



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

2021
中期報告
INTERIM REPORT



CORPORATE PROFILE

SJM Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is a leading owner, operator and developer of casinos and integrated entertainment resorts in Macau. Its principal subsidiary **SJM Resorts, S.A.** (formerly known as *Sociedade de Jogos de Macau, S.A.*) (“SJM”) is one of the six concessionaires in Macau, authorised by the Government of the Macau Special Administrative Region (“Macau”) to operate casinos and gaming areas. SJM is also the only casino gaming concessionaire with its roots in Macau.

SJM owns and operates the Grand Lisboa hotel and casino, as well as other casinos located in prime locations on the Macau Peninsula and Taipa. The Company’s operations cater to a wide spectrum of patrons, with casino gaming, leisure entertainment and hospitality services including fine and casual dining and luxury accommodation.

On 30 July 2021, SJM opened the first phase of the Grand Lisboa Palace, our integrated resort on Cotai. The Grand Lisboa Palace will feature a total of 1,892 hotel rooms and suites in three hotel towers — the Grand Lisboa Palace Macau, the Palazzo Versace Macau and THE KARL LAGERFELD — as well as facilities for meetings and conferences, shopping, dining, gaming and entertainment.

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FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2021 (HK\$ million) (unaudited)	2020 (HK\$ million) (unaudited)	Increase/ (Decrease)
Total Group net revenue	5,222	4,374	19.4%
Net gaming revenue	5,076	4,272	18.8%
Adjusted EBITDA *	(510)	(984)	48.2%
Loss attributable to owners of the Company	(1,466)	(1,412)	(3.8%)
Loss per share			
basic	HK(25.8) cents	HK(24.9) cents	(3.6%)
diluted	HK(25.8) cents	HK(24.9) cents	(3.6%)

* Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, gain on early repayment of a bank loan, loss on derecognition of a bank loan, sub-concession fee income and pre-opening expenses.

OPERATING HIGHLIGHTS

- The Group's net gaming revenue in the first half of 2021 increased by 18.8% to HK\$5,076 million from HK\$4,272 million in the year-earlier period, whilst Adjusted EBITDA improved by 48.2% to a negative HK\$510 million from a negative HK\$984 million. Loss attributable to owners of the Company was HK\$1,466 million, 3.8% greater than HK\$1,412 million in the year-earlier period. The Group's Adjusted EBITDA Margin was a negative 9.8% compared with a negative 22.5% for the year-earlier period.
- Mass market gross table gaming revenue of the Group increased by 33.2% and VIP gross gaming revenue showed a decrease of 37.5% during the first half of 2021, compared with the year-earlier period. During the same period, slot machine gross revenue increased by 12.7% compared with the year-earlier period.
- SJM had a 11.6% share of Macau's gaming revenue, including 15.6% of mass market table gross gaming revenue and 5.0% of VIP gross gaming revenue.
- The Group had cash, bank balances, short-term bank deposits and pledged bank deposits of HK\$2,709 million as at 30 June 2021.
- Gross gaming revenue at the Group's flagship Casino Grand Lisboa decreased by 9.7% to HK\$1,198 million from HK\$1,325 million in the year-earlier period, whilst attributable loss improved by 48.3% to a negative HK\$231 million from a negative HK\$446 million. Adjusted Casino Property EBITDA was negative HK\$170 million, a 54.1% improvement from negative HK\$369 million in the year-earlier period.
- The occupancy rate of Hotel Grand Lisboa increased by 43.6% from the year-earlier period to 62.4%. Average daily room rate decreased during the period by 60.1% to HK\$713.
- Subsequent to the first half of 2021, the Grand Lisboa Palace, the Group's integrated resort on Cotai, opened its doors to the public on 30 July 2021. In the initial phase opening, the resort offers luxury hotel rooms and suites, fine and casual dining, gaming, wellness and spa facilities and event spaces.

BUSINESS REVIEW

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

GROUP OPERATING RESULTS

The Group's results, Net Revenue, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2021 ("the Reporting Period") and for the year-earlier period are shown below:

Group operating result	For the six months ended 30 June		Increase/ (Decrease)
	2021 HK\$ million	2020 HK\$ million	
Total net revenue	5,222	4,374	19.4%
Net gaming revenue	5,076	4,272	18.8%
Loss attributable to owners of the Company	(1,466)	(1,412)	(3.8%)
Adjusted EBITDA ¹	(510)	(984)	48.2%
Adjusted EBITDA Margin ²	(9.8%)	(22.5%)	12.7 pts

¹ Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, gain on early repayment of a bank loan, loss on derecognition of bank loan, sub-concession fee income and pre-opening expenses.

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

Total net revenue was \$5,222 million for the six months ended 30 June 2021, an increase of 19.4%, compared to \$4,374 million for the six months ended 30 June 2020. The increase was mainly driven by the mass market table gaming revenue and slot machine gaming revenue.

BUSINESS REVIEW

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

	For the six months ended 30 June		Increase/ (Decrease)
	2021 HK\$ million	2020 HK\$ million	
VIP Gross Gaming Revenue	855	1,368	(37.5%)
Mass Market Gross Gaming Revenue	4,385	3,291	33.2%
Slot Machine Gross Gaming Revenue	265	235	12.7%
Gross Gaming Revenue	5,505	4,894	12.5%
Commissions and incentives	(429)	(622)	(31.1%)
Net Gaming Revenue	5,076	4,272	18.8%

Casino Grand Lisboa Statistics	For the six months ended 30 June			
	2021 HK\$ million	2020 HK\$ million	Variance HK\$ million	%
Revenue:				
VIP	378	742	(364)	(49.1%)
Mass Market	721	516	205	39.7%
Slot	99	67	32	46.4%
Gross Gaming Revenue	1,198	1,325	(127)	(9.7%)
VIP Chip Sales Volume	14,543	20,838	(6,295)	(30.2%)
Win	378	742	(364)	(49.1%)
Hold %	2.6%	3.6%		(1.0 pts)
Mass Drop	3,394	2,396	998	41.6%
Mass Table Win	721	516	205	39.7%
Non-Rolling Chip Win %	21.3%	21.5%		(0.2 pts)
Slot Handle	1,993	1,425	568	39.9%
Slot Win	99	67	32	46.4%
Slot Win %	4.9%	4.7%		0.2 pts

BUSINESS REVIEW

Other Self-promoted Casino Statistics	For the six months ended 30 June			
	2021 HK\$ million	2020 HK\$ million	Variance HK\$ million	%
Revenue:				
VIP	5	92	(87)	(94.2%)
Mass Market	718	703	15	2.2%
Slot	77	70	7	11.4%
Gross Gaming Revenue	800	865	(65)	(7.3%)
VIP Chip Sales Volume	166	2,287	(2,121)	(92.8%)
Win	5	92	(87)	(94.2%)
Hold %	3.2%	4.0%		(0.8 pts)
Mass Drop	5,185	4,620	565	12.2%
Mass Table Win	718	703	15	2.2%
Non-Rolling Chip Win %	13.9%	15.2%		(1.3 pts)
Slot Handle	1,437	1,406	31	2.3%
Slot Win	77	70	7	11.4%
Slot Win %	5.4%	4.9%		0.5 pts

Satellite Casino Statistics	For the six months ended 30 June			
	2021 HK\$ million	2020 HK\$ million	Variance HK\$ million	%
Revenue:				
VIP	472	534	(62)	(11.5%)
Mass Market	2,946	2,072	874	42.1%
Slot	89	98	(9)	(9.5%)
Gross Gaming Revenue	3,507	2,704	803	29.7%

As at 30 June 2021, SJM operated 14 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Landmark, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Kam Pek Paradise, Casino Million Dragon, Casino L'Arc Macau, Casino Legend Palace, Casino Ponte 16 and Casino Royal Dragon. Casino Macau Jockey Club was temporarily closed. As at 31 December 2020, SJM operated 14 satellite casinos.

BUSINESS REVIEW

Adjusted EBITDA for the six months ended 30 June 2021 was a negative \$510 million, an improvement of 48.2%, compared to a negative \$984 million for the six months ended 30 June 2020.

The following table highlights the key results for the Group's Casinos:

Adjusted Casino Property EBITDA¹ for the Group's Casinos — for the six months ended 30 June 2021 and 30 June 2020

	Adjusted Casino Property EBITDA			
	2021 HK\$ million	2020 HK\$ million	Variance HK\$ million	%
Casino Grand Lisboa	(170)	(369)	199	54.1%
Other Self-promoted Casinos ²	(190)	(346)	156	45.0%
Satellite Casinos ³	(13)	(76)	63	82.6%
Total	(373)	(791)	418	52.8%

¹ Adjusted Casino Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments and sub-concession fee income, and before elimination of inter-company consumption

² Casino Lisboa, Casino Oceanus at Jai Alai (including gaming area in the Jai Alai building), Casino Eastern and Casino Taipa

³ Fourteen third party-promoted casinos

The following table summarises the results of hotel room activity:

Hotel Statistics	For the six months ended 30 June			
	2021 HK\$	2020 HK\$	Variance HK\$	%
Occupancy %				
Grand Lisboa Hotel	62.4%	18.8%		43.6 pts
Jai Alai Hotel	49.7%	19.0%		30.7 pts
Sofitel at Ponte 16	53.0%	19.7%		33.3 pts
Average Daily Rate (ADR)				
Grand Lisboa Hotel	713	1,789	(1,076)	(60.1%)
Jai Alai Hotel	208	612	(404)	(66.0%)
Sofitel at Ponte 16	492	1,022	(530)	(51.9%)
Revenue per Available Room (RevPAR)				
Grand Lisboa Hotel	445	337	108	32.1%
Jai Alai Hotel	103	116	(13)	(10.9%)
Sofitel at Ponte 16	261	201	60	29.6%

PROSPECTS AND RECENT DEVELOPMENTS

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

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 outbreak that spread around the world since January 2020 continued to have a materially adverse effect on our operating results in the first half of 2021, though certain results showed improvement in comparison with the first half of 2020.

