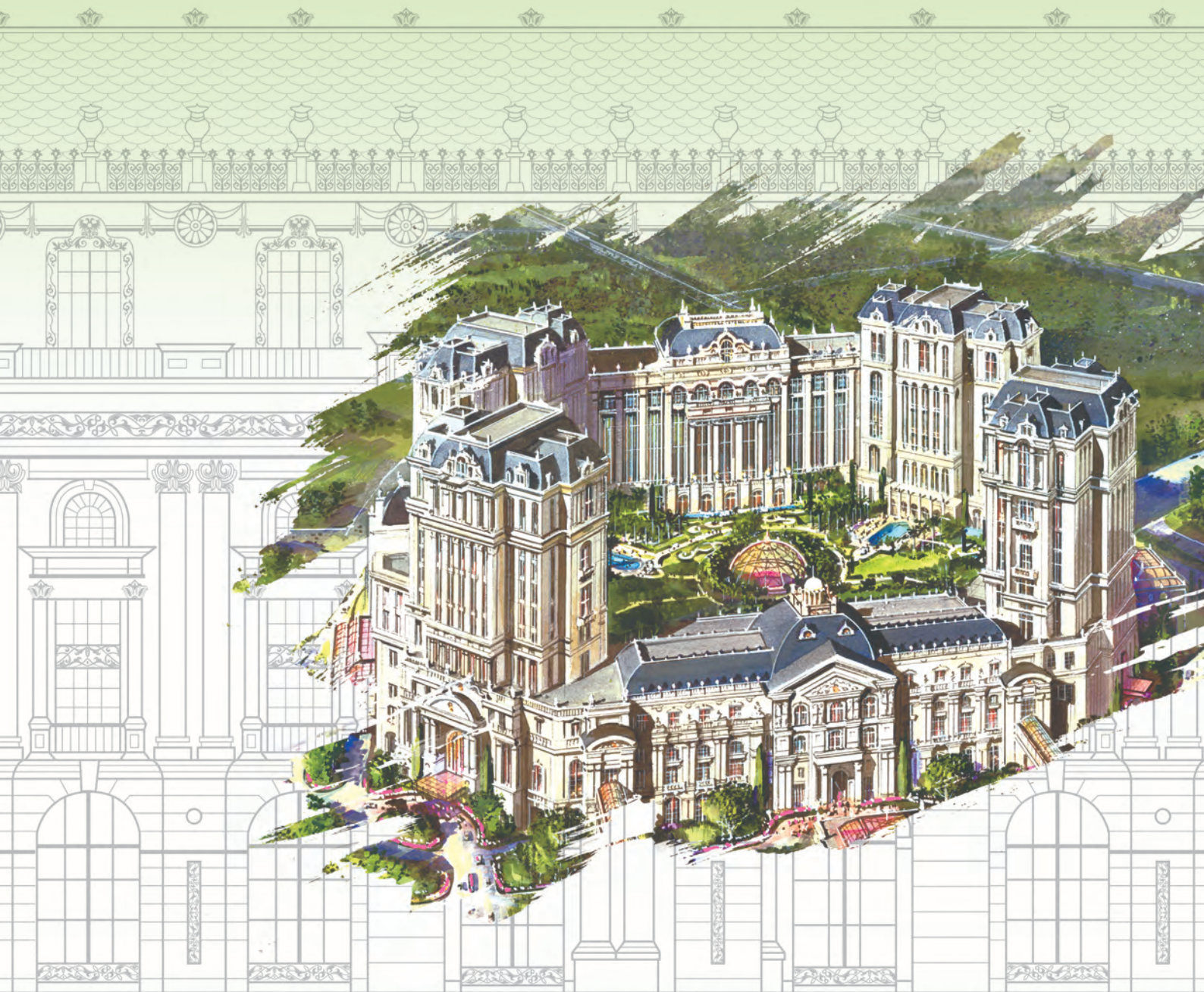




澳門博彩控股有限公司
SJM HOLDINGS LIMITED

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

2017

INTERIM REPORT 中期報告



ABOUT US

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

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

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

As at 30 June 2017, SJM operated 19 casinos, comprising more than 1,600 gaming tables and over 2,700 slot machines.

CONTENTS

MANAGEMENT DISCUSSION & ANALYSIS

Business Review	2
Prospects and Recent Developments	9
Financial Review	10

DIVIDEND & CORPORATE GOVERNANCE

Interim Dividend	12
Record Date and Closure of Register of Members for Interim Dividend	12
Disclosure of Interests	12
Share Option Scheme	17
Purchase, Sale or Redemption of the Listed Securities	22
Corporate Governance Code	22
Model Code	22
Directors' Biographical Details Update	23
Review of Interim Report and Unaudited Condensed Consolidated Financial Statements	24

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Report on Review of Condensed Consolidated Financial Statements	25
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	26
Condensed Consolidated Statement of Financial Position	27
Condensed Consolidated Statement of Changes in Equity	29
Condensed Consolidated Statement of Cash Flows	30
Notes to the Condensed Consolidated Financial Statements	31

OTHER INFORMATION

Corporate Information	63
Definitions	64

BUSINESS REVIEW

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

GROUP OPERATING RESULTS

The Group's total revenue, gaming revenue, profit attributable to owners of the Company and Adjusted EBITDA for the six months ended 30 June 2017 ("the Reporting Period") each decreased, whilst the Group's Adjusted EBITDA Margin (Hong Kong GAAP basis) decreased from the year-earlier period:

Group operating results	For the six months ended 30 June		
	2017 HK\$ million	2016 HK\$ million	(Decrease)
Total revenue	20,641	21,042	(1.9%)
Gaming revenue	20,375	20,793	(2.0%)
Profit attributable to owners of the Company	955	1,097	(12.9%)
Adjusted EBITDA ¹	1,508	1,634	(7.7%)
Adjusted EBITDA Margin ²	7.3%	7.8%	

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

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

During the Reporting Period, the Group's gaming revenue amounted to approximately 16.7% of total gaming revenue in Macau, compared with 20.0% in the corresponding period last year, according to figures from the Macau Gaming Inspection and Coordination Bureau ("DICJ").

Attributable profit in the Reporting Period was affected by deductions of share-based payments of \$31 million, as compared with \$94 million in the corresponding period last year. Depreciation and amortisation charges in the Reporting Period were \$614 million, as compared to \$561 million in the corresponding period last year.

BUSINESS REVIEW

The Group's operating results for the six months ended 30 June 2017, as compared to the six months ended 30 June 2016, are as follows:

OPERATING RESULTS — VIP GAMING

VIP operations	For the six months ended		Increase/ (Decrease)
	30 June 2017	2016	
Gaming revenue (HK\$ million)	9,818	10,168	(3.4%)
Average daily net-win per VIP gaming table (HK\$)	179,018	154,756	15.7%
VIP chips sales (HK\$ million)	316,973	339,401	(6.6%)
Average number of VIP gaming tables (Average of month-end numbers)	303	361	(16.1%)

VIP gaming operations accounted for 48.2% of the Group's total gaming revenue in the Reporting Period, as compared to 48.9% for the corresponding period last year. As at 30 June 2017, SJM had 282 VIP gaming tables in operation with 18 VIP promoters, as compared with 315 VIP gaming tables and 20 VIP promoters as at 31 December 2016.

The Group's gaming revenue from VIP gaming operations amounted to approximately 14.2% of total VIP gaming revenue in Macau, compared to 18.4% in the corresponding period last year, according to figures from DICJ. During the Reporting Period, the hold rate of VIP gaming operations was 3.10%, as compared with 3.00% in the corresponding period last year.

BUSINESS REVIEW

OPERATING RESULTS — MASS MARKET TABLE GAMING

Gaming revenue from mass market table gaming operations comprised 49.3% of the Group's total gaming revenue in the Reporting Period, as compared to 48.5% in the corresponding period last year. Operating results for the Reporting Period are as follows:

Mass market operations	For the six months ended		Increase/ (Decrease)
	30 June 2017	2016	
Gaming revenue (HK\$ million)	10,037	10,088	(0.5%)
Average daily net-win per mass market gaming table (HK\$)	40,401	42,991	(6.0%)
Average number of mass market gaming tables (Average of month-end numbers)	1,386	1,301	6.5%

In the Reporting Period, the Group's gaming revenue from mass market table gaming operations amounted to approximately 21.4% of total mass market table gaming revenue in Macau, compared to 23.1% in the corresponding period last year, according to figures from DICJ.

SJM operated a total of 1,398 mass market gaming tables in its casinos as at 30 June 2017, as compared with 1,301 mass market gaming tables as at 31 December 2016.

OPERATING RESULTS — SLOT MACHINES AND OTHER GAMING OPERATIONS

Gaming revenue from slot machine operations, which include other electronic gaming machines and the game of Tombola, comprised 2.5% of total gaming revenue in the Reporting Period, the same as in the corresponding period of last year. Operating results for the Reporting Period are as follows:

Slot machine operations	For the six months ended		Increase/ (Decrease)
	30 June 2017	2016	
Gaming revenue (HK\$ million)	520	537	(3.2%)
Average daily net-win per slot machine (HK\$)	1,070	1,044	2.4%
Average number of slot machines (Average of month-end numbers)	2,684	2,820	(4.8%)

In the Reporting Period, the Group's gaming revenue from slot machine operations amounted to approximately 8.5% of total slot machine revenue in Macau, compared to 10.1% in the corresponding period last year, according to figures from DICJ.

