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澳門博彩控股有限公司 SJM HOLDINGS LIMITED

incorporated in Hong Kong with limited liability Stock Code : 880

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the “**Board**”) of SJM Holdings Limited (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) as follows.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		(Decrease)
	2020 HK\$ million	2019 HK\$ million	
Net gaming revenue	7,304	33,159	(78.0%)
Hotel, catering, retail and other income	359	1,050	(65.8%)
Adjusted EBITDA*	(2,089)	4,213	(149.6%)
(Loss) profit attributable to owners of the Company	(3,025)	3,207	(194.3%)
(Loss) earnings per share			
— basic	HK(53.3) cents	HK56.6 cents	(194.2%)
— diluted	HK(53.3) cents	HK56.6 cents	(194.2%)
Dividend per ordinary share			
— proposed final dividend	—	HK22 cents	
— interim dividend paid	—	HK8 cents	
— total dividends for the year	—	HK30 cents	

* Adjusted EBITDA is earnings after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, gain/loss on disposals/write-off of property and equipment, share-based payments, gain/loss on modification of long-term bank loans, project feasibility study cost, sub-concession fee income and pre-opening expenses.

PROPOSED FINAL DIVIDEND

The Board does not recommend any payment of final dividend for the year ended 31 December 2020 (2019: final dividend of HK22 cents per ordinary share of the Company).

OPERATING HIGHLIGHTS

- The Group was severely impacted by the COVID-19 outbreak, which led to closure of Macau casinos for 15 days in February, as well as ongoing restrictions on entry from the Mainland, Hong Kong and other locations, curtailment of transportation channels and quarantine requirements. Net gaming revenue earned by Sociedade de Jogos de Macau, S.A. (“SJM”), a subsidiary of the Company, was HK\$7,304 million in 2020, a decrease of 78.0% from the previous year.
- Adjusted EBITDA of the Group was negative HK\$2,089 million, a decrease of 149.6% from the previous year.
- Loss attributable to owners of the Company was HK\$3,025 million, a decrease of 194.3% from profit in previous year.
- SJM had a 14.1% share of Macau’s gross gaming revenue, including 19.7% of mass market table gaming revenue and 8.0% of VIP gaming revenue.
- The Group’s flagship Casino Grand Lisboa had a decrease in gross gaming revenue for the year of 84.0%, and decreases in Adjusted Grand Lisboa EBITDA and attributable profit for the year of 137.1% and 146.0%, respectively.
- Grand Lisboa Hotel’s occupancy rate decreased by 76.0% to 17.9% for the full year, whilst the average room rate decreased by 2.9% to HK\$1,465.
- The Group maintained its strong balance sheet, with cash, bank balances, short-term bank deposits and pledged bank deposits totaling HK\$6,273 million as at 31 December 2020.
- Construction of the Grand Lisboa Palace, the Group’s integrated resort on Cotai, has been completed and the project is undergoing final inspections by local government authorities. The Group anticipates opening the Grand Lisboa Palace during the first half of 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK\$ million	2019 HK\$ million
Gaming, hotel, catering, retail and related services revenues		<u>7,506.7</u>	<u>33,875.0</u>
Gaming revenue	4	7,304.2	33,158.5
Special gaming tax, special levy and gaming premium		<u>(3,368.2)</u>	<u>(15,530.6)</u>
		3,936.0	17,627.9
Hotel, catering, retail and related services income		202.5	716.5
Cost of sales and services on hotel, catering, retail and related services		(204.1)	(377.3)
Other income, gains and losses		156.9	333.0
Impairment loss on financial assets		—	(200.0)
Marketing and promotional expenses		(124.7)	(6,219.9)
Operating and administrative expenses		(7,103.8)	(8,496.5)
Finance costs	5	(31.7)	(33.7)
Share of profits of an associate		11.7	11.8
Share of profits of a joint venture		4.8	7.3
(Loss) profit before taxation	6	(3,152.4)	3,369.1
Taxation	7	(22.5)	(51.6)
(Loss) profit for the year		(3,174.9)	3,317.5
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		(313.7)	(48.2)
Total comprehensive (expense) income for the year		<u>(3,488.6)</u>	<u>3,269.3</u>
(Loss) profit for the year attributable to			
— owners of the Company		(3,024.9)	3,207.3
— non-controlling interests		(150.0)	110.2
		<u>(3,174.9)</u>	<u>3,317.5</u>
Total comprehensive (expense) income for the year attributable to			
— owners of the Company		(3,338.6)	3,159.1
— non-controlling interests		(150.0)	110.2
		<u>(3,488.6)</u>	<u>3,269.3</u>
(Loss) earnings per share			
— Basic	9	<u>HK(53.3) cents</u>	<u>HK56.6 cents</u>
— Diluted	9	<u>HK(53.3) cents</u>	<u>HK56.6 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
Non-current assets			
Property and equipment		39,559.0	35,159.8
Right-of-use assets		3,353.4	2,864.3
Intangible asset		131.7	197.6
Art works and diamonds		281.3	281.3
Interest in an associate		347.7	336.4
Interest in a joint venture		139.8	135.0
Investments in equity instruments designated at fair value through other comprehensive income		554.4	868.1
Other assets		1,161.7	840.8
Pledged bank deposit		145.6	—
		45,674.6	40,683.3
Current assets			
Inventories		121.7	103.3
Trade and other receivables	<i>10</i>	798.0	1,314.1
Pledged bank deposits		1.4	1,020.7
Short-term bank deposits		818.2	5,766.2
Bank balances and cash		5,307.6	8,738.1
		7,046.9	16,942.4
Current liabilities			
Trade and other payables	<i>11</i>	7,730.8	12,044.3
Taxation payable		37.2	123.7
Long-term bank loans		5,272.2	217.0
Lease liabilities		256.4	177.6
		13,296.6	12,562.6
Net current (liabilities) assets		(6,249.7)	4,379.8
Total assets less current liabilities		39,424.9	45,063.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2020*