According to the Macau Government Statistics and Census Service, the number of visitors to Macau increased by 20.2% in the first half of 2021 compared with the year-earlier period, but was still just 19.3% of the number of visitors to Macau in the first half of 2019. The number of visitors from mainland China increased by 52.3% since the first half of 2020, but was still only 24.9% of the pre-pandemic level of 1H2019. Similarly, according to the DICJ, gross gaming revenue in Macau increased by 45.4% from the year-earlier period, but was just 32.8% of the level of 1H2019.

At the present time, given the evolving conditions of and in response to the COVID-19 pandemic, including the more recent appearance of COVID-19 variants, it is not possible to determine when travel restrictions will be further liberalised or whether they could be reintroduced if there are adverse developments in the pandemic situation.

GRAND LISBOA PALACE RESORT

The Occupation Permit for the Grand Lisboa Palace was granted by the Land, Public Works and Transport Bureau of the Macau Government on 12 July 2021. Other government permits were subsequently obtained and the resort formally opened on 30 July 2021. As at 30 July 2021, approximately 3,600 staff members were employed by the Grand Lisboa Palace, in hotel and F&B operations, gaming and other hospitality facilities including banquet services, fitness centre, spa and retailing.

The Grand Lisboa Palace comprises 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 is devoted to a full range of non-gaming facilities, including three hotel towers — “Grand Lisboa Palace Macau”, “Palazzo Versace Macau” and “THE KARL LAGERFELD” — totaling 1,892 rooms and suites, plus facilities for events, meetings and conferences, shopping, gaming, dining and entertainment, at a total project cost of approximately \$39 billion.

As at 30 June 2021, capital commitments in connection with the Grand Lisboa Palace project had a total value of approximately \$1.2 billion.

PROSPECTS AND RECENT DEVELOPMENTS

SENIOR NOTES ISSUANCE

On 27 January 2021, a wholly-owned subsidiary of the Group, Champion Path Holdings Limited, issued 4.5% Senior Notes with an aggregate principal amount of US\$500 million (equivalent to HK\$3,875.05 million) and a final maturity date of 27 January 2026, and 4.85% Senior Notes with an aggregate principal amount of US\$500 million (equivalent to HK\$3,875.05 million) and a final maturity date of 27 January 2028. The issue was rated Ba2 by Moody's and BB+ by Fitch.

On 12 May 2021, a wholly-owned subsidiary of the Group, Champion Moments Limited, issued 3.9% Senior Notes with an aggregate principal amount of HK\$1,250 million and a final maturity date of 12 May 2026, and 3.9% Senior Notes with an aggregate principal amount of MOP300 million (equivalent to HK\$291 million) and a final maturity date of 12 May 2026.

Approximately 90% of the net proceeds of the Senior Notes issues are being used to repay a portion of amounts outstanding under our bank facility agreement with the balance used for general corporate purposes.

OUTLOOK

We expect that gross gaming revenues in Macau, as well as hotel, restaurant and other non-gaming activities that depend on tourism, will continue to be negatively impacted by COVID-19 for an indefinite period in the future. As certain travel restrictions are likely to be gradually lifted, given the increasing level of vaccination throughout the region, we are cautiously optimistic that visitation and spending will respond positively. However, we do not expect a return to our pre-pandemic level of revenue during 2021. Even after travel restrictions are lifted, moreover, it is not possible to predict whether there will be lingering economic effects and health concerns caused by COVID-19 that will affect our business for a longer period.

FINANCIAL REVIEW

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had bank balances and cash amounting to \$2,562 million (not including pledged bank deposits of \$147 million) as at 30 June 2021. This represented a decrease of 58.2% as compared with the position as at 31 December 2020 of \$6,126 million. The Group also has undrawn unconditional facility from the bank loans facility agreement amounting to HK\$8,270.0 million as at 30 June 2021 and the Group is in the process of negotiation with banks for refinancing its existing bank borrowings as long term financing. The directors of the Company are of the opinion that there are good track records and relationships with banks which enhance the Group's ability to refinance its borrowing facilities.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2021 amounted to \$9,005 million (as at 31 December 2020: \$18,787 million). Total senior notes issued by the Group as at 30 June 2021 amounted to \$9,380 million (as at 31 December 2020: nil). The maturity of the Group's borrowings as at 30 June 2021 is as follows:

Maturity Profile				
Within 1 year	1–2 years	2–5 years	over 5 years	Total
49%	—	30%	21%	100%

GEARING RATIO

The Group's gearing ratio (defined as the ratio of total outstanding bank loans and senior notes less pledged bank deposits, short-term bank deposits, bank balances and cash to total assets (excluding pledged bank deposits, short-term bank deposits, bank balances and cash)) was 33.4% at the end of the Reporting Period (as at 31 December 2020: 26.9%).

CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments by the Group amounted to \$1.4 billion as at 30 June 2021 (as at 31 December 2020: \$2.8 billion), of which \$1.2 billion were for the Grand Lisboa Palace project. As at 30 June 2021, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$39 billion, including capital expenditure commitments to date.

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

FINANCIAL REVIEW

PLEDGE OF ASSETS

As at 30 June 2021, certain of the Group's property and equipment and right-of-use assets with carrying values of \$37,779 million and \$1,824 million, respectively (as at 31 December 2020: \$36,477 million and \$1,847 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$147 million as at 30 June 2021 (as at 31 December 2020: \$147 million).

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2021, the total amount of guarantees of the Group given to banks was \$87 million (as at 31 December 2020: \$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 2021.

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 2021, the Group had approximately 20,600 full-time employees. The Group's employee turnover rate was minimal in the first half of 2021.

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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

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 12 to 50, which comprise the condensed consolidated statement of financial position as of 30 June 2021 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

3 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		HK\$ million	HK\$ million
		(unaudited)	(unaudited)
	Notes		
Gaming, hotel, catering, retail and related services revenues		5,221.6	4,374.1
Gaming revenue	4	5,076.4	4,272.1
Special gaming tax, special levy and gaming premium		(2,212.3)	(1,975.7)
Hotel, catering, retail and related services income		2,864.1	2,296.4
Cost of sales and services on hotel, catering, retail and related services		145.2	102.0
Other income, gains and losses		(118.9)	(109.7)
Marketing and promotional expenses		99.3	110.8
Operating and administrative expenses		(618.3)	(94.2)
Finance costs	5	(3,848.4)	(3,765.8)
Share of profits of an associate		(16.6)	(14.9)
Share of profits of a joint venture		3.3	7.4
		2.6	2.9
Loss before taxation	6	(1,487.7)	(1,465.1)
Taxation	7	(10.4)	(13.4)
Loss for the period		(1,498.1)	(1,478.5)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		26.9	(287.8)
Total comprehensive expense for the period		(1,471.2)	(1,766.3)
Loss for the period attributable to:			
owners of the Company		(1,465.9)	(1,412.4)
non-controlling interests		(32.2)	(66.1)
		(1,498.1)	(1,478.5)
Total comprehensive expense for the period attributable to:			
owners of the Company		(1,439.0)	(1,700.2)
non-controlling interests		(32.2)	(66.1)
		(1,471.2)	(1,766.3)
Loss per share:			
Basic	9	HK(25.8) cents	HK(24.9) cents
Diluted	9	HK(25.8) cents	HK(24.9) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
	Notes		
Non-current assets			
Property and equipment	10	40,802.2	39,559.0
Right-of-use assets	10	3,172.7	3,353.4
Intangible asset	11	87.8	131.7
Art works and diamonds		281.3	281.3
Interest in an associate		349.0	347.7
Interest in a joint venture		142.4	139.8
Investments in equity instruments designated at fair value through other comprehensive income		581.3	554.4
Other assets	12	591.4	1,161.7
Pledged bank deposit		145.6	145.6
		46,153.7	45,674.6
Current assets			
Inventories		120.4	121.7
Trade and other receivables	14	746.6	798.0
Pledged bank deposits	13	1.4	1.4
Short-term bank deposits		135.5	818.2
Bank balances and cash		2,426.3	5,307.6
		3,430.2	7,046.9
Current liabilities			
Trade and other payables	16	6,491.5	7,730.8
Taxation payable		10.9	37.2
Bank loans — due within one year	17	9,005.2	5,272.2
Lease liabilities		341.3	256.4
		15,848.9	13,296.6
Net current liabilities		(12,418.7)	(6,249.7)
Total assets less current liabilities		33,735.0	39,424.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
Non-current liabilities			
Bank loans — due after one year	17	—	13,514.9
Unsecured notes — due after one year	18	9,380.3	—
Lease liabilities		787.2	929.6
Amount due to non-controlling interests of a subsidiary	19	301.8	263.3
Deferred taxation		10.5	10.5
Other payables		49.9	66.7
		10,529.7	14,785.0
Net assets		23,205.3	24,639.9
Capital and reserves			
Share capital	20	11,479.3	11,435.5
Reserves		11,642.2	13,092.6
Equity attributable to owners of the Company		23,121.5	24,528.1
Non-controlling interests		83.8	111.8
Total equity		23,205.3	24,639.9

The condensed consolidated financial statements on pages 12 to 50 were approved and authorised for issue by the board of directors on 3 August 2021 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 2021

