Note 1)	Long position	3,062,059,500	—	54.11%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	30,000,000 (Note 3)	8.62%

Notes:

1. 12,072,000 Shares are directly held by Konrad Investments Limited, an indirect wholly-owned subsidiary of STDM through Bounty Rich Holdings Limited.
2. The percentage has been calculated based on 5,658,669,293 Shares in issue as at 30 June 2018.
3. These represent the interests in underlying Shares in respect of the Options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2018, the Company had not been notified by any persons (other than a Director or the chief executives of the Company) of any interest or short position in Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

SHARE OPTION SCHEME

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

Details of the movement in Options granted under the Scheme during the six months ended 30 June 2018 were as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2018
				Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors:									
Ho Chiu Fung, Daisy	22 June 2017 (Note 8)	22 December 2017 to 21 December 2026	\$8.33	1,000,000	—	—	—	—	1,000,000
	22 June 2017 (Note 8)	22 December 2018 to 21 December 2026	\$8.33	1,000,000	—	—	—	—	1,000,000
	22 June 2017 (Note 8)	22 December 2019 to 21 December 2026	\$8.33	1,000,000	—	—	—	—	1,000,000
Fok Tsun Ting, Timothy	31 August 2010 (Note 3)	28 February 2011 to 27 February 2020	\$7.48	3,000,000	—	—	—	—	3,000,000
	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Leong On Kei, Angela	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
So Shu Fai	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	11,666,000	—	—	—	—	11,666,000
Cheng Kar Shun	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000

SHARE OPTION SCHEME

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2018
				Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Chau Tak Hay	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Lan Hong Tsung, David	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Shek Lai Him, Abraham	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Tse Hau Yin	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Ng Chi Sing	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	10,666,000	—	—	—	—	10,666,000
Chan Un Chan	21 June 2018 (Note 9)	21 December 2018 to 20 December 2027	\$10.26	—	1,000,000	—	—	—	1,000,000
	21 June 2018 (Note 9)	21 December 2019 to 20 December 2027	\$10.26	—	1,000,000	—	—	—	1,000,000
	21 June 2018 (Note 9)	21 December 2020 to 20 December 2027	\$10.26	—	1,000,000	—	—	—	1,000,000
Shum Hong Kuen, David	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	3,000,000	—	—	—	—	3,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Sub-total (Directors):				124,000,000	3,000,000	—	—	—	127,000,000

SHARE OPTION SCHEME

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2018
				Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Associates (as defined in the Listing Rules) of Directors (who are also Employees):									
Ho Hung Sun, Stanley	15 June 2015 (Notes 6 & 10)	15 December 2015 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Notes 6 & 10)	15 December 2016 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Notes 6 & 10)	15 December 2017 to 14 December 2024	\$9.826	1,666,000	—	—	—	—	1,666,000
Huen Wai Kei	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	66,000	—	—	—	—	66,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
Sub-total (Associates of Directors (who are also Employees)):				5,260,000	—	—	—	—	5,260,000

SHARE OPTION SCHEME

Name or category of participant	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2018
				Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Employees	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	890,000	—	(250,000)	—	—	640,000
Employees	26 May 2010 (Note 2)	26 November 2010 to 25 November 2019	\$5.03	260,000	—	—	—	—	260,000
Employees	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
Employees*	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	13,168,000	—	—	—	(653,000)	12,515,000
Employee	8 October 2013 (Note 5)	8 October 2014 to 7 April 2023	\$22	1,000,000	—	—	—	(1,000,000)	—
Employees*	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	13,118,000	—	—	—	(649,000)	12,469,000
Employee	8 October 2013 (Note 5)	8 October 2015 to 7 April 2023	\$22	500,000	—	—	—	(500,000)	—
Employees*	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	13,104,000	—	—	—	(648,000)	12,456,000
Employee	8 October 2013 (Note 5)	8 October 2016 to 7 April 2023	\$22	500,000	—	—	—	(500,000)	—
Employee	8 October 2013 (Note 5)	8 October 2017 to 7 April 2023	\$22	500,000	—	—	—	(500,000)	—
Employee	8 October 2013 (Note 5)	8 October 2018 to 7 April 2023	\$22	500,000	—	—	—	(500,000)	—
Employees*	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	4,063,000	—	(97,000)	—	(224,000)	3,742,000
Employees*	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	4,063,000	—	(97,000)	—	(224,000)	3,742,000
Employees*	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	3,913,000	—	(96,000)	—	(191,000)	3,626,000
Employee	11 May 2016 (Note 7)	11 November 2016 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Employee	11 May 2016 (Note 7)	11 November 2017 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Employee	11 May 2016 (Note 7)	11 November 2018 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Sub-total (Employees):				61,579,000	—	(540,000)	—	(5,589,000)	55,450,000
Other participants	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	300,000	—	—	—	—	300,000
Other participants	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	367,000	—	—	—	—	367,000
Other participants	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	367,000	—	—	—	—	367,000
Other participants	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	366,000	—	—	—	—	366,000
Other participants	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	277,000	—	—	—	—	277,000
Other participants	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	277,000	—	—	—	—	277,000
Other participants	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	276,000	—	—	—	—	276,000
Sub-total (Other participants):				2,230,000	—	—	—	—	2,230,000
Total:				193,069,000	3,000,000	(540,000)	—	(5,589,000)	189,940,000

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

SHARE OPTION SCHEME

Notes:

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

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

2. The vesting period for all of the Options granted on 26 May 2010 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$4.83. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$2.0178.
3. The vesting period for all of the Options granted on 31 August 2010 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$7.49. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$2.8926.
4. The vesting period for all of the Options granted on 17 March 2011 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$12.58. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$4.5320.
5. The vesting period for 47,460,000 Options granted on 8 October 2013 is approximately 34% vesting on six months from the date of grant, then approximately 33% vesting on each of the first and second anniversaries of such vesting date. The vesting period for 3,000,000 Options granted on 8 October 2013 is approximately 34% vesting on one year from the date of grant, then approximately 16.5% vesting on two, three, four and five years from the date of grant respectively. The closing price of the Shares immediately before the date of grant was HK\$21.95. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

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

SHARE OPTION SCHEME

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

Category of Participants	Number of Options	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
Other participants	277,000	15 December 2015 to 14 December 2024	HK\$3.3966
Other participants	277,000	15 December 2016 to 14 December 2024	HK\$3.4052
Other participants	276,000	15 December 2017 to 14 December 2024	HK\$3.3865

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

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

8. The 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 is 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

SHARE OPTION SCHEME

9. 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 is 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

10. On 12 June 2018, Dr. Ho Hung Sun, Stanley, a director of the Company, retired and has continued as an employee of the Group. The classification of outstanding number of his share options is reclassified to confirm with current period's presentation.
11. The weighted average closing price of the Shares immediately before the dates on which the Options were exercised is HK\$9.03.

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 2018.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2018 to 30 June 2018, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, except for the deviation from Code Provision E.1.2 that due to health reasons, Dr. Ho Hung Sun, Stanley was absent from the annual general meeting of the Company held on 12 June 2018.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that all Directors have complied with the required standards as stated in the Model Code during the six months ended 30 June 2018.