SJM had 2,788 slot machines, operating in 13 of its casinos, as at 30 June 2017 as compared with 2,132 slot machines as at 31 December 2016.

BUSINESS REVIEW

OPERATING RESULTS — CASINO GRAND LISBOA

	For the six months ended 30 June		
Casino Grand Lisboa	2017	2016	Increase
Revenue (HK\$ million)	7,307	6,785	7.7%
Profit attributable to the Group (HK\$ million)	708	665	6.5%
Adjusted Grand Lisboa EBITDA ³ (HK\$ million)	847	845	0.1%
Adjusted Grand Lisboa EBITDA Margin ⁴	11.6%	12.5%	

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

⁴ Adjusted Grand Lisboa EBITDA Margin is Adjusted Grand Lisboa EBITDA divided by revenue.

Operating results of Casino Grand Lisboa are as follows:

	For the six months ended 30 June		
Casino Grand Lisboa	2017	2016	Increase/ (Decrease)
VIP operations			
Gaming revenue (HK\$ million)	4,952	4,352	13.8%
Average daily net-win per VIP gaming table (HK\$)	220,653	188,304	17.2%
VIP chips sales (HK\$ million)	176,598	160,833	9.8%
Average number of VIP gaming tables (Average of month-end numbers)	124	127	(2.4%)
Mass market operations			
Gaming revenue (HK\$ million)	2,156	2,245	(4.0%)
Average daily net-win per mass market gaming table (HK\$)	44,949	45,595	(1.4%)
Average number of mass market gaming tables (Average of month-end numbers)	271	277	(2.2%)
Slot machine operations			
Gaming revenue (HK\$ million)	199	187	6.1%
Average daily net-win per slot machine (HK\$)	1,348	1,285	4.9%
Average number of slot machines (Average of month-end numbers)	814	801	1.6%

Casino Grand Lisboa received over 5.0 million visitors during the Reporting Period, an average of approximately 28,000 visitors per day compared with approximately 5.2 million visitors during the first half of 2016, or approximately 28,700 visitors per day.

BUSINESS REVIEW

OPERATING RESULTS — OTHER SELF-PROMOTED CASINOS

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

Other self-promoted casinos	For the six months ended 30 June		
	2017	2016	(Decrease)
Revenue (HK\$ million)	3,041	3,087	(1.5%)
Profit attributable to the Group (HK\$ million)	165	211	(22.0%)
Adjusted EBITDA (HK\$ million)	303	308	(1.7%)
Adjusted EBITDA Margin	10.0%	10.0%	

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

Other self-promoted casinos	For the six months ended 30 June		
	2017	2016	Increase/ (Decrease)
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	999	1,164	(14.2%)
Average daily net-win per VIP gaming table (HK\$)	197,188	220,579	(10.6%)
VIP chips sales (HK\$ million)	32,696	30,784	6.2%
Average number of VIP gaming tables (Average of month-end numbers)	28	29	(3.4%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	1,921	1,822	5.4%
Average daily net-win per mass market gaming table (HK\$)	29,495	28,207	4.6%
Average number of mass market gaming tables (Average of month-end numbers)	367	360	1.9%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	121	101	19.9%
Average daily net-win per slot machine (HK\$)	872	918	(5.0%)
Average number of slot machines (Average of month-end numbers)	766	599	27.9%

As at 30 June 2017, Casino Lisboa operated a total of 119 mass market gaming tables, 28 VIP gaming tables and 168 slot machines, and Casino Oceanus at Jai Alai operated a total of 199 mass market gaming tables and 467 slot machines, plus 35 mass market gaming tables and 98 slot machines in the casino area of the Jai Alai building, which opened in December 2016. Casino Taipa, which opened in November 2016, operated 5 mass market gaming tables and 101 slot machines.

BUSINESS REVIEW

OPERATING RESULTS — SATELLITE CASINOS

As at 30 June 2017, SJM operated 15 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Oriental (Jimei), Casino Kam Pek Paradise, Casino Lan Kwai Fong, Casino L'Arc Macau, Casino Macau Jockey Club, Casino Ponte 16, Casino Legend Palace and Casino Club VIP Legend. The 15 satellite casinos comprised a total of 769 mass market gaming tables, 130 VIP gaming tables and 1,127 slot machines as at 30 June 2017.

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

Satellite casinos	For the six months ended 30 June		
	2017	2016	(Decrease)
Revenue (HK\$ million)	10,027	10,921	(8.2%)
Profit attributable to the Group (HK\$ million)	283	336	(15.6%)
Adjusted EBITDA (HK\$ million)	295	363	(18.6%)
Adjusted EBITDA Margin	2.9%	3.3%	

Operating results of satellite casinos are as follows:

Satellite casinos	For the six months ended 30 June		
	2017	2016	Increase/ (Decrease)
<i>VIP operations</i>			
Gaming revenue (HK\$ million)	3,866	4,651	(16.9%)
Average daily net-win per VIP gaming table (HK\$)	141,460	124,661	13.5%
VIP chips sales (HK\$ million)	107,679	147,784	(27.1%)
Average number of VIP gaming tables (Average of month-end numbers)	151	205	(26.3%)
<i>Mass market operations</i>			
Gaming revenue (HK\$ million)	5,960	6,021	(1.0%)
Average daily net-win per mass market gaming table (HK\$)	44,104	49,919	(11.6%)
Average number of mass market gaming tables (Average of month-end numbers)	748	664	12.7%
<i>Slot machine operations</i>			
Gaming revenue (HK\$ million)	200	249	(19.5%)
Average daily net-win per slot machine (HK\$)	1,002	962	4.1%
Average number of slot machine (Average of month-end numbers)	1,104	1,420	(22.3%)

BUSINESS REVIEW

NON-GAMING OPERATIONS

During the Reporting Period, the Grand Lisboa Hotel contributed \$259 million in revenue and \$37 million in Adjusted Grand Lisboa EBITDA to the Group as compared with \$254 million in revenue and \$45 million in Adjusted Grand Lisboa EBITDA for the corresponding period last year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 93.3% for the Reporting Period, as compared with 90.5% for the corresponding period last year. Average room rate during the Reporting Period was approximately \$1,575 as compared with \$1,609 for the corresponding period last year.

Operating results for the Sofitel at Ponte 16, in which SJM's interest is 51%, contributed \$92 million in revenue to the Group, compared with a contribution of \$89 million for the corresponding period last year. The occupancy rate of the 408-room hotel averaged 88.8% for the Reporting Period as compared with 84.2% in the corresponding period last year, and the average room rate was \$1,024 as compared with \$1,055 for the corresponding period last year.

PROSPECTS AND RECENT DEVELOPMENTS

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

MARKET ENVIRONMENT

During the first half of 2017 Macau's total gaming revenue increased by 17.2% over the corresponding period in 2016. Two large casino resorts were opened in the Cotai area of Macau by competitors in the second half of 2016. According to figures from the Macau Government Statistics and Census Service, visitation to Macau increased by 5.4% to 15.6 million, of which visitors from the Mainland increased by 6.1% to 10.3 million, or 66.4% of the total.

CURRENT AND RECENT INITIATIVES

Grand Lisboa Palace

Construction of the Grand Lisboa Palace, SJM's future integrated resort on Cotai, which began in February 2014, made good progress in first half of 2017. However, an industrial accident at the site has led to the suspension of construction work from 18 June 2017 up to the date of this report. SJM is working with the local authorities to achieve recommencement of work, and continues to anticipate opening the Grand Lisboa Palace in the second half of 2018.

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

SJM signed a \$25 billion syndicated loan facilities agreement in April 2017 primarily to finance the construction costs of the Grand Lisboa Palace.

As at 30 June 2017, SJM had entered into capital commitments in connection with the Grand Lisboa Palace project with a total value of approximately \$18.1 billion.

Casino Grand Lisboa

In March 2017, a new dragon-themed VIP Premium area was opened on the 31st floor of Grand Lisboa. A high-end gaming experience for our Dragon Club card members, the area has 7 gaming tables, 12 slot machines, 10 hotel rooms, a club lounge and outdoor terraces for guests.

Jai Alai Renovation

SJM reopened the casino area in the Jai Alai building in December 2016. The JA Avenue retail arcade, focusing on branded cosmetics and beauty aids, opened in April 2017. The Jai Alai complex will be fully operational when the 132-room Jai Alai Hotel, on which construction has been completed, receives its operating permit as expected later in 2017.

OUTLOOK

The Group's performance in the second half of 2017 will remain susceptible to the overall economic performance of the surrounding region, government regulatory policies, and the level of visitation to Macau, as well as to the competitive situation among the casino operators in Macau. During this period, the Group is committed to maintaining its strength in both the mass market and VIP gaming segments while striving to improve its operating efficiency. The Group is optimistic regarding its performance for the rest of the year.

FINANCIAL REVIEW

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a strong financial position during the Reporting Period, with bank balances and cash amounting to \$9,708 million (not including \$147 million pledged bank deposits) as at 30 June 2017. This represented a decrease of 26.2% as compared with the position as at 31 December 2016 of \$13,161 million.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2017 amounted to \$260 million (as at 31 December 2016: \$539 million). The maturity profile of the Group's borrowings as at 30 June 2017 is set out below:

Maturity Profile		
Within 1 year	1–2 years	Total
77%	23%	100%

In April 2017, SJM signed a syndicated loan facilities agreement with 19 leading financial institutions for up to \$25 billion. In accordance with the terms of the loan facilities agreement, SJM effected the first drawdown on the facilities in July 2017.