	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 1 January 2021 (audited)	11,435.5	721.8	(36.0)	12,406.8	24,528.1	111.8	24,639.9
Loss for the period	—	—	—	(1,465.9)	(1,465.9)	(32.2)	(1,498.1)
Other comprehensive income for the period	—	—	26.9	—	26.9	—	26.9
Total comprehensive income (expense) for the period	—	—	26.9	(1,465.9)	(1,439.0)	(32.2)	(1,471.2)
Exercise of share options	43.8	(11.4)	—	—	32.4	—	32.4
Release of lapsed equity-settled share-based payments	—	(6.5)	—	6.5	—	—	—
Deemed capital contribution from non-controlling interests of a subsidiary (note 19)	—	—	—	—	—	4.2	4.2
	43.8	(17.9)	—	6.5	32.4	4.2	36.6
At 30 June 2021 (unaudited)	11,479.3	703.9	(9.1)	10,947.4	23,121.5	83.8	23,205.3
At 1 January 2020 (audited)	11,281.4	798.2	277.7	16,641.1	28,998.4	237.7	29,236.1
Loss for the period	—	—	—	(1,412.4)	(1,412.4)	(66.1)	(1,478.5)
Other comprehensive expense for the period	—	—	(287.8)	—	(287.8)	—	(287.8)
Total comprehensive expense for the period	—	—	(287.8)	(1,412.4)	(1,700.2)	(66.1)	(1,766.3)
Exercise of share options	31.2	(8.7)	—	—	22.5	—	22.5
Recognition of equity-settled share-based payments	—	0.8	—	—	0.8	—	0.8
Release of lapsed equity-settled share-based payments	—	(3.0)	—	3.0	—	—	—
Dividends paid (note 8)	—	—	—	(1,246.8)	(1,246.8)	—	(1,246.8)
	31.2	(10.9)	—	(1,243.8)	(1,223.5)	—	(1,223.5)
At 30 June 2020 (unaudited)	11,312.6	787.3	(10.1)	13,984.9	26,074.7	171.6	26,246.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
Net cash used in operating activities	21	(1,922.5)	(4,277.9)
Investing activities			
Acquisition of property and equipment		(859.0)	(1,790.4)
Placement of short-term bank deposits		(479.6)	(3,915.5)
Deposits paid for acquisitions of property and equipment		(56.0)	(272.6)
Payments for rental deposits		(4.9)	(3.5)
Advance to a joint venture		(0.1)	—
Withdrawal of short-term bank deposits		1,162.3	5,887.4
Interest received		9.5	106.3
Proceeds of rental deposits refunded		1.6	4.1
Dividend received		0.5	—
Proceeds from disposal of property and equipment		0.1	—
Withdrawal of pledged bank deposits		—	873.7
Repayment from an investee company		—	2.0
Net cash (used in) from investing activities		(225.6)	891.5
Financing activities			
Repayment of bank loans		(12,736.1)	(70.5)
Repayments of lease liabilities		(158.5)	(182.0)
Interest paid		(149.6)	(304.8)
Transaction costs incurred in connection with the issuance of unsecured notes		(78.2)	—
Payment of bank loans arrangement fee		(3.3)	—
Proceeds from issuance of unsecured notes		9,292.3	—
New bank loans raised		3,028.6	—
Advance from non-controlling interests of a subsidiary		39.2	—
Proceeds from issue of shares		32.4	22.5
Dividends paid		—	(1,246.8)
Net cash used in financing activities		(733.2)	(1,781.6)
Net decrease in cash and cash equivalents		(2,881.3)	(5,168.0)
Cash and cash equivalents at 1 January		5,307.6	8,738.1
Cash and cash equivalents at 30 June, represented by bank balances and cash		2,426.3	3,570.1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

SJM Holdings Limited (the “Company”) is a public limited company incorporated in Hong Kong and acts as an investment holding company. The Company’s ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its subsidiaries are principally engaged in the development and operations of casinos and related facilities, and hotel, catering, retail and related services 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 2020 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 2020 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.

In preparing the Group’s condensed consolidated financial statements, the directors of the Company have carefully considered the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by approximately HK\$12,418.7 million and the Group had capital commitments of HK\$1,405.4 million. The directors of the Company reviewed the Group’s cash flow projections which cover a period of not less than twelve months from 30 June 2021 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations that will be due in the coming twelve months from 30 June 2021, on the basis that the Group has undrawn unconditional facility from the bank loans facility agreement amounting to HK\$8,270.0 million as at 30 June 2021 and the Group is in the process of negotiation with banks for refinancing its existing bank borrowings as long-term financing. The directors of the Company are of the opinion that there are good track records and relationships with banks which enhance the Group’s ability to refinance its borrowing facilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

Based on the aforesaid factors and together with the internally generated funds in the coming twelve months, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The gaming concession agreement executed on 28 March 2002 between Macau government and a subsidiary of the Company, SJM Resorts, S.A. (formerly known as Sociedade de Jogos de Macau, S.A.) ("SJM"), by which Macau government granted to SJM one of the three concessions for the exploitation of games of fortune and chance or other games in casino in Macau (the "Concession Contract"). The Concession Contract will expire on 26 June 2022, unless extended pursuant to the applicable laws of Macau. Upon expiration of the Concession Contract, all of the Group's casinos, gaming assets and equipment and ownership rights to the casino properties in Macau will revert to the Macau government without compensation to SJM.

The directors of the Company are considering various options to place SJM in a good position for the renewal, extension or application process. However, if the Concession Contract is not renewed or extended upon its stated expiration date, the Group will cease to generate any gaming revenue from the operations of the Group, which is currently the Group's principal source of revenue. In addition, repayments of unsecured notes of the Group will be accelerated as described in note 18 and may have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

COVID-19 Pandemic

Since the outbreak of the coronavirus disease 2019 ("COVID-19"), actions for implementation of travel restrictions have been taken such as those related to the China Individual Visit Scheme ("China IVS"), the Hong Kong Macau Ferry Terminal closure and other countries restricting inbound travel from mainland China. The Macau SAR Government has also imposed certain health safeguards to casinos such as mandatory wearing of masks, completion of health declarations, temperature checks and spacing of seats at table games and slot machines to mitigate the spread of the virus.

Starting from 26 August 2020, the China IVS resumed for residents of Guangdong Province and the rest of mainland China. Visitation to Macau SAR is still under gradual recovery due to various government policies on travel restrictions and quarantine requirements. Currently, visitors from mainland China under certain health declarations and testing requirements are exempted from quarantine requirements while certain measures including stringent travel restrictions, quarantine and testing requirements are imposed to visitors from Hong Kong, Taiwan and the rest of the world.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD (Continued)

COVID-19 Pandemic (Continued)

The disruptions arising from the COVID-19 pandemic had a significant adverse impact on the Group's financial condition, operations and cash flows during the six months ended 30 June 2021. Given the uncertainty about the future course of COVID-19, the regulatory and economic responses, the impact on the Group's future operating results cannot be reasonably estimated at this stage.

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 additional accounting policies resulting from application of 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 2021 are the same as those presented in the annual financial statements of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
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In addition, the Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021".

Impacts on early application of Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"

The Group has early applied the amendment in the current period. The application has had no impact to the opening retained profits at 1 January 2021.

The Group has benefited for six months' waiver of lease payments on several leases in casino properties and motor vehicles. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK\$23.9 million, which has been recognised as variable lease payments in profit or loss for the current period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. OPERATING SEGMENTS

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

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

The CODM regularly analyses gaming operations in terms of VIP gaming operations, mass market table gaming operations, slot machine and other gaming operations, and the relevant revenues and operating results 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 reportable segment named “hotel, catering and retail operations”.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. OPERATING SEGMENTS (Continued)

Segment information about these businesses is presented below:

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

	Segment revenue		Segment results	
	Six months ended 30 June			
	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
Gaming operations: recognised at a point in time	5,076.4	4,272.1	(1,243.6)	(1,208.1)
Hotel, catering and retail operations: External sales:				
Catering and retail operations: recognised at a point in time	105.6	81.6		
Hotel operations: recognised over time	39.6	20.4		
	145.2	102.0		
Inter-segment sales:			(171.3)	(262.3)
Catering and retail operations: recognised at a point in time	14.2	13.6		
Hotel operations: recognised over time	15.5	22.7		
	29.7	36.3		
	174.9 (29.7)	138.3 (36.3)		
Eliminations	145.2	102.0		
Total:				
recognised at a point in time	5,182.0	4,353.7		
recognised over time	39.6	20.4		
	5,221.6	4,374.1		
Reconciliation from segment results to loss before taxation:			(1,414.9)	(1,470.4)
Unallocated corporate income			4.4	58.5
Unallocated corporate expenses			(83.1)	(63.5)
Share of profits of an associate			3.3	7.4
Share of profits of a joint venture			2.6	2.9
Loss before taxation			(1,487.7)	(1,465.1)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. OPERATING SEGMENTS (Continued)

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

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

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

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

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
ASSETS		
Segment assets:		
gaming operations	5,476.6	7,611.4
hotel, catering and retail operations	3,939.5	4,118.5
	9,416.1	11,729.9
Interest in an associate	349.0	347.7
Interest in a joint venture	142.4	139.8
Unallocated bank deposits, bank balances and cash	369.6	2,051.7
Other unallocated assets	39,306.8	38,452.4
Group's total	49,583.9	52,721.5
LIABILITIES		
Bank loans:		
gaming operations	8,778.2	18,632.0
hotel, catering and retail operations	227.0	55.0
unallocated corporate bank loans	—	100.1
	9,005.2	18,787.1
Unsecured notes:		
gaming operations	9,380.3	—
Other segment liabilities:		
gaming operations	4,544.3	5,427.4
hotel, catering and retail operations	325.6	441.3
	4,869.9	5,868.7
Total segment liabilities	23,255.4	24,655.8
Unallocated liabilities	3,123.2	3,425.8
Group's total	26,378.6	28,081.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. OPERATING SEGMENTS (Continued)

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

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

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

4. GAMING REVENUE

	Six months ended 30 June	
	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
Gaming revenue from:		
VIP gaming operations	855.6	1,368.3
mass market table gaming operations	4,385.2	3,291.4
slot machine and other gaming operations	264.6	234.8
	5,505.4	4,894.5
Less: commissions and incentives	(429.0)	(622.4)
	5,076.4	4,272.1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
Interests on:		
unsecured notes	166.2	—
bank loans	132.7	276.3
lease liabilities	15.1	13.0
Imputed interest on amount due to non-controlling interests of a subsidiary	3.5	2.5
	317.5	291.8
Less: Amount capitalised	(300.9)	(276.9)
	16.6	14.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2021	2020
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
<i>Loss before taxation has been arrived at after charging:</i>		
Directors' remuneration, including share-based payments to directors of HK\$0.8 million for the six months ended 30 June 2020 (six months ended 30 June 2021: nil)	40.6	41.3
Less: Amount capitalised	(5.7)	(6.1)
	34.9	35.2
Other staff costs	2,869.2	2,722.2
Total employee benefit expenses	2,904.1	2,757.4
Amortisation of intangible asset (included in operating and administrative expenses)	43.9	22.0
Depreciation of property and equipment	227.4	314.5
Depreciation of right-of-use assets	186.1	170.3
Loss on disposal/write-off of property and equipment	1.2	0.5
Loss on derecognition of a bank loan	0.5	—
<i>and after crediting:</i>		
Gain on early repayment of a bank loan	67.5	—
Bank interest income	6.8	96.6
Covid-19-related rent concessions (note 10)	23.9	9.9
Dividend income	1.7	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7. TAXATION

	Six months ended 30 June	
	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
Current tax — Macau SAR Complementary Tax (“CT”)	10.4	12.6
Deferred taxation	—	0.8
	10.4	13.4

No provision for CT on gaming related income is made for SJM. Pursuant to the approval notices issued by the Macau SAR government dated 27 September 2016 and 17 April 2020, SJM has been exempted from CT for income generated from gaming operations for the periods from 1 January 2017 to 31 March 2020 and 1 April 2020 to 26 June 2022, respectively.