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Directors' biographical details update since 1 January 2018 and up to 30 June 2018, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Biographical details update since 1 January 2018 and up to 30 June 2018
Ho Chiu Fung, Daisy	- Increased director's special fee from the Company by HK\$92,237 for 2017 - Appointed as Chairman with effect from 12 June 2018 - Increased by HK\$500,000 director's annual base fee from the Company since 12 June 2018 - Increased by HK\$70,000 monthly allowance from the Group since 12 June 2018
Fok Tsun Ting, Timothy	- Increased director's special fee from the Group by HK\$83,333 for 2017 - Increased by HK\$100,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2018 - Appointed as Co-Chairman with effect from 12 June 2018 - Increased by HK\$500,000 director's annual base fee from the Company since 12 June 2018 - Increased by HK\$70,000 monthly allowance from the Group since 12 June 2018
Leong On Kei, Angela	- Increased director's special fee from the Group by HK\$83,334 for 2017 - Increased by HK\$100,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2018 - Increased monthly director's base fee from SJM by HK\$17,944 since 1 April 2018 - Increased monthly base fee as Chairman of Staff Welfare Consultative Committee of SJM by HK\$2,026 since 1 April 2018 - Appointed as Co-Chairman with effect from 12 June 2018 - Increased by HK\$500,000 director's annual base fee from the Company since 12 June 2018
So Shu Fai	- Increased director's special fee from the Group by HK\$83,333 for 2017 - Increased by HK\$100,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2018 - Increased monthly director's base fee from SJM by HK\$23,732 since 1 April 2018 - Appointed as Vice-Chairman with effect from 12 June 2018
Cheng Kar Shun	- Resigned as independent non-executive director of HKR International Limited with effect from 31 March 2018 - Resigned as chairman and non-executive director of Newton Resources Ltd with effect from 9 April 2018 - Retired as independent non-executive director of Hang Seng Bank Limited with effect from 10 May 2018
Shek Lai Him, Abraham	- Increased director's special fee from the Group by HK\$100,000 for 2017 - Increased by HK\$120,000 annual base fee to be received from the Group as the chairman of ad hoc committees for the Cotai Project since 1 January 2018 - Appointed as independent non-executive director of Everbright Grand China Assets Limited with effect from 16 January 2018 - Resigned as independent non-executive director of Midas International Holdings Limited with effect from 26 January 2018 - Awarded the Honorary University Fellowship by The Education University of Hong Kong in March 2018
Tse Hau Yin	- Increased director's special fee from the Group by HK\$83,334 for 2017 - Increased by HK\$100,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2018
Ng Chi Sing	Increased monthly director's base fee from SJM by HK\$21,706 since 1 April 2018
Shum Hong Kuen, David	- Increased director's special fee from the Group by HK\$83,333 for 2017 - Increased by HK\$100,000 annual base fee to be received from the Group as a member of ad hoc committees for the Cotai Project since 1 January 2018

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2018 has been reviewed by the Audit Committee of the Company. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2018 have been reviewed by the Audit Committee of the Company and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board of Directors
SJM Holdings Limited

Ho Chiu Fung, Daisy
Chairman and Executive Director

Hong Kong, 31 July 2018

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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TO THE BOARD OF DIRECTORS OF

SJM HOLDINGS LIMITED

澳門博彩控股有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SJM Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 27 to 68, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

31 July 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited) (restated)
Gaming, hotel, catering, retail and related services revenues		17,196.6	15,673.5
Gaming revenue	4	16,843.3	15,362.2
Special gaming tax, special levy and gaming premium		(8,531.4)	(7,940.7)
Hotel, catering, retail and related services income		8,311.9	7,421.5
Cost of sales and services on hotel, catering, retail and related services		353.3	311.3
Other income, gains and losses		(186.6)	(148.3)
Marketing and promotional expenses		161.4	80.7
Operating and administrative expenses		(2,811.4)	(2,392.7)
Finance costs	5	(4,298.3)	(4,311.9)
Share of profits of an associate		(13.6)	(18.4)
Share of profits of a joint venture		8.6	19.7
		3.2	2.9
Profit before taxation	6	1,528.5	964.8
Taxation	7	(10.4)	(16.5)
Profit for the period		1,518.1	948.3
Other comprehensive income (expense):			
Item that will not be reclassified subsequently to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		31.6	—
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments in equity securities		—	(31.4)
Total comprehensive income for the period		1,549.7	916.9
Profit (loss) for the period attributable to:			
owners of the Company		1,498.1	955.4
non-controlling interests		20.0	(7.1)
		1,518.1	948.3
Total comprehensive income (expense) for the period attributable to:			
owners of the Company		1,529.7	924.0
non-controlling interests		20.0	(7.1)
		1,549.7	916.9
Earnings per share:			
Basic	9	HK26.5 cents	HK16.9 cents
Diluted	9	HK26.5 cents	HK16.9 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Non-current assets			
Property and equipment	10	26,967.9	24,690.4
Land use rights	11	2,330.4	2,396.8
Art works and diamonds		281.3	281.3
Interest in an associate		286.2	257.8
Interest in a joint venture		124.3	121.1
Available-for-sale investments in equity securities	2.2.2	—	244.6
Investments in equity instruments designated at fair value through other comprehensive income	2.2.2	681.5	—
Other assets	12	1,064.1	925.4
Pledged bank deposits	13	145.6	145.6
		31,881.3	29,063.0
Current assets			
Inventories		84.4	82.7
Trade and other receivables	14	1,235.9	1,165.6
Amount due from ultimate holding company		0.1	—
Financial assets at fair value through profit or loss	2.2.2	—	84.3
Pledged bank deposits	13	1.3	1.3
Short-term bank deposits		12,943.6	9,719.1
Bank balances and cash		8,824.8	6,171.0
		23,090.1	17,224.0
Current liabilities			
Trade and other payables	16	11,300.4	11,173.8
Taxation payable		90.0	84.7
Long-term bank loans	17	1,700.0	200.0
		13,090.4	11,458.5
Net current assets		9,999.7	5,765.5
Total assets less current liabilities		41,881.0	34,828.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Non-current liabilities			
Other payables	16	1,232.9	1,094.2
Long-term bank loans	17	13,835.0	7,935.0
Amounts due to non-controlling interests of subsidiaries	18	283.5	280.0
Deferred taxation		32.7	50.1
		15,384.1	9,359.3
Net assets		26,496.9	25,469.2
Capital and reserves			
Share capital	19	11,246.3	11,241.5
Reserves		15,158.2	14,155.3
Equity attributable to owners of the Company		26,404.5	25,396.8
Non-controlling interests		92.4	72.4
Total equity		26,496.9	25,469.2

The condensed consolidated financial statements on pages 27 to 68 were approved and authorised for issue by the board of directors on 31 July 2018 and are signed on its behalf by:

Ho Chiu Fung, Daisy
Director

So Shu Fai
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital HK\$ million	Share options reserve HK\$ million	Investment revaluation reserve HK\$ million	Retained profits HK\$ million	Attributable to owners of the Company HK\$ million	Non-controlling interests HK\$ million	Total HK\$ million
At 31 December 2017 (audited)	11,241.5	892.1	14.6	13,248.6	25,396.8	72.4	25,469.2
Adjustments (note 2.2.2)	—	—	44.9	276.1	321.0	—	321.0
At 1 January 2018 (restated)	11,241.5	892.1	59.5	13,524.7	25,717.8	72.4	25,790.2
Profit for the period	—	—	—	1,498.1	1,498.1	20.0	1,518.1
Other comprehensive income for the period	—	—	31.6	—	31.6	—	31.6
Total comprehensive income for the period	—	—	31.6	1,498.1	1,529.7	20.0	1,549.7
Exercise of share options	4.8	(1.3)	—	—	3.5	—	3.5
Recognition of equity-settled share-based payments	—	2.3	—	—	2.3	—	2.3
Release of lapsed equity-settled share-based payments	—	(44.6)	—	44.6	—	—	—
Dividends paid (note 8)	—	—	—	(848.8)	(848.8)	—	(848.8)
	4.8	(43.6)	—	(804.2)	(843.0)	—	(843.0)
At 30 June 2018 (unaudited)	11,246.3	848.5	91.1	14,218.6	26,404.5	92.4	26,496.9
At 1 January 2017 (audited)	11,237.6	838.7	98.3	12,578.2	24,752.8	88.4	24,841.2
Profit (loss) for the period	—	—	—	955.4	955.4	(7.1)	948.3
Other comprehensive expense for the period	—	—	(31.4)	—	(31.4)	—	(31.4)
Total comprehensive (expense) income for the period	—	—	(31.4)	955.4	924.0	(7.1)	916.9
Exercise of share options	0.8	(0.2)	—	—	0.6	—	0.6
Recognition of equity-settled share-based payments	—	30.5	—	—	30.5	—	30.5
Release of lapsed equity-settled share-based payments	—	(1.8)	—	1.8	—	—	—
Arising from changes in cash flow estimates on amount due to non-controlling interests of a subsidiary	—	—	—	—	—	3.7	3.7
Dividends paid (note 8)	—	—	—	(1,018.3)	(1,018.3)	—	(1,018.3)
	0.8	28.5	—	(1,016.5)	(987.2)	3.7	(983.5)
At 30 June 2017 (unaudited)	11,238.4	867.2	66.9	12,517.1	24,689.6	85.0	24,774.6

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
Net cash from operating activities	2,466.6	1,164.6
Investing activities		
Interest received	91.0	54.6
Dividend received	1.4	—
Acquisition of property and equipment	(2,762.3)	(3,334.7)
Proceeds from disposal of property and equipment	0.8	2.7
Additions of land use rights	—	(182.4)
Deposits paid for acquisitions of property and equipment	(147.1)	(13.0)
Repayment from an investee company	2.6	2.6
Advances to ultimate holding company	(0.1)	—
Advances to constructors	(144.5)	—
Withdrawal of short-term bank deposits	9,759.1	4,538.5
Placement of short-term bank deposits	(12,983.6)	(4,230.5)
Withdrawal of pledged bank deposits	—	268.4
Net cash used in investing activities	(6,182.7)	(2,893.8)
Financing activities		
Interest paid	(184.8)	(13.3)
Dividends paid	(848.8)	(1,018.3)
Proceeds from issue of shares	3.5	0.6
Long-term bank loan raised	7,500.0	260.0
Repayment of long-term bank loans	(100.0)	(546.7)
Repayment to non-controlling interests of a subsidiary	—	(98.0)
Net cash from (used in) financing activities	6,369.9	(1,415.7)
Net increase (decrease) in cash and cash equivalents	2,653.8	(3,144.9)
Cash and cash equivalents at 1 January	6,171.0	9,510.4
Cash and cash equivalents at 30 June, represented by bank balances and cash	8,824.8	6,365.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL

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

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company, and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The financial information relating to the year ended 31 December 2017 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the annual financial statements of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 December 2017.