GEARING RATIO

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less bank balances and cash to total assets (excluding bank balances and cash)) was zero at the end of the Reporting Period (as at 31 December 2016: zero).

CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments by the Group amounted to \$18.4 billion at the end of the Reporting Period (as at 31 December 2016: \$21.4 billion), of which \$18.1 billion was for the Grand Lisboa Palace project. As at 30 June 2017, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$36 billion, including capital expenditure commitments to date.

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

PLEDGE OF ASSETS

As at 30 June 2017, certain of the Group's property and equipment and land use rights with carrying values of \$682 million and \$64 million, respectively (as at 31 December 2016: \$753 million and \$63 million, respectively), were pledged with banks for loan facilities. In addition, the Group had pledged bank deposits of \$147 million as at 30 June 2017 (as at 31 December 2016: \$408 million).

FINANCIAL REVIEW

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2017, the Group had total guarantees given to banks of \$87 million (as at 31 December 2016: \$87 million), which were guarantees in respect of credit facilities granted to an associate and an investee company. The Group had no material contingent liabilities as at 30 June 2017.

FINANCIAL RISK

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

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 2017, the Group had approximately 20,600 full-time employees. The Group's employee turnover rate was minimal in the first half of 2017.

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

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 and subsidies for education of staff at Macau Millennium College, and awards scholarships to children of staff to study at institutions of their choice.

COMPARISON WITH UNITED STATES GAAP ACCOUNTING

The Group's results are prepared in compliance with Hong Kong generally accepted accounting principles ("HK GAAP"). In comparing the Group's results to those of companies whose results are prepared under US GAAP, it should be noted that gross gaming revenues, presented under US GAAP, are reduced by commissions and discounts paid to players, to arrive at net gaming revenues. An Adjusted EBITDA would then be calculated based on these reduced net gaming revenues, resulting in a significantly higher Adjusted EBITDA Margin than that calculated under HK GAAP. If calculated under US GAAP, the Group's Adjusted EBITDA Margin would be approximately 11.2% for the Reporting Period, as compared to HK GAAP which gives an Adjusted EBITDA Margin of 7.3% for the period.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK5 cents per Share for the six months ended 30 June 2017 (six months ended 30 June 2016: HK6 cents per Share). The interim dividend is expected to be paid on 20 September 2017 to Shareholders whose names appear on the register of members of the Company on 8 September 2017.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

Book close dates for interim dividend	: 6 September 2017 to 8 September 2017
Ex-dividend date	: 4 September 2017
Record date for interim dividend	: 8 September 2017
Latest time to lodge transfer documents with the Company's share registrar to qualify for the interim dividend	: 4:30 p.m. on Tuesday, 5 September 2017
Name and address of the Company's share registrar	: Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Expected payment date	: 20 September 2017

DISCLOSURE OF INTERESTS

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

As at 30 June 2017, interests and short positions of each Director and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, are as follows:

DISCLOSURE OF INTERESTS

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

Interests in Shares, underlying Shares and debentures of the Company

Name of Directors	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Ho Hung Sun, Stanley	Beneficial owner	Long position	—	5,000,000 (Note 1)	0.09%
Cheng Kar Shun	Beneficial owner	Long position	—	6,000,000 (Note 1)	0.11%
Chau Tak Hay	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			500,000	500,000	0.02%
Lan Hong Tsung, David	Beneficial owner	Long position	100,000	—	0.002%
	Beneficial owner	Long position	—	1,000,000 (Note 1)	0.02%
			100,000	1,000,000	0.022%
Shek Lai Him, Abraham	Beneficial owner	Long position	200,000	—	0.004%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			200,000	500,000	0.014%
Tse Hau Yin	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	1,000,000 (Note 1)	0.02%
			500,000	1,000,000	0.03%
So Shu Fai	Beneficial owner	Long position	153,327,922	—	2.71%
	Beneficial owner	Long position	—	35,000,000 (Note 1)	0.62%
			153,327,922	35,000,000	3.33%

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)
Ng Chi Sing	Beneficial owner	Long position	118,452,922	—	2.09%
	Beneficial owner	Long position	—	32,000,000 (Note 1)	0.57%
			118,452,922	32,000,000	2.66%
Fok Tsun Ting, Timothy	Beneficial owner	Long position	—	9,000,000 (Note 1)	0.16%
Ho Chiu Fung, Daisy	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
			—	3,000,000	0.05%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	—	8.10%
	Beneficial owner	Long position	—	30,000,000 (Note 1)	0.53%
			457,950,000	30,000,000	8.63%
Shum Hong Kuen, David	Beneficial owner	Long position	3,000,000	—	0.05%
	Beneficial owner	Long position	—	6,000,000 (Note 1)	0.11%
			3,000,000	6,000,000	0.16%

Notes:

- 1 These represent the interests in underlying Shares in respect of share 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 5,657,379,293 Shares in issue as at 30 June 2017.

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	
Ho Hung Sun, Stanley	Beneficial owner	Long position	—	100	100	0.12%
Leong On Kei, Angela	Beneficial owner	Long position	637	5,215	5,852	6.86%
Shum Hong Kuen, David	Beneficial owner	Long position	1,004	—	1,004	1.18%

Sociedade de Jogos de Macau, S.A.

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

Save as disclosed above, so far as was known to any Director, as of 30 June 2017, 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 2017, 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.	Beneficial owner and its controlled corporation (Note 1)	Long position	3,062,059,500	—	54.13%
Leong On Kei, Angela	Beneficial owner	Long position	457,950,000	30,000,000	8.63%

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 5,657,379,293 Shares in issue as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any persons (other than a Director or the chief executives of the Company) of any interest or short position in Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

SHARE OPTION SCHEME

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

Details of the movement in Options granted under the Scheme during the six months ended 30 June 2017 were as follows:

				Number of Options					
Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Outstanding	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Balance as at 30 June 2017
				as at 1 January 2017					
Directors:									
Ho Hung Sun, Stanley	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,666,000	—	—	—	—	1,666,000
Cheng Kar Shun	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Chau Tak Hay	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Lan Hong Tsung, David	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Shek Lai Him, Abraham	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Tse Hau Yin	17 March 2011 (Note 4)	17 September 2011 to 16 September 2020	\$12.496	500,000	—	—	—	—	500,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000

SHARE OPTION SCHEME

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2017
				Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
So Shu Fai	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	11,666,000	—	—	—	—	11,666,000
Ng Chi Sing	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	10,667,000	—	—	—	—	10,667,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	10,666,000	—	—	—	—	10,666,000
Fok Tsun Ting, Timothy	31 August 2010 (Note 3)	28 February 2011 to 27 February 2020	\$7.48	3,000,000	—	—	—	—	3,000,000
	17 March 2011 (Note 4)	17 September 2011 to 16 February 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Ho Chiu Fung, Daisy	22 June 2017 (Note 8)	22 December 2017 to 21 December 2026	\$8.33	—	1,000,000	—	—	—	1,000,000
	22 June 2017 (Note 8)	22 December 2018 to 21 December 2026	\$8.33	—	1,000,000	—	—	—	1,000,000
	22 June 2017 (Note 8)	22 December 2019 to 21 December 2026	\$8.33	—	1,000,000	—	—	—	1,000,000
Leong On Kei, Angela	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
Shum Hong Kuen, David	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	3,000,000	—	—	—	—	3,000,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Sub-total (Directors):				126,000,000	3,000,000	—	—	—	129,000,000

SHARE OPTION SCHEME

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2017
				Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Associates (as defined in the Listing Rules) of Directors (who are also Employees):									
Fung Ho Yuen Hung, Nanette	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	66,000	—	—	—	—	66,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
Huen Wai Kei	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	66,000	—	—	—	—	66,000
	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
Sub-total (Associates of Directors (who are also Employees)):				520,000	—	—	—	—	520,000
Employees	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	1,840,000	—	(200,000)	—	—	1,640,000
Employees	26 May 2010 (Note 2)	26 November 2010 to 25 November 2019	\$5.03	260,000	—	—	—	—	260,000
Employee	17 March 2011 (Notes 4 & 9)	17 September 2011 to 16 September 2020	\$12.496	3,000,000	—	—	—	—	3,000,000
Employees*	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	13,376,000	—	—	—	(58,000)	13,318,000
Employee	8 October 2013 (Note 5)	8 October 2014 to 7 April 2023	\$22	1,000,000	—	—	—	—	1,000,000
Employees*	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	13,326,000	—	—	—	(58,000)	13,268,000
Employee	8 October 2013 (Note 5)	8 October 2015 to 7 April 2023	\$22	500,000	—	—	—	—	500,000
Employees*	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	13,312,000	—	—	—	(58,000)	13,254,000
Employee	8 October 2013 (Note 5)	8 October 2016 to 7 April 2023	\$22	500,000	—	—	—	—	500,000
Employee	8 October 2013 (Note 5)	8 October 2017 to 7 April 2023	\$22	500,000	—	—	—	—	500,000
Employee	8 October 2013 (Note 5)	8 October 2018 to 7 April 2023	\$22	500,000	—	—	—	—	500,000
Employees*	15 June 2015 (Notes 6 & 9)	15 December 2015 to 14 December 2024	\$9.826	4,159,000	—	—	—	(31,000)	4,128,000
Employees*	15 June 2015 (Notes 6 & 9)	15 December 2016 to 14 December 2024	\$9.826	4,152,000	—	—	—	(24,000)	4,128,000
Employees*	15 June 2015 (Notes 6 & 9)	15 December 2017 to 14 December 2024	\$9.826	4,026,000	—	—	—	(58,000)	3,968,000
Employee	11 May 2016 (Note 7)	11 November 2016 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Employee	11 May 2016 (Note 7)	11 November 2017 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Employee	11 May 2016 (Note 7)	11 November 2018 to 10 November 2025	\$4.89	1,000,000	—	—	—	—	1,000,000
Sub-total (Employees):				63,451,000	—	(200,000)	—	(287,000)	62,964,000