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 Special Complementary Tax of MOP23.2 million (equivalent to HK\$22.5 million) for each of the years ended 31 December 2017 to 2019 and MOP5.8 million (equivalent to HK\$5.6 million) for the three months ended 31 March 2020. Pursuant to the approval letter dated 30 March 2021 issued by the Financial Services Bureau of the Macau SAR government, a Special Complementary Tax was levied on the extended concession period from 1 April 2020 to 26 June 2022, and SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP16.9 million (equivalent to HK\$16.4 million) for the period 1 April 2020 to 31 December 2020, MOP22.5 million (equivalent to HK\$21.8 million) for the year ended 31 December 2021 and MOP11.0 million (equivalent to HK\$10.7 million) for the period from 1 January 2022 to 26 June 2022. SJM’s shareholders are obligated to pay the Special Complementary Tax regardless of any dividend distributed by SJM during the relevant period/year.

Regarding 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 2021

8. DIVIDENDS

	Six months ended 30 June	
	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
Final dividend per ordinary share — HK22 cents for 2019	—	1,246.8

The board of directors of the Company does not declare the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to owners of the Company)	(1,465.9)	(1,412.4)

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note)	5,680,345,144	5,666,446,216

Note: For the six months ended 30 June 2020 and 2021, the diluted loss per share was the same as the basic loss per share as the computation of the diluted loss per share does not assume the exercise of the Company's share options because the assumed exercise would result in a decrease in loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
Property and equipment		
Carrying values		
Leasehold land and buildings	3,039.7	3,088.5
Chips	0.3	0.4
Furniture, fixtures and equipment	954.7	1,021.8
Gaming equipment	203.6	220.0
Leasehold improvements	971.2	1,014.8
Motor vehicles	8.2	9.3
Vessels	174.9	181.2
Construction in progress	35,449.6	34,023.0
Total	40,802.2	39,559.0
Right-of-use assets		
Carrying values		
Leasehold lands	2,525.4	2,558.4
Leasehold land and buildings	646.2	792.8
Motor vehicles	1.1	2.2
Total	3,172.7	3,353.4

During the six months ended 30 June 2021, the Group incurred HK\$1,484.1 million (six months ended 30 June 2020: HK\$1,709.1 million) on acquisition of property and equipment to expand and upgrade its facilities.

At 30 June 2021, pursuant to the gaming concession held by the Group, certain of the Group's property and equipment with an aggregate carrying value of HK\$1,026.9 million (31 December 2020: HK\$1,074.8 million) in respect of the Group's gaming business have to be returned to the Macau SAR government upon completion of the term of the concession.

At 30 June 2021, the carrying values of the construction in progress of HK\$35,449.6 million (31 December 2020: HK\$34,023.0 million) represented the construction in progress of development and operation of a casino, hotel and entertainment complex on a parcel of land in Macau SAR ("Grand Lisboa Palace Project").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

During the six months ended 30 June 2021, the Group entered into new lease agreements for the use of properties in Macau SAR for 1.9 to 2 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised HK\$34.7 million (six months ended 30 June 2020: HK\$729.4 million) of right-of-use assets and HK\$34.7 million (six months ended 30 June 2020: HK\$729.4 million) of lease liabilities.

Lessors of the relevant casino properties provided rent concessions to the Group through rent reductions ranging from 12% to 30% for six months.

During the six months ended 30 June 2021, there were rent concessions occurred as a direct consequence of the COVID-19 pandemic, which met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$23.9 million (six months ended 30 June 2020: HK\$9.9 million) were recognised as negative variable lease payments.

11. INTANGIBLE ASSET

A gaming concession contract extension with Macau SAR government in respect of the gaming concession of SJM, which was originally due to expire on 31 March 2020, was accepted by the Group for a further period up to 26 June 2022. The cost of extension premium for the gaming concession contract of MOP200.0 million (equivalent to HK\$194.2 million) and related costs have been amortised on a straight line basis over the extended term of the gaming concession starting from 1 April 2020.

12. OTHER ASSETS

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
Deposits made on acquisitions of property and equipment	403.1	998.1
Rental deposits	46.4	21.8
Amount due from an associate	88.4	88.4
Amount due from a joint venture	14.5	14.4
Amount due from an investee company	39.0	39.0
	591.4	1,161.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12. OTHER ASSETS (Continued)

The amounts due from an associate/a joint venture/an investee company are unsecured, interest-free and have no fixed repayment terms. At 30 June 2021, 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.

13. PLEDGED BANK DEPOSITS

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
Non-current portion		
Bank deposits pledged:		
to secure a bank facility <i>(Note)</i>	145.6	145.6
Current portion		
Bank deposits pledged:		
in favor of the Macau SAR court against any future		
legal proceedings of labour disputes	1.0	1.0
others	0.4	0.4
	1.4	1.4

Note: The amount represents a deposit pledged to secure the bank facility granted to a subsidiary of the Company. The bank facility represents a guarantee amounting to HK\$291.3 million from 1 April 2007 to 180 days after 22 June 2022, 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 2021, the pledged bank deposits carry fixed interest rates at 1.15% (31 December 2020: at 1.00%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
Advances to gaming promoters, net	29.7	112.5
Other receivables from gaming promoters and service providers, net	330.2	337.5
Prepayments	230.8	172.9
Other sundry receivables	155.9	175.1
	746.6	798.0

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 2021, 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. The Group has enforceable right and intends to offset the advances against commission payables to or deposits from relevant gaming promoters. In addition, 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 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
Age		
0 to 30 days	—	7.8
61 to 90 days	—	104.7
Over 90 days	29.7	—
	29.7	112.5

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

Prepayments and other sundry receivables of the Group which included certain balances between the Group and related companies are detailed as follows:

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	43.0	41.6
An associate of the Group	10.9	74.4
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	93.6	90.4
	147.5	206.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL

As part of the Group's credit risk management, the Group applies internal credit ratings for gaming promoters and service providers. The Group assesses the ECL for advances to gaming promoters and other receivables from gaming promoters and service providers individually.

During the six months ended 30 June 2020 and 2021, no addition or reversal of impairment allowance for advances to gaming promoters and other receivables from gaming promoters and service providers was provided.

No impairment allowance is recognised for the non-credit-impaired advances to gaming promoters and other receivables from gaming promoters and service providers 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 has also assessed all available forward looking information, including but not limited to expected growth rate and future development of gaming industry, and concluded that there is no significant increase in credit risk.

For the interest receivables and credit card receivables included in other sundry receivables pledged bank deposits, short-term bank deposits and bank balances, no allowance for impairment was made since the management considers the probability of default is negligible as such amounts are receivable from or placed in banks in Macau SAR and Hong Kong having good reputation and are considered to have low credit risk.

For rental deposits, the management considered the historical experience and forward-looking information and assessed the risk of default as low, no impairment allowance is made during the year.

For the amounts due from ultimate holding company/an associate/a joint venture/an investee company, other amounts in other sundry receivables, no allowance for impairment was made since the management considers the probability of default is minimal after assessing the 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 (31 December 2020: HK\$87.3 million) as at 30 June 2021. Details of the financial guarantee contracts are set out in note 24. At the end of the reporting period, the management 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16. TRADE AND OTHER PAYABLES

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
Trade payables	212.5	307.6
Special gaming tax payable	284.9	354.5
Chips in circulation	994.9	1,504.8
Chips in custody and deposits received from gaming patrons and gaming promoters	1,141.6	1,399.4
Payable for acquisition of property and equipment	75.8	76.5
Construction payables	2,482.6	2,852.4
Accrued staff costs	830.1	794.9
Accrued operating expenses	26.3	21.6
Withholding tax payable	20.0	14.6
Other sundry payables and accruals	472.7	471.2
	6,541.4	7,797.5
Less: Non-current portion of construction payables	(49.9)	(66.7)
	6,491.5	7,730.8

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

Age	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
0 to 30 days	195.9	294.1
31 to 60 days	4.2	8.2
61 to 90 days	3.8	2.1
Over 90 days	8.6	3.2
	212.5	307.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16. TRADE AND OTHER PAYABLES (Continued)

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.