Except as disclosed in notes 2.1 and 2.2 below, the application of the new and amendments to HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior interim periods and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

In addition, the Group has applied Amendments to HKFRS 9 Prepayment Features with Negative Compensation in advance of the effective date, i.e. 1 January 2019.

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources:

- gaming operations
- hotel, catering and retail operations

The Group has applied the full retrospective method of transition to HKFRS 15 and the comparative figures have been restated.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

A performance obligation represents a good and 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 and 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.

Principal versus agent

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Principal versus agent (Continued)

The Group is a principal if it controls the specified services before those services are transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified services by another party. In this case, the Group does not control the specified services provided by another party before those services are 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 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.

2.1.2 Summary of effects arising from initial application of HKFRS 15

The Group has applied the full retrospective method of transition to HKFRS 15. The directors of the Company have assessed the impact on application of HKFRS 15 and do not anticipate a material impact on the Group's profit for the period from the operation. However, application of HKFRS 15 had impact on presentation in the following areas:

- a change in the presentation of, and accounting for, revenue generated from goods or services provided on a complimentary basis that are currently provided to gaming patrons and gaming promoters, related costs of sales and services on hotel, catering, retail and related services that were previously included in operating and administrative expenses and certain promotional expenses to gaming promoters that were previously included in marketing and promotional expenses. The amounts were reclassified to conform with current period's presentation.
- a change in the measurement of the loyalty points related to its customer relationship programs which is accounted for as a separate performance obligation and allocating the transaction price to performance obligations for providing gaming and hotel operations and related services and loyalty points under the relative stand-alone selling price. When the benefits are redeemed, revenue will be recognised in the respective category of the goods or services provided.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

The effects of the initial application of HKFRS 15 described above on the results for the current and preceding periods by line item presented in the condensed consolidated statement of profit or loss and other comprehensive income is as follows:

	Six months ended 30 June 2017 (originally stated) HK\$ million	Adjustments HK\$ million	Six months ended 30 June 2017 (restated) HK\$ million
Gaming revenue	20,375.0	(5,012.8)	15,362.2
Hotel, catering, retail and related services income	265.9	45.4	311.3
Cost of sales and services on hotel, catering, retail and related services	(123.4)	(24.9)	(148.3)
Marketing and promotional expenses	(7,358.1)	4,965.4	(2,392.7)
Operating and administrative expenses	(4,338.8)	26.9	(4,311.9)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

Debt instruments 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 collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset 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 fair value through profit or loss (“FVTPL”), except that at the date of initial application/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 (“OCI”) 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.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Investments in equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity securities at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI 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.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established in accordance with HKFRS 9, 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.

The directors of the Company reviewed and assessed the Group’s financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group’s financial assets and the impacts thereof are detailed in note 2.2.2.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued) *Impairment under ECL model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including advances to gaming promoters, other receivables from gaming promoters and service providers, other sundry receivables, bank deposits and bank balances, amounts due from ultimate holding company/an associate/a joint venture/an investee company and financial guarantees). 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 always recognises lifetime ECL for advances to gaming promoters. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, 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.

The ECL on advances to gaming promoters and other receivables from gaming promoters and services providers are assessed individually for gaming promoters and service providers with significant balances and/or collectively using a provision matrix with appropriate groupings.

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 promoter or service provider to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the gaming promoter or service provider;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the gaming promoter or service provider that results in a significant decrease in the ability to meet its debt obligations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued) *Impairment under ECL model (Continued)*

Significant increase in credit risk (Continued)

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.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group considers that default has occurred when the instrument 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.

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 adjusted by forward-looking information.

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

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected loss is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued) Impairment under ECL model (Continued)

Measurement and recognition of ECL (Continued)

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of advances to gaming promoters and other receivables from gaming promoters and service providers where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

2.2.2 Summary of effects arising from initial recognition of HKFRS 9

	Notes	Available- for-sale ("AFS") investments in equity securities HK\$ million	Financial assets at FVTPL HK\$ million	Investments in equity instruments designated at FVTOCI HK\$ million	Investment revaluation reserve HK\$ million	Retained profits HK\$ million
Closing balance at 31 December 2017						
— HKAS 39		244.6	84.3	—	14.6	13,248.6
Effect arising from initial application of HKFRS 9:						
Reclassification						
From AFS	(a)	(244.6)	—	244.6	(250.0)	250.0
From FVTPL	(b)	—	(84.3)	84.3	(26.1)	26.1
Remeasurement						
From cost less impairment to fair value	(a)	—	—	321.0	321.0	—
		(244.6)	(84.3)	649.9	44.9	276.1
Opening balance at 1 January 2018		—*	—*	649.9*	59.5*	13,524.7
* The movement during the period:						
Adjusted balance at 1 January 2018		—	—	649.9	59.5	
Other comprehensive income during the period		—	—	31.6	31.6	
At 30 June 2018		—	—	681.5	91.1	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.2 Summary of effects arising from initial recognition of HKFRS 9 (Continued)

Notes:

(a) AFS investments in equity securities

From AFS investments in equity securities to FVTOCI

The Group elected to present in OCI for the fair value changes of all its investments in equity securities previously classified as AFS. These securities are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$244.6 million were reclassified from AFS investments in equity securities to equity instruments designated at FVTOCI. The fair value gains or losses of HK\$14.6 million relating to those investments previously carried at fair value continued to accumulate in investment revaluation reserve. In addition, impairment losses previously recognised of HK\$250.0 million were transferred from retained profits to investment revaluation reserve as at 1 January 2018.

From cost less impairment to FVTOCI

The Group elected to present in OCI for the fair value changes of all its unquoted equity investments previously measured at cost less impairment under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, the fair value gain of HK\$321.0 million relating to those unquoted equity investments previously carried at cost less impairment was adjusted to investments in equity instruments designated at FVTOCI and investment revaluation reserve as at 1 January 2018, and is continued to accumulate in the investment revaluation reserve.

(b) Financial assets at FVTPL

From financial assets at FVTPL to FVTOCI

The Group elected to present in OCI for the fair value changes of all its listed equity securities previously classified as financial assets at FVTPL. At the date of initial application of HKFRS 9, the directors of the Company re-considered that these securities are not held for trading and not expected to be sold in the foreseeable future. Accordingly, HK\$84.3 million was reclassified from financial assets at FVTPL to investments in equity instruments designated at FVTOCI. The fair value gains or losses of HK\$26.1 million relating to those investments previously carried at fair value were transferred from retained profits to investment revaluation reserve at 1 January 2018 which will not be subsequently reclassified to profit or loss under HKFRS 9.

(c) No additional impairment allowance was recognised at 1 January 2018 and further assessment process is set out in note 15.