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

SHARE OPTION SCHEME

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2017
				Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Other participants	13 July 2009 (Note 1)	13 January 2010 to 12 January 2019	\$2.82	300,000	—	—	—	—	300,000
Other participants	8 October 2013 (Note 5)	8 April 2014 to 7 April 2023	\$22	367,000	—	—	—	—	367,000
Other participants	8 October 2013 (Note 5)	8 April 2015 to 7 April 2023	\$22	367,000	—	—	—	—	367,000
Other participants	8 October 2013 (Note 5)	8 April 2016 to 7 April 2023	\$22	366,000	—	—	—	—	366,000
Other participants	15 June 2015 (Note 6)	15 December 2015 to 14 December 2024	\$9.826	277,000	—	—	—	—	277,000
Other participants	15 June 2015 (Note 6)	15 December 2016 to 14 December 2024	\$9.826	277,000	—	—	—	—	277,000
Other participants	15 June 2015 (Note 6)	15 December 2017 to 14 December 2024	\$9.826	276,000	—	—	—	—	276,000
Sub-total (Other participants):				2,230,000	—	—	—	—	2,230,000
Total:				192,201,000	3,000,000	(200,000)	—	(287,000)	194,714,000

Notes:

- 1 The vesting period for all of the Options granted on 13 July 2009 is six months from the date of grant, except the vesting period for Options in respect of a total of 30,000,000 Shares is 1/3 vesting on 13 January 2010, then 1/3 vesting on each of the first and second anniversaries of such date. The closing price of the Shares immediately before the date of grant was HK\$2.85. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

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

- 2 The vesting period for all of the Options granted on 26 May 2010 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$4.83. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$2.0178.
- 3 The vesting period for all of the Options granted on 31 August 2010 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$7.49. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$2.8926.
- 4 The vesting period for all of the Options granted on 17 March 2011 is six months from the date of grant. The closing price of the Shares immediately before the date of grant was HK\$12.58. The estimated fair value of each Option granted on that date based on an independent valuation is HK\$4.5320.

SHARE OPTION SCHEME

- 5 The vesting period for 47,460,000 Options granted on 8 October 2013 is approximately 34% vesting on six months from the date of grant, then approximately 33% vesting on each of the first and second anniversaries of such 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

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

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

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

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

SHARE OPTION SCHEME

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

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

- 9 On 13 June 2017, Dr. Rui José da Cunha, a director of the Company, retired and has continued as an employee of the Group. The classification of outstanding number of his share options is reclassified to confirm with current period's presentation.
- 10 The weighted average closing price of the Shares immediately before the dates on which the Options were exercised is HK\$7.60.

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 2017.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2017 to 30 June 2017, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, except for the deviation from Code Provision E.1.2 that due to health reasons, Dr. Ho Hung Sun, Stanley was absent from the annual general meeting of the Company held on 13 June 2017.

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 2017.

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Directors' biographical details update since 1 January 2017 and up to 30 June 2017, 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 2017 and up to 30 June 2017
Ho Hung Sun, Stanley	- Increased director's special fee from the Group by HK\$2,025,081 for 2016 - Retired as the group executive chairman and executive director and honored as Chairman Emeritus of Shun Tak Holdings Limited with effect from 23 June 2017
Cheng Kar Shun	- Increased director's special fee from the Group by HK\$75,000 for 2016 - Resigned as chairman and executive director of International Entertainment Corporation with effect from 10 June 2017 - Awarded the Grand Bauhinia Medal by Hong Kong SAR Government on 1 July 2017
Chau Tak Hay	Increased director's special fee from the Company by HK\$72,500 for 2016
Lan Hong Tsung, David	Increased director's special fee from the Company by HK\$75,833 for 2016
Shek Lai Him, Abraham	- Increased director's special fee from the Company by HK\$317,500 for 2016 - Increased by HK\$300,000 annual fee to be received from the Company as the chairman of an ad hoc Board Committee since 1 January 2017 - Appointed as a member of the advisory committee on corruption of the Independent Commission Against Corruption with effect from 1 January 2017 - Resigned as independent non-executive director of TUS International Limited with effect from 6 January 2017 - Appointed as independent non-executive director of Goldin Financial Holdings Limited with effect from 9 January 2017 - Resigned as independent non-executive director of ITC Corporation Limited with effect from 28 March 2017
Tse Hau Yin	- Increased director's special fee from the Group by HK\$372,500 for 2016 - Increased by HK\$250,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2017
So Shu Fai	- Increased director's special fee from the Group by HK\$1,246,753 for 2016 - Increased by HK\$250,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2017
Ng Chi Sing	Increased director's special fee from the Group by HK\$909,886 for 2016
Fok Tsun Ting, Timothy	- Increased director's special fee from the Group by HK\$283,333 for 2016 - Increased by HK\$250,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2017
Leong On Kei, Angela	- Increased director's special fee from the Group by HK\$1,054,595 for 2016 - Increased by HK\$250,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2017
Shum Hong Kuen, David	- Increased director's special fee from the Group by HK\$285,833 for 2016 - Increased by HK\$250,000 annual fee to be received from the Company as a member of an ad hoc Board Committee since 1 January 2017

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

REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2017 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 2017 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

So Shu Fai
Executive Director and Chief Executive Officer

Hong Kong, 1 August 2017

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF SJM HOLDINGS LIMITED

(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 26 to 62, which comprise the condensed consolidated statement of financial position as of 30 June 2017 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

1 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Gaming, hotel, catering and related services revenues		20,640.9	21,042.4
Gaming revenue	4	20,375.0	20,793.3
Special gaming tax, special levy and gaming premium		(7,940.7)	(8,100.1)
Hotel, catering and related services income		12,434.3	12,693.2
Cost of sales and services on hotel, catering and related services		265.9	249.1
Other income, gains and losses		(123.4)	(112.9)
Marketing and promotional expenses		80.7	108.1
Operating and administrative expenses		(7,358.1)	(7,567.8)
Finance costs	5	(4,338.8)	(4,260.9)
Share of profits of an associate		(18.4)	(24.5)
Share of profits of a joint venture		19.7	20.6
Profit before taxation	6	2.9	3.1
Taxation	7	964.8	1,108.0
Profit for the period		(16.5)	(18.6)
Other comprehensive expense:			
Item that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale investment in equity securities		948.3	1,089.4
Total comprehensive income for the period		(31.4)	—
Profit for the period attributable to:			
owners of the Company		916.9	1,089.4
non-controlling interests		955.4	1,097.4
		(7.1)	(8.0)
		948.3	1,089.4
Total comprehensive income for the period attributable to:			
owners of the Company		924.0	1,097.4
non-controlling interests		(7.1)	(8.0)
		916.9	1,089.4
Earnings per share:			
Basic	9	HK16.9 cents	HK19.4 cents
Diluted	9	HK16.9 cents	HK19.4 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Non-current assets			
Property and equipment	10	22,522.1	19,851.4
Land use rights	11	2,463.3	2,522.2
Intangible asset		—	1.6
Art works and diamonds		281.3	281.6
Interest in an associate		193.9	172.8
Interest in a joint venture		118.0	115.1
Available-for-sale investment in equity securities		296.9	328.3
Other assets	12	268.4	286.3
Pledged bank deposits	13	145.6	145.6
		26,289.5	23,704.9
Current assets			
Inventories		81.5	68.5
Trade and other receivables	14	1,557.3	1,480.7
Financial assets at fair value through profit or loss		88.9	78.1
Pledged bank deposits	13	1.3	262.2
Short-term bank deposits		3,342.2	3,650.2
Bank balances and cash		6,365.5	9,510.4
		11,436.7	15,050.1
Current liabilities			
Trade and other payables	15	10,953.5	11,633.4
Payable for acquisition of land use rights	16	—	178.4
Taxation payable		74.8	83.0
Long-term bank loans	17	200.0	539.1
Amounts due to non-controlling interests of subsidiaries	18	197.8	293.3
		11,426.1	12,727.2
Net current assets		10.6	2,322.9
Total assets less current liabilities		26,300.1	26,027.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Non-current liabilities			
Other payables	15	1,124.4	832.5
Long-term bank loans	17	60.0	—
Amounts due to non-controlling interests of subsidiaries	18	276.5	273.1
Deferred taxation		64.6	81.0
		1,525.5	1,186.6
Net assets		24,774.6	24,841.2
Capital and reserves			
Share capital	19	11,238.4	11,237.6
Reserves		13,451.2	13,515.2
Equity attributable to owners of the Company		24,689.6	24,752.8
Non-controlling interests		85.0	88.4
Total equity		24,774.6	24,841.2

The condensed consolidated financial statements on pages 26 to 62 were approved and authorised for issue by the Board of Directors on 1 August 2017 and are signed on its behalf by:

So Shu Fai
Director

Ng Chi Sing
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	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 2017	11,237.6	838.7	98.3	12,578.2	24,752.8	88.4	24,841.2
Profit for the period	—	—	—	955.4	955.4	(7.1)	948.3
Other comprehensive expense for the period	—	—	(31.4)	—	(31.4)	—	(31.4)
Total comprehensive income for the period	—	—	(31.4)	955.4	924.0	(7.1)	916.9
Exercise of share options	0.8	(0.2)	—	—	0.6	—	0.6
Recognition of equity-settled share-based payments	—	30.5	—	—	30.5	—	30.5
Release of lapsed equity-settled share-based payments	—	(1.8)	—	1.8	—	—	—
Arising from changes in cash flow estimates on amount due to non-controlling interests of a subsidiary	—	—	—	—	—	3.7	3.7
Dividends paid (note 8)	—	—	—	(1,018.3)	(1,018.3)	—	(1,018.3)
	0.8	28.5	—	(1,016.5)	(987.2)	3.7	(983.5)
At 30 June 2017 (unaudited)	11,238.4	867.2	66.9	12,517.1	24,689.6	85.0	24,774.6
At 1 January 2016	11,235.7	681.8	(18.8)	11,427.2	23,325.9	153.5	23,479.4
Profit and total comprehensive income for the period	—	—	—	1,097.4	1,097.4	(8.0)	1,089.4
Exercise of share options	1.0	(0.3)	—	—	0.7	—	0.7
Recognition of equity-settled share-based payments	—	93.6	—	—	93.6	—	93.6
Release of lapsed equity-settled share-based payment	—	(5.6)	—	5.6	—	—	—
Arising from changes in cash flow estimates on amount due to non-controlling interests of a subsidiary	—	—	—	—	—	(21.3)	(21.3)
Dividends paid (note 8)	—	—	—	(848.5)	(848.5)	—	(848.5)
	1.0	87.7	—	(842.9)	(754.2)	(21.3)	(775.5)
At 30 June 2016 (unaudited)	11,236.7	769.5	(18.8)	11,681.7	23,669.1	124.2	23,793.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Net cash from operating activities	1,164.6	851.3
Investing activities		
Interest received	54.6	83.5
Purchase of property and equipment	(3,334.7)	(2,327.1)
Additions of land use rights	(182.4)	(169.8)
Deposits paid for acquisitions of property and equipment	(13.0)	(40.8)
Proceeds from disposal of non-current assets	2.7	2.8
Repayment from an investee company	2.6	3.0
Withdrawal of short-term bank deposits	4,538.5	7,157.8
Placement of short-term bank deposits	(4,230.5)	(8,350.7)
Withdrawal of pledged bank deposits	268.4	44.1
Placement of pledged bank deposits	—	(4.6)
Net cash used in investing activities	(2,893.8)	(3,601.8)
Financing activities		
Long-term bank loan raised	260.0	—
Dividends paid	(1,018.3)	(848.5)
Repayment of long-term bank loans	(546.7)	(77.7)
Repayment to non-controlling interests of a subsidiary	(98.0)	(147.0)
Interest paid	(13.3)	(23.9)
Proceeds from issue of shares	0.6	0.7
Net cash used in financing activities	(1,415.7)	(1,096.4)
Net decrease in cash and cash equivalents	(3,144.9)	(3,846.9)
Cash and cash equivalents at 1 January	9,510.4	10,371.9
Cash and cash equivalents at 30 June, represented by bank balances and cash	6,365.5	6,525.0

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL

SJM Holdings Limited (the “Company”) is a public limited company incorporated in Hong Kong and acts as an investment holding company. The Company’s ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its subsidiaries are principally engaged in the development and operation of casinos and related facilities in Macau Special Administrative Region, the People’s Republic of China (“Macau SAR”). Its ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”), a company established in 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, 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 2016 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 2016 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 those 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 Companies Ordinance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Company and its subsidiaries (collectively referred as the "Group") have applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the Annual improvements to HKFRSs 2014–2016 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENTS

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

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

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

For gaming operations, gaming revenue is regularly analysed 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 and catering operations, the performance of individual hotel is regularly reviewed, and the financial information of the Group's hotels with similar economic characteristics has been aggregated into a single operating segment named "hotel and catering operations".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. OPERATING SEGMENTS (Continued)

Segment information about these business is presented below:

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

	Segment revenue		Segment results	
	Six months ended 30 June			
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Gaming operations	20,375.0	20,793.3	1,171.5 (208.6)	1,248.5
Hotel and catering operations:				
external sales	265.9	249.1		
inter-segment sales	127.2	134.8		
	393.1	383.9		
Eliminations	(127.2)	(134.8)		(156.2)
	265.9	249.1		
	20,640.9	21,042.4		
Reconciliation from segment results to profit before taxation:			962.9	1,092.3
Unallocated corporate income			25.2	42.8
Unallocated corporate expenses			(56.7)	(65.8)
Change in fair value of financial assets at fair value through profit or loss			10.8	15.0
Share of profits of an associate			19.7	20.6
Share of profits of a joint venture			2.9	3.1
Profit before taxation			964.8	1,108.0

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. OPERATING SEGMENTS (Continued)

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

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
ASSETS		
Segment assets:		
gaming operations	11,821.5	14,804.5
hotel and catering operations	4,891.6	4,507.6
	16,713.1	19,312.1
Interest in an associate	193.9	172.8
Interest in a joint venture	118.0	115.1
Unallocated bank deposits, bank balances and cash	2,479.6	4,001.3
Other unallocated assets	18,221.6	15,153.7
Group's total	37,726.2	38,755.0
LIABILITIES		
Long-term bank loans:		
gaming operations	115.1	238.7
hotel and catering operations	144.9	300.4
	260.0	539.1
Other segment liabilities:		
gaming operations	10,394.4	10,727.4
hotel and catering operations	249.9	279.2
	10,644.3	11,006.6
Total segment liabilities	10,904.3	11,545.7
Unallocated liabilities	2,047.3	2,368.1
Group's total	12,951.6	13,913.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. OPERATING SEGMENTS (Continued)

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

- (i) other unallocated assets include mainly certain property and equipment, certain land use rights, art works and diamonds, amounts due from an associate/a joint venture/an investee company, available-for-sale investment in equity securities and financial assets at fair value through profit or loss.
- (ii) unallocated liabilities include mainly payable for acquisition of land use rights, amounts due to non-controlling interests of subsidiaries and construction payables.
- (iii) all assets are allocated to operating segments, other than interest in an associate/a joint venture, unallocated bank deposits, bank balances and cash and those mentioned in above (i).
- (iv) all liabilities are allocated to operating segments, other than liabilities not attributable to respective segments as mentioned in above (ii).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

4. GAMING REVENUE

	Six months ended 30 June	
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Gaming revenue from:		
VIP gaming operations	9,817.9	10,167.8
mass market table gaming operations	10,135.2	10,179.4
slot machine and other gaming operations	519.8	536.8
	20,472.9	20,884.0
Less: direct sales incentives including customer relationship programs	(97.9)	(90.7)
	20,375.0	20,793.3

The comparative figures were reclassified to conform with current period's presentation.

5. FINANCE COSTS

	Six months ended 30 June	
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Interests on:		
bank borrowings	8.8	10.8
acquisition of land use rights	3.3	12.0
Imputed interest on amount due to non-controlling interests of a subsidiary	9.6	13.7
	21.7	36.5
Less: Amount capitalised	(3.3)	(12.0)
	18.4	24.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
<i>Profit before taxation has been arrived at after charging:</i>		
Directors' remuneration, including share-based payments to directors of HK\$26.4 million (six months ended 30 June 2016: HK\$71.6 million)	86.2	121.3
Less: Amount capitalised	(6.5)	—
	79.7	121.3
Other staff costs	2,846.4	2,819.5
Share-based payments to other staff	3.9	21.1
Total other staff costs	2,850.3	2,840.6
Total employee benefit expenses	2,930.0	2,961.9
Amortisation of intangible asset (included in operating and administrative expenses)	1.6	3.2
Depreciation of property and equipment	590.9	536.7
Operating lease rentals in respect of land use rights	22.7	22.6
Share-based payments to other participants (included in operating and administrative expenses)	0.2	0.9
<i>and after crediting:</i>		
Interest income from		
— bank deposits	52.3	77.7
— others	0.4	—
	52.7	77.7
Gain on fair value change of financial assets at fair value through profit or loss	10.8	15.0
Gain on disposal of property and equipment	1.8	2.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

7. TAXATION

	Six months ended 30 June	
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Current tax — Macau SAR Complementary Tax	32.9	32.8
Deferred taxation	(16.4)	(14.2)
	16.5	18.6

No provision for Macau SAR Complementary Tax ("CT") on gaming related income is made for a subsidiary of the Company, SJM. Pursuant to the approval notice issued by Macau SAR government dated 23 November 2011 and 27 September 2016, SJM has been exempted from CT for income generated from gaming operations for the years from 2012 to 2016 and 2017 to 2020, respectively.