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

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	87.0	44.2
An associate of the Group	99.6	209.7
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	152.3	181.9
	338.9	435.8

17. BANK LOANS

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
The syndicated secured bank loans are repayable:		
Within one year	9,005.2	5,272.2
Within a period of more than one year but not more than two years	—	13,514.9
	9,005.2	18,787.1
Less: Amounts due within one year shown under current liabilities	(9,005.2)	(5,272.2)
Amounts shown under non-current liabilities	—	13,514.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. BANK LOANS (Continued)

Variable-rate bank loans comprise:

	Carrying amounts	
	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
Secured bank loans for Grand Lisboa Palace Project ("GLP Bank Loans")	8,778.2	18,603.2
Secured bank loans for Ponte 16 ("P16 Bank Loans")	227.0	183.9
	9,005.2	18,787.1

GLP Bank Loans

Due to the outbreak of COVID-19, the Group obtained consent from the banks on 23 June 2020 for waiver of the financial covenant tests on consolidated interest coverage ratio and consolidated leverage ratio during the six months ended 30 June 2021.

At 30 June 2021, the range of effective interest rates of the secured bank loans is 2.33% to 2.35% (31 December 2020: 2.40% to 2.46%) per annum. The purpose of the secured syndicated loan facilities is for financing the Grand Lisboa Palace Project.

At 30 June 2021, the GLP Bank Loans are secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK\$37,348.8 million (31 December 2020: HK\$36,038.5 million) and HK\$1,766.7 million (31 December 2020: HK\$1,789.0 million), respectively. In addition, the other key terms and securities for such bank loans pledged are set out as follows:

- (i) an assignment of all 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;
- (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 2020: HK\$27,500 million) issued by SJM and endorsed by the Company and certain subsidiaries of SJM.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. BANK LOANS (Continued)

P16 Bank Loans

During the six months ended 30 June 2021, the Group entered into a supplementary agreement with banks to revise the terms of previous facility agreement. Pursuant to the supplementary agreement, the Group's P16 Bank Loans facility was revised to a term of two years from the date of the supplementary agreement with revised limits of MOP273 million and HK\$500 million. During the six months ended 30 June 2021, HK\$230 million of secured bank loans was drawn, of which HK\$185 million was used to repay outstanding bank loans and the remaining HK\$45 million was used as general working capital for non-gaming operation of the Group. Accordingly, the Group recorded a loss on derecognition of bank loan of HK\$0.5 million.

Due to the outbreak of COVID-19, the Group obtained consent from the banks for waiver of the financial covenant tests on consolidated interest coverage ratio and consolidated leverage ratio during the six months ended 30 June 2021.

At 30 June 2021, the effective interest rate of the secured bank loans is 3.34% (31 December 2020: 3.73%) per annum. The main purpose of the facilities in the supplementary agreement 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 serve as general working capital for the non-gaming operation of a subsidiary of the Group.

At 30 June 2021, the P16 Bank Loans are secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK\$429.9 million (31 December 2020: HK\$438.5 million) and HK\$57.2 million (31 December 2020: HK\$58.1 million), respectively. In addition, the other key terms and securities for such bank loans pledged are set out as follows:

- (i) financial guarantees with promissory notes given by certain subsidiaries and the non-controlling shareholders amounting to approximately HK\$1,000 million (31 December 2020: HK\$1,000 million) and HK\$490 million (31 December 2020: 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 2021

18. UNSECURED NOTES — DUE AFTER ONE YEAR

		At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
	Notes		
United States Dollar ("USD") 500,000,000 unsecured notes carry fixed coupon rate of 4.50% per annum, payable semi-annually with maturity in 2026 at carrying amounts	i	3,918.5	—
USD500,000,000 unsecured notes carry fixed coupon rate of 4.85% per annum, payable semi-annually with maturity in 2028 at carrying amounts	ii	3,923.4	—
HK\$1,250,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	iii	1,247.2	—
MOP300,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	iv	291.2	—
		9,380.3	—

At 30 June 2021, the total carrying amounts were classified as non-current liabilities.

The proceeds from the issuance of unsecured notes are intended to use for refinancing the syndicated secured bank loans and the balance for general corporate purposes of the Group. The unsecured notes contain special put options, which will be exercisable only after 20 days of triggering events relating to the loss of gaming concession in Macau SAR.

Notes:

- i In January 2021, Champion Path Holdings Limited, a subsidiary of the Company, issued unsecured notes of USD500,000,000. The unsecured notes (Stock code: 40559) are listed on the Stock Exchange and carry fixed coupon rate of 4.50% per annum, payable semi-annually in arrears. The unsecured notes carry effective interest rate of 4.65% per annum. The principal amount of the unsecured notes is repayable in 2026.
- ii In January 2021, Champion Path Holdings Limited issued unsecured notes of USD500,000,000. The unsecured notes (Stock code: 40560) are listed on the Stock Exchange and carry fixed coupon rate of 4.85% per annum, payable semi-annually in arrears. The unsecured notes carry effective interest rate of 4.94% per annum. The principal amount of the unsecured notes is repayable in 2028.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

18. UNSECURED NOTES — DUE AFTER ONE YEAR (Continued)

- iii In May 2021, Champion Moments Limited, a subsidiary of the Company, issued unsecured notes of HK\$1,250,000,000. The unsecured notes are listed on the Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the "MOX") and carry fixed coupon rate of 3.90% per annum, payable semi-annually in arrears. The unsecured notes carry effective interest rate of 4.03% per annum. The principal amount of the unsecured notes is repayable in 2026.*
- iv In May 2021, Champion Moments Limited issued unsecured notes of MOP300,000,000. The unsecured notes are listed on the MOX and carry fixed coupon rate of 3.90% per annum, payable semi-annually in arrears. The unsecured notes carry effective interest rate of 3.98% per annum. The principal amount of the unsecured notes is repayable in 2026.*

19. AMOUNT DUE TO NON-CONTROLLING INTERESTS OF A SUBSIDIARY

At the end of the reporting period, the amount is unsecured and interest-free. The Group agreed with the non-controlling shareholders of that subsidiary that the Group will only repay the amount based on the sufficiency of its surplus funds. The surplus funds represent the cash available in the relevant subsidiary of the Group after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayments together with the accrued interests. Therefore, the Group revises its estimates on the timing and amounts of repayments to the non-controlling shareholders of that subsidiary and adjusts the carrying amounts in accordance with the revised estimated cash flows on regular basis.

During the six months ended 30 June 2021, imputed interest of HK\$3.5 million (year ended 31 December 2020: HK\$5.2 million) on the amount due to the non-controlling interests of a subsidiary of HK\$301.8 million (31 December 2020: HK\$263.3 million) has been recognised at an effective interest rate of approximately 2.45% (31 December 2020: 2.47%) per annum. At 30 June 2021, the principal amount was HK\$337.0 million (31 December 2020: HK\$297.8 million). During the six months ended 30 June 2021, the carrying amount has been adjusted by HK\$4.2 million (year ended 31 December 2020: HK\$7.0 million) as the deemed capital contribution arising from amount due to non-controlling interests of a subsidiary on initial recognition.

During the year ended 31 December 2020, these carrying amounts were adjusted by HK\$17.1 million (six months ended 30 June 2021: nil) because of changes in cash flow estimates, computed based on the present value of future cash outflows discounted at the original effective interest rate.

At 30 June 2021 and 31 December 2020, the total carrying amount was classified as non-current liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

20. SHARE CAPITAL

	Issued and fully paid Number of shares	Amount HK\$ million
Ordinary shares with no par value		
At 1 January 2020 (audited)	5,664,369,293	11,281.4
Exercise of share options	3,000,000	31.2
At 30 June 2020 (unaudited)	5,667,369,293	11,312.6
Exercise of share options	10,775,000	122.9
At 31 December 2020 (audited)	5,678,144,293	11,435.5
Exercise of share options	3,300,000	43.8
At 30 June 2021 (unaudited)	5,681,444,293	11,479.3

21. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
Operating cash flows before movements in working capital	(1,118.0)	(1,048.8)
Decrease in trade and other payables	(885.8)	(3,483.6)
Other changes in working capital	118.0	325.9
Net cash used in operations	(1,885.8)	(4,206.5)
Income tax paid	(36.7)	(71.4)
Net cash used in operating activities	(1,922.5)	(4,277.9)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

22. SHARE OPTION SCHEME

The share option scheme adopted by the Company on 13 May 2009 (the "Scheme") has lapsed automatically on 13 May 2019 upon the expiry of 10-year period. Following the expiry of the Scheme, no further share options can be granted thereunder but outstanding share options granted under the Scheme shall continue to be valid and exercisable.

A summary of the movements of the outstanding options during the six months ended 30 June 2021 under the Scheme is as follows:

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options				
					Outstanding at 1.1.2021	Reclassified during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2021
Directors	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	27,835,000	(167,000)	(3,000,000)	—	24,668,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	34,835,000	(167,000)	—	—	34,668,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	34,830,000	(166,000)	—	—	34,664,000
	22.6.2017	22.6.2017 to 21.12.2018	22.12.2018 to 21.12.2026	8.33	500,000	—	—	—	500,000
	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	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	12,225,000	—	—	(234,000)	11,991,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	12,183,000	—	—	(233,000)	11,950,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	12,170,000	—	—	(233,000)	11,937,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	5,194,000	—	(102,000)	(40,000)	5,052,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	5,198,000	—	(102,000)	(40,000)	5,056,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	5,103,000	—	(96,000)	(40,000)	4,967,000
Other participants	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	—	167,000	—	—	167,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	—	167,000	—	—	167,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	—	166,000	—	—	166,000
					154,073,000	—	(3,300,000)	(820,000)	149,953,000
Weighted average exercise price per share					HK\$12.71	—	HK\$9.83	HK\$20.22	HK\$12.73

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

22. SHARE OPTION SCHEME (Continued)

On 28 May 2021, a director of the Company retired. The classification of outstanding number of such retired director's share options is reclassified to other participants' 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\$10.98 (six months ended 30 June 2020: HK\$8.99). At the end of the reporting period, 149,953,000 (31 December 2020: 154,073,000) share options are exercisable.

The Group recognised total expenses of HK\$0.8 million during the six months ended 30 June 2020 (six months ended 30 June 2021: nil) in relation to share options granted by the Company.