3. OPERATING SEGMENTS

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

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

Operating 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 operating segments, has been identified as a group of senior management that makes strategic decisions.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. OPERATING SEGMENTS (Continued)

Segment information about these businesses is presented below:

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

	Segment revenue		Segment results	
	Six months ended 30 June			
	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited) (restated)	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
Gaming operations: recognised at point of time	16,843.3	15,362.2	1,740.6	1,171.5
Hotel, catering and retail operations: External sales:				
Catering, retail and other operations: recognised at a point in time	212.5	185.8		
Hotel operations: recognised over time	140.8	125.5		
	353.3	311.3		
Inter-segment sales:				
Catering, retail and other operations: recognised at a point in time	43.4	46.5		
Hotel operations: recognised over time	35.3	35.3		
	78.7	81.8		
Eliminations	432.0 (78.7)	393.1 (81.8)	(223.6)	(208.6)
	353.3	311.3		
Total:				
recognised at a point in time	17,055.8	15,548.0		
recognised over time	140.8	125.5		
	17,196.6	15,673.5		
Reconciliation from segment results to profit before taxation:			1,517.0	962.9
Unallocated corporate income			100.5	25.2
Unallocated corporate expenses			(100.8)	(56.7)
Change in fair value of financial assets at FVTPL			—	10.8
Share of profits of an associate			8.6	19.7
Share of profits of a joint venture			3.2	2.9
Profit before taxation			1,528.5	964.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. OPERATING SEGMENTS (Continued)

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

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

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

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

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
ASSETS		
Segment assets:		
gaming operations	15,114.0	12,761.1
hotel, catering and retail operations	4,751.2	5,050.6
	19,865.2	17,811.7
Interest in an associate	286.2	257.8
Interest in a joint venture	124.3	121.1
Unallocated bank deposits, bank balances and cash	10,307.6	7,095.9
Other unallocated assets	24,388.1	21,000.5
Group's total	54,971.4	46,287.0
LIABILITIES		
Long-term bank loans:		
gaming operations	15,083.8	7,599.5
hotel, catering and retail operations	160.0	190.0
unallocated corporate bank loans	291.2	345.5
	15,535.0	8,135.0
Other segment liabilities:		
gaming operations	10,549.1	10,199.1
hotel, catering and retail operations	248.4	267.3
	10,797.5	10,466.4
Total segment liabilities	26,332.5	18,601.4
Unallocated liabilities	2,142.0	2,216.4
Group's total	28,474.5	20,817.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

3. OPERATING SEGMENTS (Continued)

(b) An analysis of the Group's assets and liabilities by operating 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 land use rights, art works and diamonds, amounts due from an associate/a joint venture/an investee company, AFS investments in equity securities, investments in equity instruments designated at FVTOCI and financial assets at FVTPL.
- (ii) unallocated liabilities include mainly certain construction payable, payable for acquisition of land use rights and amounts due to non-controlling interests of a subsidiary.
- (iii) all assets are allocated to operating segments, other than interest in an associate/a joint venture, unallocated bank deposits, bank balances and cash and those mentioned in above (i).
- (iv) all liabilities are allocated to operating segments, other than liabilities not attributable to respective segments as mentioned in above (ii).

4. GAMING REVENUE

	Six months ended 30 June	
	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited) (restated)
Gaming revenue from:		
VIP gaming operations	9,957.5	9,817.9
mass market table gaming operations	11,487.4	10,135.2
slot machine and other gaming operations	582.0	519.8
	22,026.9	20,472.9
Less: commissions and incentives	(5,183.6)	(5,110.7)
	16,843.3	15,362.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

5. FINANCE COSTS

	Six months ended 30 June	
	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
Interests on:		
bank loans	169.7	8.8
payable for acquisition of land use rights	—	3.3
Imputed interest on amount due to non-controlling interests of a subsidiary	3.5	9.6
	173.2	21.7
Less: Amount capitalised	(159.6)	(3.3)
	13.6	18.4

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
<i>Profit before taxation has been arrived at after charging:</i>		
Directors' remuneration, including share-based payments to directors of HK\$2.0 million (six months ended 30 June 2017: HK\$26.4 million)	53.4	86.2
Less: Amount capitalised	(5.2)	(6.5)
	48.2	79.7
Other staff costs	2,828.6	2,846.4
Share-based payments to other staff	0.3	3.9
Total other staff costs	2,828.9	2,850.3
Total employee benefit expenses	2,877.1	2,930.0
Amortisation of intangible asset (included in operating and administrative expenses)	—	1.6
Depreciation of property and equipment	605.3	590.9
Operating lease rentals in respect of land use rights	22.9	22.7
Loss on disposal of property and equipment	0.1	—
Share-based payments to other participants (included in operating and administrative expenses)	—	0.2
<i>and after crediting:</i>		
Interest income from:		
bank deposits	129.5	52.3
others	—	0.4
	129.5	52.7
Dividend income	16.7	—
Gain on change in fair value of financial assets at FVTPL	—	10.8
Gain on disposal of property and equipment	—	1.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

7. TAXATION

	Six months ended 30 June	
	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
Current tax — Macau SAR Complementary Tax	27.8	32.9
Deferred taxation	(17.4)	(16.4)
	10.4	16.5

No provision for Macau SAR Complementary Tax ("CT") on gaming related income is made for a subsidiary of the Company, Sociedade de Jogos de Macau, S.A. ("SJM"). Pursuant to the approval notice issued by the Macau SAR government dated 27 September 2016, SJM has been exempted from CT for income generated from gaming operations for the years from 2017 to 2020.

In addition, pursuant to the approval letter dated 27 February 2018 issued by the Financial Services Bureau of the Macau SAR government on dividend distributed by SJM (the "Special Complementary Tax") for the period from 1 January 2017 to 31 March 2020, SJM's shareholders were obligated to pay the dividend tax of MOP23.2 million (equivalent to HK\$22.5 million) for each of the years ended/ending 31 December 2017 to 2019 and MOP5.8 million (equivalent to HK\$5.6 million) for the three months ending 31 March 2020. During the period, the Company, as a shareholder of SJM, were obligated to pay HK\$11.3 million (six months ended 30 June 2017: HK\$11.3 million).

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

8. DIVIDENDS

	Six months ended 30 June	
	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
Final dividend per ordinary share		
— HK15 cents for 2017	848.8	—
— HK18 cents for 2016	—	1,018.3
	848.8	1,018.3

On 31 July 2018, the board of directors of the Company has resolved to declare an interim dividend of HK8 cents per ordinary share amounting to HK\$452.7 million in aggregate for the six months ended 30 June 2018 (six months ended 30 June 2017: HK5 cents per ordinary share).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	1,498.1	955.4

	Six months ended 30 June	
	2018 (unaudited)	2017 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,658,308,188	5,657,243,381
Effect of dilutive potential ordinary shares on share options	2,873,344	3,710,446
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,661,181,532	5,660,953,827

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

10. PROPERTY AND EQUIPMENT

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Carrying values		
Leasehold land and buildings	2,612.2	2,729.8
Chips	0.8	1.5
Furniture, fixtures and equipment	1,762.3	1,969.9
Gaming equipment	143.7	164.7
Leasehold improvements	1,288.3	1,420.9
Motor vehicles	11.0	12.0
Vessels	213.4	220.0
Construction in progress	20,936.2	18,171.6
Total	26,967.9	24,690.4

During the period, the Group incurred HK\$2,884.0 million (six months ended 30 June 2017: HK\$3,262.2 million) on acquisition of property and equipment to expand and upgrade its facilities.

At 30 June 2018, pursuant to the gaming concession held by the Group, certain of the Group's property and equipment with an aggregate carrying value of HK\$1,726.3 million (31 December 2017: HK\$1,957.1 million) in respect of the Group's gaming business have to be returned to the Macau SAR government at nil consideration upon completion of the term of the concession in 2020.