	2020	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
Non-current liabilities		
Other payables	66.7	—
Long-term bank loans	13,514.9	15,063.7
Lease liabilities	929.6	547.7
Amount due to non-controlling interests of a subsidiary	263.3	203.8
Deferred taxation	10.5	11.8
	<u>14,785.0</u>	<u>15,827.0</u>
Net assets	<u>24,639.9</u>	<u>29,236.1</u>
Capital and reserves		
Share capital	11,435.5	11,281.4
Reserves	13,092.6	17,717.0
Equity attributable to owners of the Company	24,528.1	28,998.4
Non-controlling interests	111.8	237.7
Total equity	<u>24,639.9</u>	<u>29,236.1</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited company incorporated in Hong Kong and acts as an investment holding company. The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its subsidiaries are principally engaged in the development and operations of casinos and related facilities, and hotel, catering, retail operations and related services 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., a company established in Macau SAR. The address of registered office and principal place of business of the Company is 18th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong.

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. The consolidated financial statements have also been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("**Listing Rules**") on the Stock Exchange and by the Hong Kong Companies Ordinance.

2.1 Application of amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 COVID-19-Related Rent Concessions.

2. BASIS OF PREPARATION (Continued)

2.1 Application of amendments to HKFRSs (Continued)

Impacts on early application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the coronavirus disease (“COVID-19”) that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained profits at 1 January 2020. The Group has benefited from one to eleven months waiver of lease payments on several leases in casino properties, commercial properties and motor vehicles. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK\$148.1 million, which has been recognised as variable lease payments in profit or loss for the current year.

Except for the application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. BASIS OF PREPARATION (Continued)

2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of some of these new and amendments to HKFRSs may have effect on the Group's financial positions and performance and/or on the disclosures set out in the consolidated financial statements.

3. OPERATING SEGMENTS

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

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

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

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

3. OPERATING SEGMENTS (Continued)

Segment information about these businesses is presented below:

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

	Segment revenue		Segment results	
	2020	2019	2020	2019
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Gaming operations recognised at a point in time	<u>7,304.2</u>	<u>33,158.5</u>	(2,608.8)	3,570.9
Hotel, catering and retail operations				
— External sales				
Catering and retail operations recognised at a point in time	164.5	433.3		
Hotel operations recognised over time	<u>38.0</u>	<u>283.2</u>		
	<u>202.5</u>	<u>716.5</u>		
— Inter-segment sales				
Catering and retail operations recognised at a point in time	28.0	52.1		
Hotel operations recognised over time	<u>32.2</u>	<u>128.6</u>		
	<u>60.2</u>	<u>180.7</u>		
	262.7	897.2	(475.7)	(195.7)
Eliminations	<u>(60.2)</u>	<u>(180.7)</u>		
	<u>202.5</u>	<u>716.5</u>		
Total				
recognised at a point in time	7,468.7	33,591.8		
recognised over time	<u>38.0</u>	<u>283.2</u>		
	<u>7,506.7</u>	<u>33,875.0</u>		
			(3,084.5)	3,375.2
<i>Reconciliation from segment results to (loss) profit before taxation:</i>				
Unallocated corporate income			73.9	163.4
Unallocated corporate expenses			(158.3)	(188.6)
Share of profits of an associate			11.7	11.8
Share of profits of a joint venture			<u>4.8</u>	<u>7.3</u>
(Loss) profit before taxation			<u>(3,152.4)</u>	<u>3,369.1</u>

3. OPERATING SEGMENTS (Continued)

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

Segment results represent the (loss) profit before taxation from/earned by each segment without allocation of corporate income and expenses and share of profits of an associate/a joint venture. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

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

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

	2020	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
Assets		
Segment assets		
— gaming operations	7,611.4	13,584.4
— hotel, catering and retail operations	4,118.5	4,425.1
	11,729.9	18,009.5
Interest in an associate	347.7	336.4
Interest in a joint venture	139.8	135.0
Unallocated bank deposits, bank balances and cash	2,051.7	5,227.0
Other unallocated assets	38,452.4	33,917.8
Group's total	52,721.5	57,625.7
Liabilities		
Long-term bank loans		
— gaming operations	18,632.0	15,082.5
— hotel, catering and retail operations	55.0	70.3
— unallocated corporate bank loans	100.1	127.9
	18,787.1	15,280.7
Other segment liabilities		
— gaming operations	5,427.4	10,689.8
— hotel, catering and retail operations	441.3	364.8
	5,868.7	11,054.6
Total segment liabilities	24,655.8	26,335.3
Unallocated liabilities	3,425.8	2,054.3
Group's total	28,081.6	28,389.6

3. OPERATING SEGMENTS (Continued)

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

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

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

- (c) Other segment information of the Group

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
Additions to non-current assets (other than financial instruments)		
— gaming operations	1,272.7	496.0
— hotel, catering and retail operations	12.8	47.0
— corporate level*	<u>4,933.7</u>	<u>5,355.8</u>
	<u>6,219.2</u>	<u>5,898.8</u>
Depreciation and amortisation		
— gaming operations	734.7	731.4
— hotel, catering and retail operations	224.7	293.6
— corporate level	<u>40.8</u>	<u>30.3</u>
	<u>1,000.2</u>	<u>1,055.3</u>
Loss (gain) on disposals/write-off of property and equipment		
— gaming operations	1.0	2.2
— hotel, catering and retail operations	0.2	0.1
— corporate level	<u>0.1</u>	<u>(0.2)</u>
	<u>1.3</u>	<u>2.1</u>

* Amount includes certain property and equipment, certain right-of-use assets and certain deposits made on acquisitions of property and equipment where the directors of the Company consider it impracticable to divide into individual segments.

3. OPERATING SEGMENTS (Continued)

(c) Other segment information of the Group (Continued)

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
Share-based payments		
— gaming operations	1.6	4.3
— corporate level	<u>—</u>	<u>1.2</u>
	<u>1.6</u>	<u>5.5</u>
Finance costs		
— gaming operations	16.3	8.6
— hotel, catering and retail operations	4.7	7.0
— corporate level	<u>10.7</u>	<u>18.1</u>
	<u>31.7</u>	<u>33.7</u>
Interest income		
— gaming operations	48.1	157.2
— hotel, catering and retail operations	1.2	6.3
— corporate level	<u>67.0</u>	<u>141.3</u>
	<u>116.3</u>	<u>304.8</u>
Impairment loss on financial assets		
— gaming operations	<u>—</u>	<u>200.0</u>

All revenues during each of the reporting periods are derived from customers in Macau SAR and almost all of the non-current assets, other than financial instruments, of the Group are located in Macau SAR. None of the customers of the Group contributed more than 10% of the total revenues during the reporting period.