In addition, pursuant to the approval letter dated 10 August 2012 issued by the Financial Services Bureau of the Macau SAR government, SJM's shareholders were obligated to pay a dividend tax of MOP42.3 million (equivalent to HK\$41.1 million) for dividend distributed by SJM (the "Special Complementary Tax") for each of the years from 2012 to 2016. SJM has applied for extension of approval from Financial Services Bureau of the Macau SAR government but the amount of the Special Complementary Tax for each year from 2017 to 2020 has not been determined by the Financial Services Bureau of the Macau SAR government up to the date of this report. Deferred taxation on undistributed profits of SJM starting from 1 January 2017 has not been recognised as the Group's management is of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Regarding the other Macau SAR subsidiaries, CT is calculated at the maximum progressive 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 2017

8. DIVIDENDS

	Six months ended 30 June	
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Final dividend per ordinary share		
— HK18 cents for 2016	1,018.3	—
— HK15 cents for 2015	—	848.5
	1,018.3	848.5

On 1 August 2017, the board of directors of the Company has resolved to declare an interim dividend of HK5 cents per ordinary share amounting to HK\$282.9 million in aggregate for the six months ended 30 June 2017 (six months ended 30 June 2016: HK6 cents per ordinary share).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	955.4	1,097.4

	Six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,657,243,381	5,656,786,985
Effect of dilutive potential ordinary shares on share options	3,710,446	2,421,421
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,660,953,827	5,659,208,406

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

10. PROPERTY AND EQUIPMENT

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Carrying values		
Leasehold land and buildings	2,847.3	2,964.8
Chips	2.9	4.4
Furniture, fixtures and equipment	1,880.5	1,861.6
Gaming equipment	181.3	184.4
Leasehold improvements	1,908.3	1,254.2
Motor vehicles	10.4	12.3
Vessels	226.5	233.1
Construction in progress	15,464.9	13,336.6
Total	22,522.1	19,851.4

During the period, the Group incurred HK\$3,262.2 million (six months ended 30 June 2016: HK\$2,563.7 million) on acquisition of property and equipment to expand and upgrade its facilities.

At 30 June 2017, pursuant to the gaming concession held by the Group, certain of the Group's property and equipment with an aggregate carrying value of HK\$3,289.8 million (31 December 2016: HK\$2,603.9 million) in respect of the Group's gaming business have to be returned to the Macau SAR government at nil consideration upon completion of the term of the concession in 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

11. LAND USE RIGHTS

	For the six months ended 30 June 2017 HK\$ million (unaudited)	For the year ended 31 December 2016 HK\$ million (audited)
Carrying value		
At 1 January	2,522.2	2,634.5
Additions	4.0	—
Interest capitalised (<i>note 5</i>)	3.3	19.7
Released to profit or loss during the period/year	(21.3)	(42.5)
Released and capitalised to construction in progress during the period/year	(44.9)	(89.5)
At 30 June/31 December	2,463.3	2,522.2

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

12. OTHER ASSETS

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Deposits made on acquisitions of property and equipment	105.2	120.5
Amount due from an associate	88.4	88.4
Amount due from a joint venture	14.4	14.4
Amount due from an investee company	60.4	63.0
	268.4	286.3

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 2017, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

13. PLEDGED BANK DEPOSITS

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Bank deposits pledged to secure: bank facilities (Note (a))	145.6	145.6
Non-current portion	145.6	145.6
Bank deposits pledged: to secure bank facilities (Note (b))	—	260.9
others	1.3	1.3
Current portion	1.3	262.2
	146.9	407.8

Notes:

- (a) Amount represents deposits pledged to secure the bank facilities granted to a subsidiary of the Company. The bank facilities represent a guarantee amounting to HK\$291.3 million from 1 April 2007 to the earlier of 180 days after the expiry of the gaming concession contract or 31 March 2020, which is in favour of the Macau SAR government against the legal and contractual financial obligations of SJM under the gaming concession contract.
- (b) At 31 December 2016, the amount represented deposits pledged to secure the bank facilities granted to a subsidiary of the Company which would be released within 12 months from the end of the reporting period. Such deposits were denominated in Renminbi.

At 30 June 2017, the pledged bank deposits carry fixed interest rates ranging from 0.90% to 1.00% (31 December 2016: 0.90% to 2.75%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Advances to gaming promoters, net	295.5	425.3
Other receivables from gaming promoters and service providers, net	758.1	601.4
Prepayments	177.5	164.5
Other sundry receivables	326.2	289.5
	1,557.3	1,480.7

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 2017, all of the advances to gaming promoters (net of allowances) are neither past due nor impaired.

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

Other receivables from gaming promoters and service providers represent certain costs to be reimbursed from gaming promoters and service providers.

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 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Age		
0 to 30 days	295.5	425.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

14. TRADE AND OTHER RECEIVABLES (Continued)

Movement in the allowance for doubtful debts

	For the six months ended 30 June 2017 HK\$ million (unaudited)	For the year ended 31 December 2016 HK\$ million (audited)
At 1 January	132.5	132.5
Allowance for doubtful debts	—	2.8
Written-off	—	(2.8)
At 30 June/31 December	132.5	132.5

Allowance for doubtful debts with an aggregate balance of HK\$132.5 million (31 December 2016: HK\$132.5 million) represents individually impaired advances to gaming promoters, and other receivables from gaming promoters and service providers as the management considered the outstanding balances from these gaming promoters and service providers were uncollectible.

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

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

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	48.5	48.6
An associate of the Group	1.5	2.8
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	203.7	174.4
	253.7	225.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

15. TRADE AND OTHER PAYABLES

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Trade payables	1,162.0	1,239.1
Special gaming tax payable	1,235.6	1,282.0
Chips in circulation	4,996.8	4,419.1
Chips in custody and deposits received from gaming promoters and gaming patrons	835.9	1,457.8
Payable for acquisition of property and equipment	65.1	96.7
Construction payables	1,862.8	1,975.6
Accrued staff costs	1,347.8	1,319.2
Rentals payables	195.3	247.3
Withholding tax payable for gaming promoters and employees	18.0	17.0
Other sundry payables and accruals	358.6	412.1
	12,077.9	12,465.9
Less: Non-current portion	(1,124.4)	(832.5)
Current portion	10,953.5	11,633.4

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

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Age		
0 to 30 days	1,151.8	1,213.4
31 to 60 days	6.5	16.9
61 to 90 days	1.4	4.4
Over 90 days	2.3	4.4
	1,162.0	1,239.1

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

15. TRADE AND OTHER PAYABLES (Continued)

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

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	61.9	179.8
An associate of the Group	179.0	333.0
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	345.6	310.3
	586.5	823.1

16. PAYABLE FOR ACQUISITION OF LAND USE RIGHTS

As at 31 December 2016, total payable for acquisition of land use rights amounted to HK\$178.4 million which was payable according to the land concession contract for the Grand Lisboa Palace Project set out in note 11.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

17. LONG-TERM BANK LOANS

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
The syndicated secured long-term bank loans are repayable:		
within one year	200.0	539.1
more than one year but not exceeding two years	60.0	—
	260.0	539.1
Less: Current portion	(200.0)	(539.1)
Non-current portion	60.0	—

At the end of the reporting period, the Group's syndicated secured bank loans carry interest rate at 2.5% (31 December 2016: 2.75%) over 3-month HIBOR per annum with effective interest rate at 3.28% (31 December 2016: 3.77%) per annum and are all denominated in Hong Kong dollars. The main purpose of the loans is to finance the payment of the land premium and the related cost for any land concession modification in respect of the phase 3 development project at Ponte 16 and settle certain loans from non-controlling shareholders. At 30 June 2017, the loans were secured by certain of the Group's property and equipment and land use rights with carrying values of HK\$682.3 million (31 December 2016: HK\$753.5 million) and HK\$64.3 million (31 December 2016: HK\$62.7 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 2016: HK\$2,400 million) and HK\$490 million (31 December 2016: HK\$1,176 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 2017

18. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

At the end of the reporting period, the amounts comprise:

- (i) HK\$468.3 million (31 December 2016: HK\$560.4 million) which is unsecured, interest-free and to be repaid from surplus funds. The surplus funds represent the cash available in the relevant subsidiary of the Group after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayments together with the accrued interests.

During the six months ended 30 June 2017, imputed interest of HK\$9.6 million (for the year ended 31 December 2016: HK\$24.3 million) on the amount due to the non-controlling interests of the subsidiary of HK\$468.3 million (31 December 2016: HK\$560.4 million) has been recognised at a weighted average original interest rate of approximately 3.20% (31 December 2016: 3.51%) per annum. At 30 June 2017, the principal amount was HK\$513.4 million (31 December 2016: HK\$611.4 million)

The relevant bank facility allows the subsidiary to repay shareholders' loan, subject to certain terms and conditions, including certain leverage ratio requirements. On this basis, the Group agreed with the non-controlling shareholders of that subsidiary on the amounts and timing of the repayment of the amount due to them, taking into account the estimate of amounts and timing of repayment of bank loans pursuant to the bank facility agreement. At 30 June 2017, total carrying amounts of HK\$191.8 million (31 December 2016: HK\$287.3 million) and HK\$276.5 million (31 December 2016: HK\$273.1 million) were classified as current and non-current liabilities respectively. During the six months ended 30 June 2017, these carrying amounts have been adjusted by HK\$3.7 million (31 December 2016: HK\$53.1 million) because of changes in cash flow estimates, computed based on the present value of future cash outflows discounted at the original effective interest rate.