At 30 June 2018, the carrying values of the construction in progress of HK\$20,936.2 million (31 December 2017: HK\$18,171.6 million) represented the construction in progress of Grand Lisboa Palace Project (as defined in note 11). During the year ended 31 December 2017, the Group's construction in progress, which was the integral parts of a building of Grand Lisboa Palace Project under construction, had been damaged due to a fire. The management of the Company conducted an assessment of the damage from the fire by reviewing the reports from the Group's project management team and external quantity surveyors and determined there was no evidence to indicate that the future economic performance and useful lives of the building under construction would be affected significantly. Moreover, the management of the Company obtained the analysis from the in-house legal counsels and considered that substantially all the damages on the relevant construction work are recoverable in accordance with the performance obligations of the constructors under the terms of construction contracts. Thus, no impairment loss was recognised on this event. Up to the date of this report, the insurance assessment to those construction works that covered by the All-Risks insurance policy is in progress.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

11. LAND USE RIGHTS

	For the six months ended 30 June 2018 HK\$ million (unaudited)	For the year ended 31 December 2017 HK\$ million (audited)
Carrying value		
At 1 January	2,396.8	2,522.2
Additions	—	4.0
Interest capitalised (<i>note 5</i>)	—	3.3
Released to profit or loss during the period/year	(21.4)	(42.7)
Released and capitalised to construction in progress during the period/year	(45.0)	(90.0)
At 30 June/31 December	2,330.4	2,396.8

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

In 2012, the Group accepted a land concession contract with Macau SAR government in respect of the lease of a parcel of land in Macau SAR for the development and operation of a casino, hotels and entertainment complex for 25 years (the "Grand Lisboa Palace Project"). Pursuant to the land concession contract, the total land premium is HK\$2,087.9 million. The land concession contract was approved and the grant of land use rights was finalised by Macau SAR government in 2013. The remaining land premium payable to Macau SAR government were paid by 8 semi-annual instalments together with a fixed interest of 5% per annum. Details are set out in the Company's announcements dated 19 October 2012 and 15 May 2013. The last instalment payable in connection with the acquisition of land use rights was fully settled in May 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

12. OTHER ASSETS

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Deposits made on acquisitions of property and equipment	429.7	288.4
Rental deposits	40.0	40.6
Other receivables from gaming promoters and service providers	437.8	437.2
Amount due from an associate	88.4	88.4
Amount due from a joint venture	14.4	14.4
Amount due from an investee company	53.8	56.4
	1,064.1	925.4

The amounts due from an associate/a joint venture/an investee company and other receivables from gaming promoters and service providers are unsecured, interest-free and have no fixed repayment terms. At 30 June 2018, the management of the Group expects that these amounts will not be realised within 12 months from the end of the reporting period, hence, these amounts are classified as non-current assets.

At 30 June 2018, HK\$131.4 million (31 December 2017: HK\$142.0 million) was included in the deposits made on acquisitions of property and equipment in respect of damaged property and equipment to be replaced by contractors.

13. PLEDGED BANK DEPOSITS

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Non-current portion Bank deposits pledged: to secure bank facilities (Note)	145.6	145.6
Current portion Bank deposits pledged: others	1.3	1.3

Note: The amount represents deposits pledged to secure the bank facilities granted to a subsidiary of the Company. The bank facilities represent a guarantee amounting to HK\$291.3 million from 1 April 2007 to the earlier of 180 days after the expiry of the gaming concession contract or 31 March 2020, which is in favour of the Macau SAR government against the legal and contractual financial obligations of SJM under the gaming concession contract.

At 30 June 2018, the pledged bank deposits carry fixed interest rates at 1.00% (31 December 2017: at 1.00%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Advances to gaming promoters, net	139.5	268.0
Other receivables from gaming promoters and service providers, net	894.7	899.9
Prepayments	236.7	154.9
Other sundry receivables	298.3	320.6
Advances to constructors	144.5	—
	1,713.7	1,643.4
Less: Non-current portion	(477.8)	(477.8)
	1,235.9	1,165.6

Advances to gaming promoters mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming promoters are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. At 30 June 2018, all of the advances to gaming promoters (net of allowances) are neither past due nor impaired.

Advances are only granted to gaming promoters with good credit histories and financial track records. With the consent of gaming promoters, the Group can offset the advances against commission payables to or deposits from relevant gaming promoters. In the event that a gaming promoter fails to repay, the Group has the right, pursuant to the relevant gaming promoter agreement, to offset or withhold the commission payable and other payables to that gaming promoter, realise cheques and execute guarantees.

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

At 30 June 2018, the directors of the Company expect that other receivables from gaming promoters and service providers and rental deposits of HK\$437.8 million (31 December 2017: HK\$437.2 million) and HK\$40.0 million (31 December 2017: HK\$40.6 million) respectively will not be realised or released within 12 months from the end of the reporting period. Hence, such amounts are classified as non-current assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

14. TRADE AND OTHER RECEIVABLES (Continued)

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 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Age		
0 to 30 days	139.5	224.6
31 to 60 days	—	43.4
	139.5	268.0

Other sundry receivables mainly include deposits paid for rentals and operating supplies, interest receivable 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:

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	33.1	48.9
An associate of the Group	5.2	1.8
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	94.7	133.0
	133.0	183.7

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its gaming operations. Except for certain advances to gaming promoters and other receivables from gaming promoters and service providers as below, the Group assessed the ECL for the advances to gaming promoters and other receivables from gaming promoters and service providers collectively based on provision matrix as at 1 January 2018 and 30 June 2018. No impairment allowance for the advances to gaming promoters and other receivables from gaming promoters and service providers was provided based on the provision matrix since the loss given default and exposure at default are significantly reduced as those advances to gaming promoters and other receivables from gaming promoters and service providers are subject to certain offsetting and enforceable netting agreements as well as due to the low probability of default of the gaming promoters and service providers based on historical credit loss experience. The management of the Company has also assessed all available forward looking information, including but not limited to the expected growth rate of the gaming industry and subsequent settlement, and concluded that there is no significant increase in credit risk.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL (Continued)

In addition, certain advances to gaming promoters and other receivables from gaming promoters and service providers with aggregate balances amounting to HK\$413.8 million as at 30 June 2018 were assessed individually and not included in provision matrix, there were no additional impairment allowance or movements in the allowance for doubtful debts during the current interim period. Allowance for doubtful debts with an aggregate balance of HK\$132.5 million represents individually impaired advances to gaming promoters and other receivables from gaming promoters and service providers as the management of the Group considered the outstanding balances from these gaming promoters and service providers were uncollectible.

For the interest receivable and credit card receivables included in other sundry receivables, bank deposits and bank balances, no allowance for impairment was made since the management of the Group consider 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 considered to have low credit risk.

For the amounts due from ultimate holding company/an associate/a joint venture/an investee company, other amounts in other sundry receivables and advances to constructors, no allowance for impairment was made since the management of the Group consider the probability of default is minimal after assessing the counter-parties' financial background and creditability.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK\$87.3 million as at 30 June 2018. Details of the financial guarantee contracts are set out in note 23. At the end of the reporting period, the management of the Company assessed that no credit facilities were utilised under guarantee and financial positions of that associate and that investee company, and concluded that there has been no significant credit risk arising from the financial guarantee contracts. Accordingly, there was no loss allowance for financial guarantee contracts issued by the Group.

16. TRADE AND OTHER PAYABLES

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Trade payables	1,232.1	1,248.8
Special gaming tax payable	1,364.4	1,306.1
Chips in circulation	5,149.8	4,987.7
Chips in custody and deposits received from gaming promoters and gaming patrons	559.3	516.4
Payable for acquisition of property and equipment	33.9	50.7
Construction payables	2,088.7	2,140.9
Accrued staff costs	1,520.5	1,472.6
Rentals payables	163.4	157.1
Withholding tax payable for gaming promoters and employees	19.2	19.2
Other sundry payables and accruals	402.0	368.5
	12,533.3	12,268.0
Less: Non-current portion	(1,232.9)	(1,094.2)
Current portion	11,300.4	11,173.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

16. 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:

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Age		
0 to 30 days	1,215.6	1,224.5
31 to 60 days	9.7	14.4
61 to 90 days	3.2	5.2
Over 90 days	3.6	4.7
	1,232.1	1,248.8

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

The Group provides numerous products and services to its customers. There is often a timing difference between the cash payment by the customers and recognition of revenue for each of the associated performance obligations. The Group has the following main types of liabilities associated with contracts with customers: (1) liabilities in relation to loyalty points under customer relationship programs and (2) other deferred revenue.

The liabilities in relation to loyalty points under customer relationship programs represent a deferral of revenue for future goods and services to be provided by the Group until gaming patron redeem points earned. The loyalty points are expected to be redeemed and recognised as revenue within one year of being earned.