23. CAPITAL COMMITMENTS

	At 30 June 2021 HK\$ million (unaudited)	At 31 December 2020 HK\$ million (audited)
Capital expenditure in respect of property and equipment:		
Authorised but not contracted for:		
Grand Lisboa Palace Project	886.5	1,641.2
Others	47.6	62.2
	934.1	1,703.4
Contracted for but not provided in the condensed consolidated financial statements:		
Grand Lisboa Palace Project	325.3	865.6
Others	146.0	185.5
	471.3	1,051.1

At 30 June 2021, capital expenditure in respect of property and equipment committed to acquire from related parties amounted to HK\$36.7 million (31 December 2020: HK\$59.1 million).

At 30 June 2021, the estimated total project costs for the Grand Lisboa Palace Project by the Group's management is approximately HK\$39,000 million (31 December 2020: HK\$39,000 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

24. FINANCIAL GUARANTEE OBLIGATIONS

	At 30 June 2021		At 31 December 2020	
	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	—

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's investments in equity instruments designated at FVTOCI are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are based on 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

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25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2021 HK\$ million	31 December 2020 HK\$ million		
Investments in equity instruments designated at FVTOCI				
Listed equity securities	264.1	249.0	Level 1	Quoted bid prices in an active market
Unlisted equity securities	317.2	305.4	Level 2	Market approach: Net asset value with main multiple being Price-to-Book multiples of comparable companies

There were no transfers between Level 1 and 2 during current period.

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 Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of that date of the event or change in circumstances that caused the transfer.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

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26. RELATED PARTY TRANSACTIONS

- (a) Other than the transactions and balances with related parties disclosed in respective notes in the 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	
		2021 HK\$ million (unaudited)	2020 HK\$ million (unaudited)
STDM and its associates, excluding the Group ("STDM Group") (as defined under Chapter 14A of the Listing Rules)	Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Property rentals (note 26(c))	—	20.0
	Transportation (note 26(d))	1.1	8.1
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Share of administrative expenses (note 26(e) and (f))	0.9	0.8
	Hotel accommodation (note 26(d))	0.5	2.3
	Entertainment (note 26(d))	5.1	5.0
	Cleaning services (note 26(f))	9.2	8.1
	Hotel management and operation (note 26(d) and (f))	6.0	2.9
	Promotional and advertising services (note 26(d) and (f))	2.1	2.5
	Maintenance services (note 26(d) and (f))	6.7	6.7
	Staff messing (note 26(d))	4.2	—
	Others (note 26(f))	4.1	4.8
	Non-exempt connected transactions under Chapter 14A of the Listing Rules		
	Right-of-use assets — HKFRS 16 (note 26(c))	28.1	490.7
Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Service fees paid to a service provider in relation to the promotion of a casino (note 26(g))	N/A	2.2
	Service fees reimbursed from a service provider in relation to the promotion of a casino (note 26(n))	(14.2)	—
	Property rentals (note 26(i))	1.0	20.8
	Non-exempt connected transactions under Chapter 14A of the Listing Rules		
	Right-of-use assets — HKFRS 16 (note 26(i))	—	228.2
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Others (note 26(f) and (h))	31.2	28.9
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 reimbursed from a service provider in relation to the promotion of a casino (note 26(j))	(85.7)	(123.8)
	Insurance expenses	96.1	97.0
	Sub-concession fee income	4.3	2.2
	Service fee in relation to foreign currencies exchange	—	3.8
	Construction costs	3.5	1.3
	Others	3.8	3.1
An associate	Construction costs and management fee paid	57.7	76.3
A joint venture	Property rentals (note 26(m))	5.8	1.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

26. RELATED PARTY TRANSACTIONS (Continued)

- (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 2021, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK\$0.1 million (six months ended 30 June 2020: 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 "Premises Leasing Master Agreement with STDM"). The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 March 2020. The Premises Leasing Master Agreement with STDM was renewed on 23 December 2019 for a term of period from 1 April 2020 to 31 December 2022 with similar terms as the previous agreement. The amounts of transactions during the period were disclosed in note 26(a) above.

The amount disclosed in note 26(a) represents the property rentals with related parties and/or connected parties for the addition of right-of-use assets and expenses relating to the relevant short-term leases.

During the six months ended 30 June 2021, the lease transactions with related parties represent addition of right-of-use assets of HK\$28.1 million (six months ended 30 June 2020: HK\$490.7 million), incurred expenses relating to the relevant short-term leases of nil (six months ended 30 June 2020: HK\$20.0 million) and interest expenses of HK\$4.8 million (six months ended 30 June 2020: HK\$3.8 million) on the relevant lease liabilities with carrying amount of HK\$330.6 million as at 30 June 2021 (30 June 2020: HK\$464.1 million).

- (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

26. RELATED PARTY TRANSACTIONS (Continued)

(d) (Continued)

On 19 June 2011, the Company entered into a renewed products and services master agreement with STDM (the “Renewed Master Agreement”) for the provision of products and services as described in the Products and Services Master Agreement, except for hotel management and operation, promotional and advertising services, and travel agency services, which are regarded as de minimis transactions as described in note 26(f). The Renewed Master Agreement expired on 31 December 2013, and was renewed on 6 January 2014, 26 January 2017 and 23 December 2019, each for a term of three years starting from 1 January 2014, 1 January 2017 and 1 January 2020, respectively, with similar terms for the provision of products and services for five categories: hotel accommodation, entertainment, transportation, hotel management and operation and maintenance services. The transaction amounts for the hotel management and operation and maintenance services during the period were de minimis as described in note 26(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 26(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 (the “Service Agreement”) for the period from 1 October 2009 to 31 March 2020 or any earlier termination with 21 days’ notice to other party who is in default of the agreement. On 4 May 2020, SJM entered into an addendum to the Service Agreement with Tin Hou Limited for extending the provision of services as specified in the Service Agreement to SJM until 26 June 2022. Tin Hou is a company controlled over 50% by a half-brother of a director of certain subsidiaries of the Company and was a connected person of the Company pursuant to Rules 14A.07(4) and 14A.12(2)(a) of the Listing Rules. From the effective date of the addendum to the Service Agreement, such subsidiaries of the Company are categorised as insignificant subsidiaries of the Group according to Rule 14A.09 of the Listing Rules. In this regard, the director is not considered as a connected person or related party of the Company and the transactions between SJM and Tin Hou under the Service Agreement are no longer continuing connected transactions or related party transactions for the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

26. RELATED PARTY TRANSACTIONS (Continued)

- (h) On 24 June 2011, SJM 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 with ST-CITS and on 31 December 2019 with a subsidiary of ST-CITS, each for a term of three years starting from 1 January 2017 and 1 January 2020, respectively, with similar terms as the previous agreement. The transaction amounts for transportation during the years ended 31 December 2019 and 2020 were de minimis as described in note 26(f). From 16 July 2020, ST-CITS was no longer a connected party or related party of the Company due to restructuring related to ST-CITS. Hence, the transactions between SJM and ST-CITS were no longer treated as continuing connected transactions or related party transactions.

- (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 (the "Premises Leasing Master Agreement") effective from 1 January 2014. The term of each implementing lease was for a term commencing on a date specified in the relevant implementing lease and ended on a date not later than 31 December 2016. On 14 December 2016, the Company entered into a renewed premises leasing master agreement with the director and/or her associates to the Group (the "Renewed Premises Leasing Master Agreement"). The Renewed Premises Leasing Master Agreement expired on 31 December 2019, and was further renewed on 23 December 2019 for a term of three years from 1 January 2020 with similar terms as the previous agreement. The amounts of transactions during the period were disclosed in note 26(a) above.

The amount disclosed in note 26(a) represents the property rentals with related parties and/or connected parties for the additions of right-of-use assets and expenses relating to the relevant short-term leases.

During the six months ended 30 June 2021, the lease transactions with related parties represent addition of right-of-use assets of nil (six months ended 30 June 2020: HK\$228.2 million), incurred expenses relating to the relevant short-term leases of HK\$1.0 million (six months ended 30 June 2020: HK\$20.8 million) and interest expenses of HK\$1.8 million (six months ended 30 June 2020: HK\$1.5 million) on the relevant lease liabilities with carrying amount of HK\$122.1 million as at 30 June 2021 (30 June 2020: HK\$210.8 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

26. RELATED PARTY TRANSACTIONS (Continued)

- (j) Service fees in relation to the promotion of a casino were paid to/reimbursed from an entity in which certain directors of the Group are 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, the non-controlling interests of a subsidiary also provided securities to secure the syndicate secured bank loans of the Group. At the end of the reporting period, the key terms and securities pledged are set out as follows:
 - (i) financial guarantee with promissory note of HK\$490 million (31 December 2020: HK\$490 million);
 - (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”), 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.

- (m) The amount disclosed in note 26(a) represents the property rentals with related parties and/or connected parties for the expenses relating to the relevant short-term leases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

26. RELATED PARTY TRANSACTIONS (Continued)

- (n) SJM entered into an agreement with L'Arc Entertainment Group Company Limited ("L'Arc Entertainment") dated 21 September 2009 and as supplemented by addendums dated 27 January 2010, 22 October 2010, 4 February 2016, 4 January 2017, 18 December 2017 and 6 May 2020 regarding the provision of the services and licensing for occupation and use of the designated area in the L'Arc Hotel to SJM for the operation of a casino until 26 June 2022 (the "L'Arc Services Agreement"). In connection with the L'Arc Services Agreement, a tripartite agreement regarding the payments of the consideration and any outstanding amounts between Sun City Gaming Promotion Company Limited (the "Gaming Promoter") and SJM were entered into among SJM, L'Arc Entertainment and the Gaming Promoter in Macau in 2020 (the "Tripartite Agreement"). L'Arc Entertainment is a company indirectly wholly controlled by an executive director. From the effective date of the completion of the acquisition of the shares of L'Arc Entertainment on 17 May 2021, L'Arc Entertainment has become a connected person of the Group under the Listing Rules by virtue of it being an associate of the executive director. In this regard, the continuing transactions under the L'Arc Services Agreement and the Tripartite Agreement have become continuing connected transactions of the Company under Chapter 14A of the Listing Rules and related party transactions since 17 May 2021.