- (ii) HK\$6.0 million (31 December 2016: HK\$6.0 million) which is unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

19. SHARE CAPITAL

	Issued and fully paid Number of shares	Amount HK\$ million
Ordinary shares with no par value		
At 1 January 2016	5,656,729,293	11,235.7
Exercise of share options	250,000	1.0
At 30 June 2016 (unaudited)	5,656,979,293	11,236.7
Exercise of share options	200,000	0.9
At 31 December 2016 (audited)	5,657,179,293	11,237.6
Exercise of share options	200,000	0.8
At 30 June 2017 (unaudited)	5,657,379,293	11,238.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

20. SHARE OPTION SCHEME

A summary of the movements of the outstanding options during the six months ended 30 June 2017 under the share option scheme of the Company adopted on 13 May 2009 (the "Scheme") is as follows:

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options				
					Outstanding at 1.1.2017	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2017
Directors	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	3,000,000	—	—	—	3,000,000
	31.8.2010	31.8.2010 to 27.2.2011	28.2.2011 to 27.2.2020	7.48	3,000,000	—	—	—	3,000,000
	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	4,000,000	—	—	—	4,000,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	37,669,000	—	—	—	37,669,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	37,669,000	—	—	—	37,669,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	37,662,000	—	—	—	37,662,000
	22.6.2017	22.6.2017 to 21.12.2017	22.12.2017 to 21.12.2026	8.33	—	1,000,000	—	—	1,000,000
	22.6.2017	22.6.2017 to 21.12.2018	22.12.2018 to 21.12.2026	8.33	—	1,000,000	—	—	1,000,000
	22.6.2017	22.6.2017 to 21.12.2019	22.12.2019 to 21.12.2026	8.33	—	1,000,000	—	—	1,000,000
Employees	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	1,840,000	—	(200,000)	—	1,640,000
	26.5.2010	26.5.2010 to 25.11.2010	26.11.2010 to 25.11.2019	5.03	260,000	—	—	—	260,000
	17.3.2011	17.3.2011 to 16.9.2011	17.9.2011 to 16.9.2020	12.496	3,000,000	—	—	—	3,000,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	13,510,000	—	—	(58,000)	13,452,000
	8.10.2013	8.10.2013 to 7.10.2014	8.10.2014 to 7.4.2023	22	1,000,000	—	—	—	1,000,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	13,460,000	—	—	(58,000)	13,402,000
	8.10.2013	8.10.2013 to 7.10.2015	8.10.2015 to 7.4.2023	22	500,000	—	—	—	500,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	13,444,000	—	—	(58,000)	13,386,000
	8.10.2013	8.10.2013 to 7.10.2016	8.10.2016 to 7.4.2023	22	500,000	—	—	—	500,000
	8.10.2013	8.10.2013 to 7.10.2017	8.10.2017 to 7.4.2023	22	500,000	—	—	—	500,000
	8.10.2013	8.10.2013 to 7.10.2018	8.10.2018 to 7.4.2023	22	500,000	—	—	—	500,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

20. SHARE OPTION SCHEME (Continued)

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options				
					Outstanding at 1.1.2017	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2017
Employees	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	4,199,000	—	—	(31,000)	4,168,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	4,192,000	—	—	(24,000)	4,168,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	4,066,000	—	—	(58,000)	4,008,000
	11.5.2016	11.5.2016 to 10.11.2016	11.11.2016 to 10.11.2025	4.89	1,000,000	—	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2017	11.11.2017 to 10.11.2025	4.89	1,000,000	—	—	—	1,000,000
	11.5.2016	11.5.2016 to 10.11.2018	11.11.2018 to 10.11.2025	4.89	1,000,000	—	—	—	1,000,000
Other participants	13.7.2009	13.7.2009 to 12.1.2010	13.1.2010 to 12.1.2019	2.82	300,000	—	—	—	300,000
	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	367,000	—	—	—	367,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	367,000	—	—	—	367,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	366,000	—	—	—	366,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	277,000	—	—	—	277,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	277,000	—	—	—	277,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	276,000	—	—	—	276,000
					192,201,000	3,000,000	(200,000)	(287,000)	194,714,000
Weighted average exercise price per share					HK\$12.63	HK\$8.33	HK\$2.82	HK\$17.21	HK\$12.56

On 13 June 2017, a director of the Company retired and has continued as an employee of the Group. The classification of outstanding number of such ex-director's share options is reclassified to conform with current period's presentation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

20. SHARE OPTION SCHEME (Continued)

In respect of the above options exercised during the period, the weighted average closing price per share at the dates of exercise was HK\$7.60 (six months ended 30 June 2016: HK\$4.80). At the end of the reporting period, 146,768,000 share options are exercisable (31 December 2016: 147,197,000 share options).

On 11 May 2016, a total of 3,000,000 share options with the estimated fair value of approximately HK\$4.9 million at the date of grant to an employee, were granted at an exercise price of HK\$4.89 per share under the terms of the Scheme. Total consideration received from a participant for taking up the options granted amounted to HK\$1.

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

The Company's share options granted to other participants are by reference to the fair values of the share options granted to employees for providing similar management services.

The Group recognised total expenses of HK\$30.5 million during the six months ended 30 June 2017 (six months ended 30 June 2016: HK\$93.6 million) in relation to share options granted by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

21. OPERATING LEASE COMMITMENTS

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

	Land use rights		Rented premises	
	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Within one year	4.6	4.6	225.1	222.6
In the second to fifth year inclusive	45.7	39.0	302.6	371.4
After five years	165.5	175.4	—	—
	215.8	219.0	527.7	594.0

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

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

At 30 June 2017, operating lease rentals committed to related parties amounted to HK\$493.1 million (31 December 2016: HK\$554.3 million), which fall due as follows:

	Rented premises	
	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Within one year	197.4	186.1
In the second to fifth year inclusive	295.7	368.2
	493.1	554.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

22. CAPITAL COMMITMENTS

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Capital expenditure in respect of property and equipment: authorised but not contracted for:		
Grand Lisboa Palace Project	8,988.9	13,188.4
Others	113.7	33.6
	9,102.6	13,222.0
Contracted for but not provided in the condensed consolidated financial statements:		
Grand Lisboa Palace Project	9,094.4	7,968.9
Others	205.8	251.0
	9,300.2	8,219.9

At the end of the reporting period, capital expenditure in respect of property and equipment committed to be acquired from related parties amounted to HK\$479.0 million (31 December 2016: HK\$719.5 million).

Up to 30 June 2017, the estimated total project costs for the Grand Lisboa Palace Project by the Group's management is approximately HK\$36,000 million (31 December 2016: HK\$36,000 million).

23. CONTINGENT LIABILITIES AND GUARANTEES

	At 30 June 2017		At 31 December 2016	
	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	1.9
an investee company	20.0	—	20.0	—
	87.3	—	87.3	1.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Level 1 based on the degree to which the fair value is observable.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

25. SUMMARY OF FINANCIAL POSITION OF THE COMPANY

	At 30 June 2017 HK\$ million (unaudited)	At 31 December 2016 HK\$ million (audited)
Non-current assets		
Property and equipment	0.3	0.5
Investments in subsidiaries	4,359.3	4,359.3
	4,359.6	4,359.8
Current assets		
Other receivables, deposits and prepayments	6.2	8.9
Amounts due from subsidiaries	13,153.6	10,903.1
Short-term bank deposits	1,589.2	1,915.4
Bank balances and cash	844.3	2,035.8
	15,593.3	14,863.2
Current liabilities		
Other payables and accruals	13.6	8.8
Amount due to a subsidiary	291.5	291.6
	305.1	300.4
Net current assets	15,288.2	14,562.8
Net assets	19,647.8	18,922.6
Capital and reserves		
Share capital (note 19)	11,238.4	11,237.6
Reserves	8,409.4	7,685.0
Total equity	19,647.8	18,922.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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	
		2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
STDM and its associates, excluding the Group ("STDM Group") (as defined under Chapter 14A of the Listing Rules)	<i>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Property rentals (note 26(c))	138.5	137.4
	Transportation (note 26(d))	68.8	65.4
	Hotel accommodation (note 26(d))	9.3	20.4
	Entertainment (note 26(d))	10.0	16.8
	<i>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Share of administrative expenses (note 26(e))	0.8	0.8
	Cleaning services (note 26(f))	12.3	11.7
	Hotel management and operation (note 26(d) and (f))	13.9	14.1
	Promotional and advertising services (note 26(f))	3.4	4.4
	Maintenance services (note 26(d) and (f))	7.3	7.4
	Others (note 26(f))	6.3	7.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

26. RELATED PARTY TRANSACTIONS (Continued)

Relationship	Nature of transactions	Six months ended 30 June	
		2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	<i>Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Service fees in relation to the promotion of a casino (note 26(g))	582.6	569.8
	Transportation (note 26(h))	—	19.3
	Property rentals (note 26(i))	71.5	79.3
	<i>Exempt continuing connected transactions under Chapter 14A of the Listing Rules</i>		
	Others (note 26(f) and (h))	39.0	15.0
Entities other than the above in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	Service fees in relation to the promotion of a casino (note 26(j))	183.4	348.0
	Insurance expenses	48.2	50.3
	Promotion and advertising expenses	4.8	1.1
	Service fee in relation to foreign currencies exchange	7.9	6.2
	Construction costs	73.6	166.0
	Others	15.2	6.7
An associate	Construction costs and management fee paid	176.4	693.0
A joint venture	Property rentals	7.2	7.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 2017, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK\$0.1 million (for the six months ended 30 June 2016: HK\$0.1 million).
- (c) The Company entered into an agreement dated 18 June 2008 with STDM for the leasing of properties by STDM or the members of the STDM Group to the Group. The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 March 2020. The amounts of transactions during the period were disclosed in note 26(a) above.
- (d) The Company entered into an agreement dated 18 June 2008 with STDM for the provision of products and services by STDM and/or its associates (excluding the Group) (the "Products and Services Master Agreement") to the Group and renewed on 19 June 2011 and 6 January 2014. On 26 January 2017, the Company entered into a renewed products and services master agreement with STDM ("Renewed Master Agreement"). The Renewed Master Agreement is for a term of three years from 1 January 2017 with similar terms for the provision of products and services for five categories: hotel accommodation, entertainment, transportation, hotel management and operation, and maintenance services. The transaction amounts for hotel management and operations 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 (excluding the Group) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

26. RELATED PARTY TRANSACTIONS (Continued)

- (f) These are de minimis transactions as defined under Rule 14A.76 of the Listing Rules, which are continuing connected transactions on normal commercial terms, exempt from reporting, annual review, announcement and independent shareholders' approval requirements as defined under Rule 14A.76(1) of the Listing Rules.
- (g) SJM entered into an agreement with Tin Hou Limited ("Tin Hou") dated 19 February 2010 regarding the provision of management services and promotion service to SJM in the gaming area of Grand Emperor Hotel in Macau SAR for the period from 1 October 2009 to the expiry of SJM's gaming license on 31 March 2020 or any earlier termination with 21 days' notice to other party who is in default of the agreement. Tin Hou is a company controlled over 50% by a half-brother of a director of subsidiaries of the Company and is a connected person of the Company pursuant to Rule 14A.07(4) and Rule 14A.12(2)(a) of the Listing Rules.
- (h) On 24 June 2011, SJM, a subsidiary of the Company, and Shun Tak & CITS Coach (Macao) Limited ("ST-CITS") entered into a master service agreement to formalise business arrangements between the Group and the ST-CITS together with its subsidiaries in relation to the provision of the transportation services within Macau locally as well as operating cross border routes to mainland cities of China.