The other deferred revenue represents accrued goods or services provided on a complimentary basis to gaming patrons and gaming promoters for future goods and services provided by the Group. The majority of these goods or services are expected to be recognised as revenue within one year of being granted.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

16. TRADE AND OTHER PAYABLES (Continued)

The following table summarises the liability activity related to contracts with customers:

	Liabilities in relation to loyalty points under customer relationship programs		Other deferred revenue	
	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
Balance at 1 January	26.7	24.8	6.4	6.1
Balance at 30 June	27.4	25.1	6.7	8.4
Increase	0.7	0.3	0.3	2.3

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

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	81.2	61.2
An associate of the Group	131.2	171.2
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	333.4	271.9
	545.8	504.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

17. LONG-TERM BANK LOANS

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
The syndicated secured long-term bank loans are repayable:		
within one year	1,700.0	200.0
more than one year but not exceeding two years	3,200.0	1,700.0
more than two years but not exceeding five years	10,635.0	6,235.0
	15,535.0	8,135.0
Less: Current portion	(1,700.0)	(200.0)
Non-current portion	13,835.0	7,935.0

Fixed/variable-rate bank loans comprises:

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Secured bank loans for Grand Lisboa Palace Project ("GLP Bank Loans")	15,000.0	7,500.0
Secured bank loans for Ponte 16 ("P16 Bank Loans")	535.0	635.0
Total bank loan	15,535.0	8,135.0

GLP Bank Loans

At 30 June 2018, the range of effective interest rates of the secured bank loans is 3.58% to 3.84% (31 December 2017: 2.71% to 3.19%) per annum. The purposes of the secured syndicated loan facilities are for financing the Grand Lisboa Palace Project.

At 30 June 2018, the GLP Bank Loans are secured by certain property and equipment and land use rights of the Group with carrying values of HK\$23,637.0 million (31 December 2017: HK\$21,153.0 million) and HK\$1,785.3 million (31 December 2017: HK\$1,830.4 million), respectively. In addition, the other key terms and securities for such long-term bank loans pledged are set out as follows:

- (i) an assignment of all material project documents, receivables and related receivables generated from gaming and hotel operation of SJM and its certain subsidiaries, if default;
- (ii) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of SJM and its certain subsidiaries;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

17. LONG-TERM BANK LOANS (Continued)

GLP Bank Loans (Continued)

- (iii) an unconditional and irrevocable funding and completion undertaking for the Grand Lisboa Palace Project;
- (iv) assignments of all the rights and benefits of insurance and reinsurance policies and construction contracts relating to certain properties held by the Group, if default;
- (v) share pledges over the shares of certain subsidiaries; and
- (vi) a legally promissory note (i.e. notarised livranca) for HK\$27,500 million (31 December 2017: HK\$27,500 million) issued by SJM and endorsed by the Company and certain subsidiaries of SJM.

P16 Bank Loans

At 30 June 2018, the effective interest rate of the secured bank loans is 4.35% (31 December 2017: 3.68%) 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 30 June 2018, the P16 Bank Loans were secured by certain property and equipment and land use rights of the Group with carrying values of HK\$541.5 million (31 December 2017: HK\$609.0 million) and HK\$59.2 million (31 December 2017: HK\$61.7 million), respectively. In addition, the other key terms and securities for such long-term 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 approximately HK\$1,000 million (31 December 2017: HK\$1,000 million) and HK\$490 million (31 December 2017: 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

18. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

At the end of reporting period, the amounts are unsecured, interest-free and to be repaid from surplus funds. The surplus funds represent the cash available in the relevant subsidiary of the Group after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayments together with the accrued interests.

During the six months ended 30 June 2018, imputed interest of HK\$3.5 million (for the year ended 31 December 2017: HK\$13.9 million) on the amount due to the non-controlling interests of the subsidiary of HK\$283.5 million (31 December 2017: HK\$280 million) has been recognised at a weighted average original interest rate of approximately 2.51% (31 December 2017: 2.51%) per annum. At 30 June 2018, the principal amount was HK\$317.4 million (31 December 2017: HK\$317.4 million).

The relevant bank facility allows the subsidiary to repay shareholders' loan, subject to certain terms and conditions, including certain leverage ratio requirements. On this basis, the Group agreed with the non-controlling shareholders of that subsidiary on the amounts and timing of the repayment of the amount due to them, taking into account the estimate of amounts and timing of repayment of bank loans pursuant to the bank facility agreement.

At 30 June 2018, total carrying amounts of HK\$283.5 million (31 December 2017: HK\$280.0 million) were classified as non-current liabilities. During the year ended 31 December 2017, these carrying amounts have been adjusted by HK\$0.3 million because of changes in cash flow estimates, computed based on the present value of future cash outflows discounted at the original effective interest rate.

19. SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amount HK\$ million
Ordinary shares with no par value		
At 1 January 2017 (audited)	5,657,179,293	11,237.6
Exercise of share options	200,000	0.8
At 30 June 2017 (unaudited)	5,657,379,293	11,238.4
Exercise of share options	750,000	3.1
At 31 December 2017 (audited)	5,658,129,293	11,241.5
Exercise of share options	540,000	4.8
At 30 June 2018 (unaudited)	5,658,669,293	11,246.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

20. SHARE OPTION SCHEME

A summary of the movements of the outstanding options during the six months ended 30 June 2018 under the share option scheme of the Company adopted on 13 May 2009 (the "Scheme") is as follows:

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options				
					Outstanding at 1.1.2018	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2018
Directors	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	3,000,000	—	—	—	3,000,000
	31.8.2010	31.8.2010 to 27.2.2011	28.2.2011 to 27.2.2020	7.48	3,000,000	—	—	—	3,000,000
	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	4,000,000	—	—	—	4,000,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	36,002,000	—	—	—	36,002,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	36,002,000	—	—	—	36,002,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	35,996,000	—	—	—	35,996,000
	22.6.2017	22.6.2017 to 21.12.2017	22.12.2017 to 21.12.2026	8.33	1,000,000	—	—	—	1,000,000
	22.6.2017	22.6.2017 to 21.12.2018	22.12.2018 to 21.12.2026	8.33	1,000,000	—	—	—	1,000,000
	22.6.2017	22.6.2017 to 21.12.2019	22.12.2019 to 21.12.2026	8.33	1,000,000	—	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2018	21.12.2018 to 20.12.2027	10.26	—	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2019	21.12.2019 to 20.12.2027	10.26	—	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2020	21.12.2020 to 20.12.2027	10.26	—	1,000,000	—	—	1,000,000
Employees	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	890,000	—	(250,000)	—	640,000
	26.5.2010	26.5.2010 to 25.11.2010	26.11.2010 to 25.11.2019	5.03	260,000	—	—	—	260,000
	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	3,000,000	—	—	—	3,000,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	13,235,000	—	—	(653,000)	12,582,000
	8.10.2013	8.10.2013 to 7.10.2014	8.10.2014 to 7.4.2023	22	1,000,000	—	—	(1,000,000)	—
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	13,185,000	—	—	(649,000)	12,536,000
	8.10.2013	8.10.2013 to 7.10.2015	8.10.2015 to 7.4.2023	22	500,000	—	—	(500,000)	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

20. SHARE OPTION SCHEME (Continued)

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options				
					Outstanding at 1.1.2018	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2018
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	13,170,000	—	—	(648,000)	12,522,000
	8.10.2013	8.10.2013 to 7.10.2016	8.10.2016 to 7.4.2023	22	500,000	—	—	(500,000)	—
	8.10.2013	8.10.2013 to 7.10.2017	8.10.2017 to 7.4.2023	22	500,000	—	—	(500,000)	—
	8.10.2013	8.10.2013 to 7.10.2018	8.10.2018 to 7.4.2023	22	500,000	—	—	(500,000)	—
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	5,750,000	—	(97,000)	(224,000)	5,429,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	5,750,000	—	(97,000)	(224,000)	5,429,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	5,599,000	—	(96,000)	(191,000)	5,312,000
	11.5.2016	11.5.2016 to 10.11.2016	11.11.2016 to 10.11.2025	4.89	1,000,000	—	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2017	11.11.2017 to 10.11.2025	4.89	1,000,000	—	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2018	11.11.2018 to 10.11.2025	4.89	1,000,000	—	—	—	1,000,000
Other participants	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	300,000	—	—	—	300,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	367,000	—	—	—	367,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	367,000	—	—	—	367,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	366,000	—	—	—	366,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	277,000	—	—	—	277,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	277,000	—	—	—	277,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	276,000	—	—	—	276,000
					193,069,000	3,000,000	(540,000)	(5,589,000)	189,940,000
Weighted average exercise price per share					HK\$12.57	HK\$10.26	HK\$6.58	HK\$20.61	HK\$12.32

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

20. SHARE OPTION SCHEME (Continued)

On 12 June 2018, a director of the Company retired and has continued as an employee of the Group. The opening outstanding number of such ex-director's share options is reclassified to employees' section.

In respect of the above options exercised during the period, the weighted average closing price per share at the dates of exercise was HK\$9.01 (six months ended 30 June 2017: HK\$7.60). At the end of the reporting period, 183,940,000 share options are exercisable (31 December 2017: 189,569,000).