4. GAMING REVENUE

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
Gaming revenue from		
— VIP gaming operations	2,037.1	13,687.3
— mass market table gaming operations	5,858.8	25,127.0
— slot machine and other gaming operations	<u>379.3</u>	<u>1,185.8</u>
	8,275.2	40,000.1
Less: commissions and incentives	<u>(971.0)</u>	<u>(6,841.6)</u>
	<u><u>7,304.2</u></u>	<u><u>33,158.5</u></u>

5. FINANCE COSTS

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
Interest on		
— long-term bank loans	509.4	620.2
— lease liabilities	30.1	20.2
Imputed interest on an amount due to non-controlling interests of a subsidiary	<u>5.2</u>	<u>7.5</u>
	544.7	647.9
Less: Amount capitalised	<u>(513.0)</u>	<u>(614.2)</u>
	<u><u>31.7</u></u>	<u><u>33.7</u></u>

6. (LOSS) PROFIT BEFORE TAXATION

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
<i>(Loss) profit before taxation has been arrived at after charging:</i>		
Directors' remuneration		
— fees, salaries, bonus and other benefits	81.5	90.0
— share-based payments	<u>1.6</u>	<u>5.5</u>
	83.1	95.5
Less: Amount capitalised	<u>(11.1)</u>	<u>(12.3)</u>
	<u>72.0</u>	<u>83.2</u>
Retirement benefits scheme contributions for other staff	204.2	217.1
Less: Forfeited contributions	<u>(9.8)</u>	<u>(23.1)</u>
	<u>194.4</u>	<u>194.0</u>
Other staff costs	<u>5,202.3</u>	<u>5,722.0</u>
Total employee benefit expenses	<u>5,468.7</u>	<u>5,999.2</u>
Auditor's remuneration	17.0	17.0
Amortisation of intangible asset (including in operating and administrative expenses)	65.9	—
Depreciation of property and equipment	547.0	827.6
Depreciation of right-of-use assets	387.3	227.7
Loss on modification of long-term bank loans	—	9.8
Loss on disposals/write-off of property and equipment	1.3	2.1
<i>and after crediting:</i>		
Bank interest income	116.3	304.8
COVID-19-related rent concessions (<i>Note</i>)	148.1	—
Dividend income	2.0	3.8
Gain on modification of long-term bank loans	<u>2.0</u>	<u>—</u>

Note: The Group had to suspend its casino operations in order to prevent the spread of COVID-19. During year ended 31 December 2020, lessors of the relevant casino properties, commercial properties and motor vehicles provided rent concessions to the Group through rent reductions ranging from 24% to 83% for one to eleven months. These were rent concessions occurred as a direct consequence of COVID-19 pandemic, which met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$148.1 million were recognised as negative variable lease payments.

7. TAXATION

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
Macau SAR Complementary Tax (“CT”)		
— current tax	22.5	61.5
— underprovision in prior year	<u>1.3</u>	<u>1.1</u>
	23.8	62.6
Deferred taxation credit	<u>(1.3)</u>	<u>(11.0)</u>
	<u>22.5</u>	<u>51.6</u>

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

In addition, pursuant to the approval letter dated 27 February 2018 issued by the Financial Services Bureau of the Macau SAR government on dividend distributed by SJM (the “**Special Complementary Tax**”) for the period from 1 January 2017 to 31 March 2020, SJM’s shareholders were obligated to pay the Special Complementary Tax of Macau Pataca (“**MOP**”) 23.2 million (equivalent to HK\$22.5 million) for each of the years ended 31 December 2017 to 2019 and MOP5.8 million (equivalent to HK\$5.6 million) for the three months ended 31 March 2020. 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 the period from 1 April 2020 to 26 June 2022 has not been determined by the Financial Services Bureau of the Macau SAR government up to the date of this report. During the year, the Company, as a shareholder of SJM, provided an amount of MOP23.2 million (equivalent to HK\$22.5 million) (2019: MOP23.2 million (equivalent to HK\$22.5 million)) for the Special Complementary Tax based on their best estimate.

Regarding the other Macau SAR subsidiaries, CT is calculated at the rate of 12% on the estimated assessable profit for both years.