Such agreement was renewed on 31 December 2016 for a term of three years from 1 January 2017 with similar terms as the previous agreement. The transaction amount for transportation during the six months ended 30 June 2017 was de minimis as described in note 26(f).

- (i) The Company entered into an agreement dated 22 November 2013 with a director of the Company for the leasing of properties by the director and/or her associates to the Group effective from 1 January 2014. The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 December 2016. Such agreement was renewed on 14 December 2016 for a term of three years from 1 January 2017 with similar terms as the previous agreement. The amounts of transactions during the period were disclosed in note 26(a) above.
- (j) Service fees in relation to the promotion of a casino were paid to an entity in which certain directors of the Group were the directors and/or key management personnel of the entity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

26. RELATED PARTY TRANSACTIONS (Continued)

- (k) Save as disclosed in note 17, in addition to the securities provided by the Group to the relevant bank, the syndicated secured bank loans are also secured by non-controlling shareholders of a subsidiary of the Group. At the end of the reporting period, the key terms and securities are set out as follows:
 - (i) financial guarantee with promissory note of HK\$490 million (31 December 2016: HK\$1,176 million);
 - (ii) an unconditional and irrevocable funding undertaking of certain properties in Ponte 16 which include (i) the land premium and all other premiums and sums of money payable to the Governmental Agency of Macau SAR in respect of properties in Ponte 16; (ii) all operating costs to be incurred; and (iii) all financial costs and expenses, including interest payable in respect of the syndicated secured bank loans facility; and
 - (iii) share pledges over the shares in Pier 16 – Property and its subsidiaries.

27. EVENT AFTER REPORTING PERIOD

In April 2017, the Group obtained syndicated loan facilities of HK\$25,000 million from 19 leading financial institutions. The drawdown of HK\$3,750 million of the facilities was effected by the Group in July 2017. The proceeds of the facilities will be used to finance the construction of the Grand Lisboa Palace.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Executive Director

Dr. Ho Hung Sun, Stanley

Non-executive Director

Dr. Cheng Kar Shun

Independent Non-executive Directors

Mr. Chau Tak Hay

Dr. Lan Hong Tsung, David

Hon. Shek Lai Him, Abraham

Mr. Tse Hau Yin

Executive Director and Chief Executive Officer

Dr. So Shu Fai

Executive Director and Chief Operating Officer

Mr. Ng Chi Sing

Executive Directors

Mr. Fok Tsun Ting, Timothy

Ms. Ho Chiu Fung, Daisy (*elected on 13 June 2017*)

Deputada Leong On Kei, Angela

Mr. Shum Hong Kuen, David

AUDIT COMMITTEE

Mr. Tse Hau Yin (*Committee Chairman*)

Mr. Chau Tak Hay

Dr. Lan Hong Tsung, David

Hon. Shek Lai Him, Abraham

NOMINATION COMMITTEE

Mr. Chau Tak Hay (*Committee Chairman*)

Dr. Lan Hong Tsung, David

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Mr. Shum Hong Kuen, David

Dr. So Shu Fai

Mr. Tse Hau Yin

REMUNERATION COMMITTEE

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

Mr. Chau Tak Hay

Deputada Leong On Kei, Angela

Hon. Shek Lai Him, Abraham

Dr. So Shu Fai

Mr. Tse Hau Yin

CHIEF FINANCIAL OFFICER

Mr. McBain, Robert Earle

CHIEF LEGAL COUNSEL

Mr. Pyne, Jonathan Charles

COMPANY SECRETARY

Ms. Kwok Shuk Chong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 3001–3006, 30th Floor

One International Finance Centre

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Hong Kong

Tel: (852) 3960 8000

Fax: (852) 3960 8111

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

Email (Investor Relations): ir@sjmholdings.com

LISTING INFORMATION

Share listing: Hong Kong Stock Exchange (Main Board)

Listing date: 16 July 2008

Stock short name: SJM Holdings

Stock code: 880 (Hong Kong Stock Exchange)

0880.HK (Reuters)

880: HK (Bloomberg)

Board lot: 1,000 shares

Designated Security eligible for short selling

Constituent of Hang Seng HK35 Index

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

Southbound Trading of Shanghai-Hong Kong

Stock Connect and Shenzhen-Hong Kong

Stock Connect

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen’s Road East, Wanchai

Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2865 0990

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

Email: hkinfo@computershare.com.hk

LEGAL ADVISORS

On Hong Kong Law:

Linklaters

On Macau Law:

C&C Advogados

Riquito Advogados

FINANCIAL ADVISOR

Somerley Capital Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited

Bank of China Limited

BNP Paribas

Industrial and Commercial Bank of China (Asia) Limited

Chong Hing Bank Limited

DEFINITIONS

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

"Adjusted EBITDA"	: earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain on disposal of property and equipment and share-based payments
"Adjusted EBITDA Margin"	: the Adjusted EBITDA divided by total revenue
"Adjusted Grand Lisboa EBITDA"	: earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain on disposal of property and equipment and share-based payments, and before elimination of inter-company consumption
"Adjusted Grand Lisboa EBITDA Margin"	: the Adjusted Grand Lisboa EBITDA divided by revenue
"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) (excluding the Group) 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
"Chips Agreement"	: the agreement dated 18 June 2008 entered into between STDM and SJM to regulate the honouring, borrowing and use of the casino chips of STDM for the purposes of SJM's gaming operations
"CODM"	: the chief operation decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as a group of senior management that makes strategic decisions
"Company"	: SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Stock Exchange
"connected person(s)"	: has the meaning ascribed to it under the Listing Rules
"CT"	: the Complementary Tax of the Macau SAR

DEFINITIONS

"DICJ"	: Direcção de Inspecção e Coordenação de Jogos, the Gaming Inspection and Coordination Bureau in Macau
"Director(s)"	: the director(s) of the Company
"Grand Lisboa Palace Project"	: the development and operation of a casino, hotel and entertainment complex on a parcel of land in Cotai, Macau SAR leased by Macau SAR Government to SJM for 25 years starting from 15 May 2013
"Group"	: the Company and its subsidiaries
"Hong Kong"	: the Hong Kong Special Administrative Region of the People's Republic of China
"HKAS"	: Hong Kong Accounting Standard
"HK GAAP"	: Hong Kong generally accepted accounting principles
"HKFRSs"	: Hong Kong Financial Reporting Standards
"HKICPA"	: Hong Kong Institute of Certified Public Accountants
"Listing Rules"	: The Rules Governing the Listing of Securities on the Stock Exchange
"Macau" or "Macau SAR"	: the Macau Special Administrative Region of the People's Republic of China
"Model Code"	: the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
"Options"	: share options which the Directors may grant to any participants of the Scheme
"Other Self-promoted Casinos"	: Casino Lisboa, Casino Oceanus at Jai Alai (including the casino area in the Jai Alai building) and Casino Taipa
"Pier 16 – Property"	: Pier 16 – Property Development Limited, a 51% subsidiary of the Company
"Products and Services Master Agreement"	: the agreement entered into between the Company and STDM on 18 June 2008 for the provision of products and services to the Group by STDM and/or its associates (as defined in the Listing Rules), excluding the Group

DEFINITIONS

"Renewed Master Agreement"	: the products and services master agreement dated 19 June 2011 entered into between the Company and STDM in relation to renewal of the Products and Services Master Agreement which was further renewed on 6 January 2014 for a term of three years from 1 January 2014 and on 26 January 2017 for a term of three years from 1 January 2017
"Scheme"	: the share option scheme of the Company adopted on 13 May 2009
"SFO"	: the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	: the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	: holder(s) of the Share(s)
"SJM"	: Sociedade de Jogos de Macau, S.A., a joint stock company "sociedade anónima" incorporated under the laws of Macau and a subsidiary of the Company
"Special Complementary Tax"	: the dividend tax which the shareholders are obligated to pay to Macau SAR government for dividend distribution
"ST-CITS"	: Shun Tak & CITS Coach (Macao) Limited, a company incorporated in Macau with limited liability
"STDM"	: Sociedade de Turismo e Diversões de Macau, S.A., a controlling Shareholder
"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 2017
"Tin Hou"	: Tin Hou Limited, a company controlled over 50% by a half-brother of a director of subsidiaries of the Company
"US GAAP"	: United States generally accepted accounting principles
"HK\$"	: Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	: per cent



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