On 21 June 2018, a total of 3,000,000 share options with the estimated fair value of HK\$12.1 million at the date of grant were granted to a director at an exercise price of HK\$10.26 per share under the terms of the Scheme. Total consideration received from the participants for taking up the options granted amounted to HK\$1.

On 22 June 2017, a total of 3,000,000 share options with the estimated fair value of HK\$9.5 million at the date of grant were granted to a director at an exercise price of HK\$8.33 per share under the terms of the Scheme. Total consideration received from the participants for taking up the options granted amounted to HK\$1.

The Group recognised total expenses of HK\$2.3 million during the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$30.5 million) in relation to share options granted by the Company.

21. OPERATING LEASE COMMITMENTS

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

	Land use rights		Rented premises	
	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Within one year	11.2	8.8	340.7	346.8
In the second to fifth year inclusive	44.9	44.9	223.3	362.8
After five years	154.3	159.9	—	—
	210.4	213.6	564.0	709.6

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

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For the six months ended 30 June 2018

21. OPERATING LEASE COMMITMENTS (Continued)

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

At 30 June 2018, operating lease rentals committed to related parties amounted to HK\$493.8 million (31 December 2017: HK\$618.7 million), which fall due as follows:

	Rented premises	
	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Within one year	298.3	298.4
In the second to fifth year inclusive	195.5	320.3
	493.8	618.7

22. CAPITAL COMMITMENTS

	At 30 June 2018 HK\$ million (unaudited)	At 31 December 2017 HK\$ million (audited)
Capital expenditure in respect of property and equipment: authorised but not contracted for:		
Grand Lisboa Palace Project	5,745.5	6,651.8
Others	110.0	150.5
	5,855.5	6,802.3
Contracted for but not provided in the condensed consolidated financial statements:		
Grand Lisboa Palace Project	6,748.7	8,567.0
Others	239.4	236.8
	6,988.1	8,803.8

At the end of the reporting period, capital expenditure in respect of property and equipment committed to acquire from related parties amounted to HK\$205.1 million (31 December 2017: HK\$296.9 million).

At 30 June 2018, the estimated total project costs for the Grand Lisboa Palace Project by the Group's management is approximately HK\$36,000 million (31 December 2017: HK\$36,000 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

23. CONTINGENT LIABILITIES AND GUARANTEES

	At 30 June 2018		At 31 December 2017	
	Maximum guarantees given HK\$ million (unaudited)	Credit facilities utilised HK\$ million (unaudited)	Maximum guarantees given HK\$ million (audited)	Credit facilities utilised HK\$ million (audited)
Guarantees given to banks in respect of credit facilities granted to:				
an associate	67.3	—	67.3	—
an investee company	20.0	—	20.0	—
	87.3	—	87.3	—

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's AFS investments in equity securities, investments in equity instruments designated at FVTOCI and financial assets at FVTPL 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 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30 June 2018 HK\$ million	31 December 2017 HK\$ million			
AFS investments in equity securities					
Listed equity securities	—	244.6	Level 1	Quoted bid prices in an active market	N/A
Financial assets at FVTPL					
Listed equity securities	—	84.3	Level 1	Quoted bid prices in an active market	N/A
Investments in equity instruments designated at FVTOCI					
Listed equity securities	349.5	—	Level 1	Quoted bid prices in an active market	N/A
Unlisted equity securities	332.0	—	Level 3	Market approach: estimated normalised trailing twelve months net profits with main multiple being Price-to-Earnings multiples of a comparable company and a discounted rate for lack of marketability	Discount for lack of marketability, determined with reference to the share price of listed entities in similar industry at 20%

There were no transfers between Level 1 and 3 during both periods.

An increase in the discount for lack of marketability used in isolation would result in an increase in the fair value measurement of the unlisted equity investment, and vice versa.

A 5% increase/decrease in the discount for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the unlisted equity investments by HK\$20.7 million.

Reconciliation of Level 3 fair value measurements of unlisted equity securities

	Unlisted equity securities HK\$ million (unaudited)
At 1 January 2018 (restated)	321.0
Unrealised gain in OCI	11.0
At 30 June 2018	332.0

All gains and losses included in OCI relate to the unlisted equity instruments designated at FVTOCI held at the end of the reporting period and are reported as changes of investment revaluation reserve.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements and valuation processes

The management of the Group determines the appropriate valuation techniques and inputs for fair value measurements.

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

25. RELATED PARTY TRANSACTIONS

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

Relationship	Nature of transactions	Six months ended 30 June	
		2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
STDM and its associates, excluding the Group ("STDM Group") (as defined under Chapter 14A of the Listing Rules)	<i>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Property rentals (note 25(c))	138.5	138.5
	Transportation (note 25(d))	66.5	68.8
	Hotel accommodation (note 25(d))	11.4	9.3
	Entertainment (note 25(d))	9.7	10.0
	<i>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Share of administrative expenses (note 25(e) and (f))	0.8	0.8
	Cleaning services (note 25(f))	13.4	12.3
	Hotel management and operation (note 25(d) and (f))	10.5	13.9
	Promotional and advertising services (note 25(d) and (f))	6.2	3.4
	Maintenance services (note 25(d) and (f))	6.2	7.3
	Others (note 25(f))	8.0	6.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

25. RELATED PARTY TRANSACTIONS (Continued)

Relationship	Nature of transactions	Six months ended 30 June	
		2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)
Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	<i>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Service fees in relation to the promotion of a casino (note 25(g))	475.3	582.6
	Property rentals (note 25(i))	59.2	71.5
	<i>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Others (note 25(f) and (h))	44.6	39.0
Entities other than the above in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/ significant influence/ beneficial interests	Service fees in relation to the promotion of a casino (note 25(j))	330.5	183.4
	Insurance expenses	54.6	48.2
	Promotion and advertising expenses	0.6	4.8
	Service fee in relation to foreign currencies exchange	6.1	7.9
	Construction costs	1.2	73.6
	Others	4.5	15.2
An associate	Construction costs and management fee paid	189.7	176.4
A joint venture	Property rentals	7.2	7.2

- (b) In 2002, SJM was granted a concession to operate casinos in Macau SAR. For this purpose, STDM transferred its gaming assets to SJM. SJM has been borrowing casino chips from STDM for the purpose of its business operation since SJM, as a new concessionaire from 2002, did not have sufficient casino chips to meet its business needs. According to the gaming concession contract, SJM is permitted to use STDM's casino chips, both in treasury and those put in circulation by STDM prior to 1 April 2002 and should honour such casino chips. In order to regulate the borrowing and use of STDM chips, the Group entered into an agreement with STDM dated 18 June 2008 (the "Chips Agreement") regarding the honouring and borrowing of STDM chips. Under the Chips Agreement, the Group has agreed to honour the STDM chips in circulation upon their redemption by patrons or clients. In addition, STDM has agreed to reimburse the STDM chips presented by the Group to STDM, by paying to the Group in cheque the aggregate face value of chips so presented within the same quarter when such presentation takes place. During the six months ended 30 June 2018, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK\$0.1 million (for the six months ended 30 June 2017: HK\$0.1 million).
- (c) The Company entered into an agreement dated 18 June 2008 with STDM for the leasing of properties by STDM or the members of the STDM Group to the Group. The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 March 2020. The amounts of transactions during the period were disclosed in note 25(a) above.

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25. RELATED PARTY TRANSACTIONS (Continued)

- (d) 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 (“Renewed Master Agreement”) for the provision of products and services as described in the Products and Services Master Agreement, except for hotel management and operations, promotional and advertising services, and travel agency services, which are regarded as de minimis transactions as described in note 25(f). The Renewed Master Agreement expired on 31 December 2013, and was renewed on 6 January 2014 for a term of three years from 1 January 2014 and was further renewed on 26 January 2017 for a term of three years from 1 January 2017 with similar terms for the provision of products and services for five categories: hotel accommodation, entertainment and staff messing, transportation, hotel management and operation and maintenance services. The transaction amounts for the hotel management and operations and maintenance services during the period were de minimis as described in note 25(f).
- (e) The Company entered into an agreement with STDM dated 18 June 2008 (the “Administrative Cost Sharing Agreement”) whereby STDM and its associates have agreed to continue to share certain administrative services.