27. EVENT AFTER REPORTING PERIOD

Subsequent to the first half of 2021, the Grand Lisboa Palace, the Group's integrated resort on Cotai, opened its doors to the public on 30 July 2021. In the initial phase opening, the resort offers luxury hotel rooms and suites, fine and casual dining, gaming, wellness and spa facilities and event spaces. As such, the financial positions and performance of the Group will be affected in different aspects during the second half of 2021, including a positive contribution to the Group's future revenue.

DISCLOSURE OF INTERESTS

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

As at 30 June 2021, 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:

Interests in Shares, underlying Shares and debentures of the Company

Name of Directors	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	1,500,000	—	0.03%
	Beneficial owner	Long position	—	1,500,000 (Note 1)	0.03%
			1,500,000	1,500,000	0.06%
Fok Tsun Ting, Timothy	Beneficial owner	Long position	3,000,000	—	0.05%
	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
			3,000,000	3,000,000	0.10%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	—	8.06%
	Beneficial owner	Long position	—	30,000,000 (Note 1)	0.53%
			457,950,000	30,000,000	8.59%
So Shu Fai	Beneficial owner	Long position	153,327,922	—	2.70%
	Beneficial owner	Long position	—	35,000,000 (Note 1)	0.62%
			153,327,922	35,000,000	3.32%
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%

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 (Continued)

Name of Directors	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Tse Hau Yin	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			500,000	500,000	0.02%
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	6,000,000	—	0.11%
	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
			6,000,000	3,000,000	0.16%
Ng Chi Sing	Beneficial owner	Long position	58,452,922	—	1.03%
	Beneficial owner	Long position	—	22,000,000 (Note 1)	0.39%
			58,452,922	22,000,000	1.42%

Notes:

1. These represent the interests in underlying Shares in respect of Options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.
2. The percentage has been calculated based on 5,681,444,293 Shares in issue as at 30 June 2021.

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 Directors	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%

SJM Resorts, S.A. (formerly known as 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%

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
(Continued)

Champion Path Holdings Limited ("Champion Path")

Name of Directors	Debentures	Capacity	Amount of debentures held	Approximate percentage to the total amount of debentures in issue
Ho Chiu Fung, Daisy	2026 US\$ Senior Notes (Note 1)	Beneficial owner	US\$5,000,000	1.0%
	2028 US\$ Senior Notes (Note 2)	Beneficial owner	US\$5,000,000	1.0%
Leong On Kei, Angela	2026 US\$ Senior Notes (Note 1)	Beneficial owner	US\$10,000,000	2.0%
	2028 US\$ Senior Notes (Note 2)	Beneficial owner	US\$5,000,000	1.0%
		Founder of a discretionary trust (Note 3)	US\$21,000,000	4.2%
			US\$26,000,000	5.2%
So Shu Fai	2026 US\$ Senior Notes (Note 1)	Beneficial owner	US\$10,000,000	2.0%
	2028 US\$ Senior Notes (Note 2)	Beneficial owner	US\$5,000,000	1.0%
Chan Un Chan	2028 US\$ Senior Notes (Note 2)	Beneficial owner	US\$12,500,000	2.5%
Ng Chi Sing	2026 US\$ Senior Notes (Note 1)	Beneficial owner	US\$4,000,000	0.8%

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 (Continued)

Champion Path Holdings Limited ("Champion Path") (Continued)

Notes:

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

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, so far as was known to any Director, as of 30 June 2021, 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 2021, 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 Shareholders	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. ("STDM")	Beneficial owner and its controlled corporation (Note 1)	Long position	3,062,059,500	—	53.90%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	30,000,000 (Note 3)	8.59%
BlackRock, Inc.	Interest of controlled corporations	Long position	293,656,388	—	5.17%
		Short position	21,378,000	—	0.38%

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 5,681,444,293 Shares in issue as at 30 June 2021.
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 2021, 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. The Scheme lapsed on 13 May 2019 and no further Options can be granted thereunder. However, the outstanding Options granted under the Scheme shall continue to be valid and exercisable up to the end of the relevant exercise periods.

MOVEMENT OF OPTIONS GRANTED

Details of the movement in Options granted under the Scheme during the six months ended 30 June 2021 were as follows:

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2021
				Outstanding as at 1 January 2021	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 3)	22 December 2018 to 21 December 2026	\$8.33	500,000	—	—	—	—	500,000
	22 June 2017 (Note 3)	22 December 2019 to 21 December 2026	\$8.33	1,000,000	—	—	—	—	1,000,000
Fok Tsun Ting, Timothy	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Leong On Kei, Angela	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
So Shu Fai	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	11,666,000	—	—	—	—	11,666,000
Chau Tak Hay	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Tse Hau Yin	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Chan Un Chan	21 June 2018 (Note 4)	21 December 2018 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
	21 June 2018 (Note 4)	21 December 2019 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
	21 June 2018 (Note 4)	21 December 2020 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000

SHARE OPTION SCHEME

MOVEMENT OF OPTIONS GRANTED (Continued)

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2021	
				Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period		
Directors: (Continued)										
Shum Hong Kuen, David	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000	
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000	
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000	
Ng Chi Sing	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	3,667,000	—	(3,000,000)	—	—	667,000	
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000	
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	10,666,000	—	—	—	—	10,666,000	
Sub-total (Directors):				101,500,000	—	(3,000,000)	—	—	98,500,000	
Associates (as defined in the Listing Rules) of Directors (who are also Employee/former Employee):										
The late Ho Hung Sun, Stanley	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000	
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000	
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	1,666,000	—	—	—	—	1,666,000	
Huen Wai Kei	8 October 2013 (Note 1)	8 April 2014 to 7 April 2023	\$22	67,000	—	—	—	—	67,000	
	8 October 2013 (Note 1)	8 April 2015 to 7 April 2023	\$22	67,000	—	—	—	—	67,000	
	8 October 2013 (Note 1)	8 April 2016 to 7 April 2023	\$22	66,000	—	—	—	—	66,000	
	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000	
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000	
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000	
Sub-total (Associates of Directors (who are also Employee/former Employee)):				5,260,000	—	—	—	—	5,260,000	

SHARE OPTION SCHEME

MOVEMENT OF OPTIONS GRANTED (Continued)

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2021
				Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Employees*	8 October 2013 (Note 1)	8 April 2014 to 7 April 2023	\$22	12,158,000	—	—	—	(234,000)	11,924,000
Employees*	8 October 2013 (Note 1)	8 April 2015 to 7 April 2023	\$22	12,116,000	—	—	—	(233,000)	11,883,000
Employees*	8 October 2013 (Note 1)	8 April 2016 to 7 April 2023	\$22	12,104,000	—	—	—	(233,000)	11,871,000
Employees*	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	3,507,000	—	(102,000)	—	(40,000)	3,365,000
Employees*	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	3,511,000	—	(102,000)	—	(40,000)	3,369,000
Employees*	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	3,417,000	—	(96,000)	—	(40,000)	3,281,000
Sub-total (Employees):				46,813,000	—	(300,000)	—	(820,000)	45,693,000
Other participant	15 June 2015 (Notes 2 & 5)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
Other participant	15 June 2015 (Notes 2 & 5)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
Other participant	15 June 2015 (Notes 2 & 5)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Sub-total (Other participant):				500,000	—	—	—	—	500,000
Total:				154,073,000	—	(3,300,000)	—	(820,000)	149,953,000

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

Notes:

- 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

MOVEMENT OF OPTIONS GRANTED (Continued)

Notes: (Continued)

2. 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

3. 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

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

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

5. On 28 May 2021, Hon. Shek Lai Him, Abraham retired as Independent Non-executive Director of the Company and was appointed as an Advisor to the Company on that date. He is re-classified as an other participant and the classification of outstanding number of his share options is re-classified to confirm with current period's presentation.
6. The weighted average closing price of the Shares immediately before the dates on which the Options were exercised is HK\$10.77.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

2026 US\$ SENIOR NOTES, 2028 US\$ SENIOR NOTES, HK\$1,250,000,000 3.9% SENIOR NOTES DUE 2026 (“2026 HK\$ SENIOR NOTES”) AND MOP300,000,000 3.9% SENIOR NOTES DUE 2026 (“2026 MOP SENIOR NOTES”)

In January 2021, Champion Path, a subsidiary of the Company, issued 2026 US\$ Senior Notes and 2028 US\$ Senior Notes. Champion Moments Limited (“Champion Moments”), another subsidiary of the Company, issued 2026 HK\$ Senior Notes and 2026 MOP Senior Notes in May 2021.

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

- (i) the merger, amalgamation or consolidation of the Company with or into another person (other than STDM) or the merger or amalgamation of another person (other than STDM) with or into the Company, or the sale of all or substantially all the assets of the Company to another person (other than STDM);
- (ii) STDM is the “beneficial owners” (as such term is used in Rule 13d-3 of the Exchange Act) of less than 51% of the total voting power of the voting stock of the Company;
- (iii) the adoption of a plan relating to the liquidation or dissolution of the Company;
- (iv) the first day on which the Company ceases to own, directly or indirectly, 100% of the voting stock of the Issuer or SJM.