Starting from 2014, these transactions were exempted as continuing connected transactions under Rule 14A.98 of the Listing Rules. The amount of transactions during the period was disclosed in note 25(a) above.

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

Such agreement was renewed on 31 December 2016 for a term of three years from 1 January 2017 with similar terms as the previous agreement. The transaction amount for transportation during the six months ended 30 June 2017 and 2018 was de minimis as described in note 25(f).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

25. RELATED PARTY TRANSACTIONS (Continued)

- (i) The Company entered into an agreement dated 22 November 2013 with a director of the Company for the leasing of properties by the director and/or her associates to the Group effective from 1 January 2014. The term of each implementing lease was for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 December 2016. Such agreement was renewed on 14 December 2016 for a term of three years from 1 January 2017 with similar terms as the previous agreement. The amounts of transactions during the period were disclosed in note 25(a) above.
- (j) Service fees in relation to the promotion of a casino were paid to an entity in which certain directors of the Group were the directors and/or key management personnel of the entity.
- (k) Save as disclosed in note 17, in addition to the securities provided by the Group to the relevant banks, 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 (31 December 2017: HK\$490 million); and
 - (ii) share pledges over all shares in Pier 16 – Property and its subsidiaries.
- (l) In November 2007, the immediate holding company, STDM-Investments Limited (“STDM-I”), has 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.

CORPORATE INFORMATION

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

Vice-Chairman, Executive Director and Chief Executive Officer

Dr. So Shu Fai

Non-executive Director

Dr. Cheng Kar Shun

Independent Non-executive Directors

Mr. Chau Tak Hay

Dr. Lan Hong Tsung, David

Hon. Shek Lai Him, Abraham

Mr. Tse Hau Yin

Executive Director and Chief Operating Officer

Mr. Ng Chi Sing

Executive Directors

Dr. Chan Un Chan (*elected on 12 June 2018*)

Mr. Shum Hong Kuen, David

AUDIT COMMITTEE

Mr. Tse Hau Yin (*Committee Chairman*)

Mr. Chau Tak Hay

Dr. Lan Hong Tsung, David

Hon. Shek Lai Him, Abraham

NOMINATION COMMITTEE

Mr. Chau Tak Hay (*Committee Chairman*)

Dr. Lan Hong Tsung, David

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Mr. Shum Hong Kuen, David

Dr. So Shu Fai

Mr. Tse Hau Yin

REMUNERATION COMMITTEE

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

Mr. Chau Tak Hay

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Dr. So Shu Fai

Mr. Tse Hau Yin

CHIEF FINANCIAL OFFICER

Mr. McBain, Robert Earle

CHIEF LEGAL COUNSEL

Mr. Pyne, Jonathan Charles

COMPANY SECRETARY

Ms. Kwok Shuk Chong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 3001–3006, 30th Floor

One International Finance Centre

1 Harbour View Street, Central

Hong Kong

Tel: (852) 3960 8000

Fax: (852) 3960 8111

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

Email (Investor Relations): ir@sjmholdings.com

LISTING INFORMATION

Share listing: Hong Kong Stock Exchange (Main Board)

Listing date: 16 July 2008

Stock short name: SJM Holdings

Stock code: 880 (Hong Kong Stock Exchange)

0880.HK (Reuters)

880: HK (Bloomberg)

Board lot: 1,000 shares

Designated Security Eligible for Short Selling

Constituent of Hang Seng HK35 Index

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

Southbound Trading of Shanghai-Hong Kong

Stock Connect and Shenzhen-Hong Kong

Stock Connect

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen’s Road East, Wanchai

Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

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

Email: hkinfo@computershare.com.hk

LEGAL ADVISORS

On Hong Kong Law:

Linklaters

On Macau Law:

C&C Advogados

Riquito Advogados

FINANCIAL ADVISOR

Somerley Capital Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited

Bank of China Limited

BNP Paribas

Industrial and Commercial Bank of China (Asia) Limited

Chong Hing Bank Limited

DEFINITIONS

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

"12m ECL"	: the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date
"Adjusted EBITDA"	: earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain on disposal of property and equipment and share-based payments
"Adjusted EBITDA Margin"	: the Adjusted EBITDA divided by total net revenue
"Adjusted Grand Lisboa EBITDA"	: earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain on disposal of property and equipment and share-based payments, and before elimination of inter-company consumption
"Administrative Cost Sharing Agreement"	: the agreement dated 18 June 2008 entered into between the Company and STDM by which STDM and/or its associates (as defined in the Listing Rules) and the Group have agreed to share the costs of certain administrative services, which was renewed on 19 June 2011 and expired on 31 December 2013
"AFS"	: available-for-sale
"Board"	: the board of Directors of the Company
"Chips Agreement"	: the agreement dated 18 June 2008 entered into between STDM and SJM to regulate the honouring, borrowing and use of the casino chips of STDM for the purposes of SJM's gaming operations
"CODM"	: the chief operation decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as a group of senior management that makes strategic decisions
"Company" or "SJM Holdings"	: SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Stock Exchange
"connected person(s)"	: has the meaning ascribed to it under the Listing Rules
"CT"	: the Complementary Tax of the Macau SAR
"DICJ"	: Direcção de Inspeção e Coordenação de Jogos, the Gaming Inspection and Coordination Bureau in Macau
"Director(s)"	: the director(s) of the Company

DEFINITIONS

"ECL"	: expected credit losses
"FVTOCI"	: fair value through other comprehensive income
"FVTPL"	: fair value through profit or loss
"GLP Bank Loans"	: secured bank loans for Grand Lisboa Palace Project
"Grand Lisboa Palace Project"	: the development and operation of a casino, hotel and entertainment complex on a parcel of land in Cotai, Macau SAR leased by Macau SAR Government to SJM for 25 years starting from 15 May 2013
"Group"	: the Company and its subsidiaries
"Hong Kong"	: the Hong Kong Special Administrative Region of the People's Republic of China
"HKAS"	: Hong Kong Accounting Standard
"HKFRSs"	: Hong Kong Financial Reporting Standards
"HKICPA"	: Hong Kong Institute of Certified Public Accountants
"Listing Rules"	: The Rules Governing the Listing of Securities on the Stock Exchange
"Macau" or "Macau SAR"	: the Macau Special Administrative Region of the People's Republic of China
"Model Code"	: the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
"OCI"	: other comprehensive income
"Options"	: share options which the Directors may grant to any participants of the Scheme
"Other Self-promoted Casinos"	: Casino Lisboa, Casino Oceanus at Jai Alai (including the casino area in the Jai Alai Building) and Casino Taipa
"P16 Bank Loans"	: secured bank loans for Ponte 16
"Pier 16 – Property"	: Pier 16 – Property Development Limited, a 51% subsidiary of the Company
"Products and Services Master Agreement"	: the agreement entered into between the Company and STDM on 18 June 2008 for the provision of products and services by STDM and/or its associates (as defined in the Listing Rules) to the Group

DEFINITIONS

"Renewed Master Agreement"	: the products and services master agreement dated 19 June 2011 entered into between the Company and STD M in relation to the renewal of the Products and Services Master Agreement which was renewed on 6 January 2014 and was further renewed on 26 January 2017 for a term of three years from 1 January 2017
"Scheme"	: the share option scheme of the Company adopted on 13 May 2009
"SFO"	: the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	: the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	: holder(s) of the Share(s)
"SJM"	: Sociedade de Jogos de Macau, S.A., a joint stock company "sociedade anónima" incorporated under the laws of Macau and a subsidiary of the Company
"Special Complementary Tax"	: the dividend tax which the shareholders are obligated to pay to Macau SAR government for dividend distribution
"ST-CITS"	: Shun Tak & CITS Coach (Macao) Limited, a company incorporated in Macau with limited liability
"STD M"	: Sociedade de Turismo e Diversões de Macau, S.A., a controlling Shareholder
"STD M-I"	: STD M-Investments Limited, a subsidiary of STD M liquidated on 15 August 2011
"STD M-I Surety"	: a surety provided by STD M-I in favour of the Company for the due and punctual payment of certain obligations the Company may incur
"STD M Group"	: STD M and its associates (as defined in the Listing Rules), excluding the Group
"Stock Exchange"	: The Stock Exchange of Hong Kong Limited
"the Reporting Period"	: the period for the six months ended 30 June 2018
"Tin Hou"	: Tin Hou Limited, a company controlled over 50% by a half-brother of a director of subsidiaries of the Company and is a connected person of the Company
"HK\$"	: Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	: per cent



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