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Directors' biographical details update since 1 January 2021 and up to 30 June 2021, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Directors	Biographical details update since 1 January 2021 and up to 30 June 2021
Ho Chiu Fung, Daisy	- Decreased director's special fee from the Group by HK\$717,589 for 2020 - Appointed as a member of the Cotai Project Committee of the Company at annual fee of HK\$693,000 (pro-rata) with effect from 28 May 2021 - Appointed as a member of the Cotai Project Monitoring Committee of SJM at monthly fee of HK\$66,000 (pro-rata) with effect from 28 May 2021 - Retired as the Chairman of Po Leung Kuk since 1 April 2021 - Appointed as an Advisor of Po Leung Kuk since 1 April 2021 - Awarded the Bronze Bauhinia Star by Hong Kong SAR Government on 1 July 2021
Fok Tsun Ting, Timothy	Decreased director's special fee from the Group by HK\$373,124 for 2020
Leong On Kei, Angela	- Decreased director's special fee from the Group by HK\$1,571,082 for 2020 - Appointed as Honorary Chairman of Associação Desportiva "Ou Kong Si San Kit Yee Tong" de Artes Marciais Chinesas on 27 June 2021
So Shu Fai	Decreased director's special fee from the Group by HK\$1,804,390 for 2020
Chau Tak Hay	- Decreased director's special fee from the Company by HK\$98,758 for 2020 - Appointed as independent non-executive director of Wharf Real Estate Investment Company Limited on 1 January 2021
Tse Hau Yin	- Decreased director's special fee from the Group by HK\$397,000 for 2020 - On 23 March 2021, an announcement has been published by China Huarong Asset Management Co., Ltd. ("China Huarong") that Mr. Tse Hau Yin, an Independent Non-Executive Director of the Company, has resigned as an independent non-executive director of China Huarong and the resignation shall be effective from the commencement of the term of office of the new independent non-executive director - No longer served as an independent non-executive director of OCBC Wing Hang Bank Limited with effect from 3 June 2021
Wong Yu Pok, Marina	Increased director's special fee from the Company by HK\$16,721 for 2020
Chan Un Chan	Decreased director's special fee from the Group by HK\$118,749 for 2020
Shum Hong Kuen, David	Decreased director's special fee from the Group by HK\$306,152 for 2020
Ng Chi Sing	Decreased director's special fee from the Group by HK\$2,269,254 for 2020
Tsang On Yip, Patrick	Increased director's special fee from the Group by HK\$21,377 for 2020

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.

OTHER REGULATORY COMPLIANCE INFORMATION

INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

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 2021.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2021 to 30 June 2021, 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.

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 2021.

REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2021 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 2021 has 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, 3 August 2021

CORPORATE INFORMATION

CHAIRMAN EMERITUS

The late Dr. Ho Hung Sun, Stanley

BOARD OF DIRECTORS

Chairman and Executive Director

Ms. Ho Chiu Fung, Daisy

Co-Chairmen and Executive Directors

Mr. Fok Tsun Ting, Timothy
Deputada Leong On Kei, Angela

Vice-Chairman, Executive Director and Chief Executive Officer

Dr. So Shu Fai

Executive Directors

Dr. Chan Un Chan
Mr. Shum Hong Kuen, David

Non-executive Directors

Mr. Ng Chi Sing
Mr. Tsang On Yip, Patrick

Independent Non-executive Directors

Mr. Chau Tak Hay
Mr. Tse Hau Yin
Ms. Wong Yu Pok, Marina
Mr. Yeung Ping Leung, Howard (*elected on 28 May 2021*)

AUDIT COMMITTEE

Mr. Tse Hau Yin (*Committee Chairman*)
Mr. Chau Tak Hay
Ms. Wong Yu Pok, Marina
Mr. Yeung Ping Leung, Howard (*appointed on 28 May 2021*)

NOMINATION COMMITTEE

Ms. Ho Chiu Fung, Daisy (*Committee Chairman*)
Mr. Chau Tak Hay
Deputada Leong On Kei, Angela
Dr. So Shu Fai
Mr. Tse Hau Yin
Ms. Wong Yu Pok, Marina
Mr. Yeung Ping Leung, Howard (*appointed on 28 May 2021*)

REMUNERATION COMMITTEE

Mr. Chau Tak Hay (*Committee Chairman*)
Ms. Ho Chiu Fung, Daisy
Deputada Leong On Kei, Angela
Dr. So Shu Fai
Mr. Tse Hau Yin
Ms. Wong Yu Pok, Marina
Mr. Yeung Ping Leung, Howard (*appointed on 28 May 2021*)

CHIEF FINANCIAL OFFICER

Mr. Toh Hup Hock

CHIEF LEGAL COUNSEL

Mr. Pyne, Jonathan Charles

COMPANY SECRETARY

Ms. Kwok Shuk Chong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

18th Floor, China Merchants Tower, Shun Tak Centre,
Nos. 168–200 Connaught Road Central, Hong Kong
Tel: (852) 3960 8000 Fax: (852) 3960 8111
Website: <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
Eligible Stock for both “buy” and “sell” of:
Southbound Trading of Shanghai-Hong Kong Stock Connect
and Shenzhen-Hong Kong Stock Connect
Constituent of the following indexes:
Hang Seng Shenzhen Hong Kong/Consumption Index(es)
Hang Seng Composite Industry Index — Consumer Discretionary
Hang Seng Composite/LargeCap/LargeCap & MidCap Index(es)
Hang Seng HK 35
Hang Seng Large-Mid Cap (Investable) Index
Hang Seng Stock Connect Hong Kong/Hong Kong Greater Bay Area/
Hong Kong Composite Index(es)
Hang Seng Large-Mid Cap Dividend Yield/Low Volatility/
Quality Select Index(es)

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

On Hong Kong Law: Linklaters
On Macau Law: C&C Advogados

FINANCIAL ADVISOR

Somerley Capital Limited

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:

"2026 HK\$ Senior Notes"	: HK\$1,250,000,000 3.9% Senior Notes Due 2026 issued by Champion Moments on 12 May 2021 which are listed on MOX
"2026 MOP Senior Notes"	: MOP300,000,000 3.9% Senior Notes Due 2026 issued by Champion Moments on 12 May 2021 which are listed on MOX
"2026 US\$ Senior Notes"	: US\$500,000,000 4.50% Senior Notes Due 2026 issued by Champion Path on 27 January 2021 which are listed on the Stock Exchange
"2028 US\$ Senior Notes"	: US\$500,000,000 4.85% Senior Notes Due 2028 issued by Champion Path on 27 January 2021 which are listed on the Stock Exchange
"Adjusted EBITDA"	: earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, gain on early repayment of a bank loan, loss on derecognition of a bank loan, sub-concession fee income and pre-opening expenses.
"Adjusted EBITDA Margin"	: the Adjusted EBITDA divided by total net revenue
"Adjusted Casino Property EBITDA"	: earnings or losses before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments and sub-concession fee income, 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
"Board"	: the board of Directors of the Company
"Champion Moments"	: Champion Moments Limited, a wholly owned subsidiary of the Company, incorporated in the British Virgin Islands
"Champion Path"	: Champion Path Holdings Limited, a wholly owned subsidiary of the Company, incorporated in the British Virgin Islands
"China IVS"	: China Individual Visit Scheme
"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

DEFINITIONS

"CODM"	: the chief operation decision maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as a group of senior management that makes strategic decisions
"Company"	: SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Stock Exchange
"Concession Contract"	: the gaming concession agreement executed on 28 March 2002 between Macau government and SJM, by which Macau government granted to SJM one of the three concessions for the exploitation of games of fortune and chance or other games in casino in Macau which will expire on 26 June 2022
"connected person(s)"	: has the meaning ascribed to it under the Listing Rules
"COVID-19" or "Covid-19"	: Coronavirus Disease 2019
"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
"ECL"	: expected credit loss
"FVTOCI"	: Fair value through other comprehensive income
"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" or "Hong Kong SAR"	: 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
"L'Arc Entertainment"	: L'Arc Entertainment Group Company Limited, a company indirectly wholly owned by a Director

DEFINITIONS

"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
"MOX"	: Chongwa (Macao) Financial Asset Exchange Co., Ltd.
"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 gaming area in the Jai Alai building), Casino Eastern 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
"Premises Leasing Master Agreement"	: the agreement entered into between the Company and a Director dated 22 November 2013 for the leasing of properties by that Director and/or her associates (as defined in the Listing Rules) to the Group for a term of three years from 1 January 2014
"Premises Leasing Master Agreement with STDM"	: the agreement entered into between the Company and STDM dated 18 June 2008 and renewed on 23 December 2019 for the leasing of properties by STDM or the members of the STDM Group to the Group up to 31 December 2022
"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
"Renewed Master Agreement"	: the products and services master agreement dated 19 June 2011 entered into between the Company and STDM in relation to the renewal of the Products and Services Master Agreement which was renewed on 6 January 2014 and was further renewed on 26 January 2017 and thereafter on 23 December 2019 for a term of three years from 1 January 2020
"Renewed Premises Leasing Master Agreement"	: Renewal of Premises Leasing Master Agreement dated 14 December 2016 entered into between the Company and a director of the Company for a term of three years from 1 January 2017 and further renewed on 23 December 2019 for a term of three years from 1 January 2020

DEFINITIONS

"Scheme"	: the share option scheme of the Company adopted on 13 May 2009 which has lapsed on 13 May 2019
"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"	: SJM Resorts, S.A. (in Portuguese), SJM Resorts, Limited (in English), and 澳娛綜合度假股份有限公司 (in Chinese) (formerly known as 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
"Service Agreement"	: the agreement entered into between SJM and Tin Hou dated 19 February 2010 regarding the provision of management services and promotion service to SJM by Tin Hou in the gaming area of Grand Emperor Hotel in Macau SAR
"ST-CITS"	: Shun Tak & CITS Coach (Macao) Limited, a company incorporated in Macau with limited liability
"STDM"	: Sociedade de Turismo e Diversões de Macau, S.A., a controlling Shareholder
"STDM-I"	: STDM-Investments Limited, a subsidiary of STDM liquidated on 15 August 2011
"STDM-I Surety"	: a surety provided by STDM-I in favour of the Company for the due and punctual payment of certain obligations of the Company may incur
"STDM Group"	: STDM 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 2021
"Tin Hou"	: Tin Hou Limited, a company controlled over 50% by a half-brother of a director of subsidiaries of the Company
"HK\$"	: Hong Kong dollar(s), the lawful currency of Hong Kong
"MOP"	: Macau Pataca(s), the lawful currency of Macau
"USD" or "US\$"	: United States dollar(s), the lawful currency of the United States of America
"%"	: per cent



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