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.

8. DIVIDENDS

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
Interim dividend per ordinary share paid		
— HK8 cents for 2019	—	453.1
Final dividend per ordinary share paid		
— HK22 cents for 2019	1,246.8	—
— HK21 cents for 2018	—	1,189.5
	<u>1,246.8</u>	<u>1,642.6</u>

On 23 February 2021, the board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: HK22 cents per ordinary share).

9. (LOSS) EARNINGS PER SHARE

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

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
<i>(Loss) earnings</i>		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	<u>(3,024.9)</u>	<u>3,207.3</u>

	2020	2019
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	5,670,017,886	5,663,681,403
Effect of dilutive potential ordinary shares on share options (Note)	—	1,772,634
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>5,670,017,886</u>	<u>5,665,454,037</u>

Note: For the year ended 31 December 2020, the diluted loss per share was the same as the basic loss per share as the computation of the diluted loss per share does not assume the exercise of the Company's share options because the assumed exercise would result in a decrease in loss per share.

10. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
Advances to gaming promoters, net	112.5	189.6
Other receivables from gaming promoters and service providers, net	337.5	625.9
Prepayments	172.9	197.8
Other sundry receivables	<u>175.1</u>	<u>300.8</u>
	<u>798.0</u>	<u>1,314.1</u>

As at 1 January 2019, the carrying amount of advances to gaming promoters was HK\$210.4 million.

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.

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

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

10. TRADE AND OTHER RECEIVABLES (Continued)

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

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
<i>Age</i>		
0 to 30 days	7.8	189.6
61 to 90 days	<u>104.7</u>	<u>—</u>
	<u><u>112.5</u></u>	<u><u>189.6</u></u>

Movement in the loss allowance

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
At 1 January	379.5	179.5
Impairment loss recognised	<u>—</u>	<u>200.0</u>
At 31 December	<u><u>379.5</u></u>	<u><u>379.5</u></u>

During the year ended 31 December 2019, the Group provided impairment allowance of HK\$200.0 million (2020: nil) for other receivable from gaming promoters and service providers as the management considered a service provider was credit-impaired. As at 31 December 2020, loss allowance with an aggregate balance of HK\$379.5 million (2019: HK\$379.5 million) represents individually credit-impaired advances to gaming promoters and other receivables from gaming promoters and service providers which are fully impaired as the management considered the outstanding balances from these gaming promoters and service providers were uncollectible given that one or more events of default occurred.

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

11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
Trade payables	307.6	1,047.2
Special gaming tax payable	354.5	1,209.6
Chips in circulation	1,504.8	5,062.4
Chips in custody and deposits received from gaming patrons and gaming promoters	1,399.4	520.3
Payables for acquisition of property and equipment	76.5	38.0
Construction payables	2,852.4	1,670.2
Accrued staff costs	794.9	1,706.9
Accrued operating expenses	21.6	191.2
Withholding tax payable	14.6	24.9
Other sundry payables and accruals	<u>471.2</u>	<u>573.6</u>
	7,797.5	12,044.3
Less: Non-current portion of construction payables	<u>(66.7)</u>	<u>—</u>
Current portion	<u><u>7,730.8</u></u>	<u><u>12,044.3</u></u>

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

	2020 <i>HK\$ million</i>	2019 <i>HK\$ million</i>
<i>Age</i>		
0 to 30 days	294.1	1,030.6
31 to 60 days	8.2	10.4
61 to 90 days	2.1	2.0
Over 90 days	<u>3.2</u>	<u>4.2</u>
	<u><u>307.6</u></u>	<u><u>1,047.2</u></u>

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

BUSINESS REVIEW

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

Market Environment

The Macau gaming market in 2020 was impacted severely by the COVID-19 outbreak, which led to closure of Macau casinos for 15 days in February, as well as ongoing restrictions on entry from the Mainland, Hong Kong and other countries. Macau's casino gross gaming revenue declined by 79.3% in 2020, as per figures reported by the Macau Gaming Inspection and Coordination Bureau (“**DICJ**”). Gross revenue of VIP gaming, mass market gaming and slot machines declined by 80.6%, 78.4% and 77.0% in 2020.

According to the Macau Government Statistics and Census Service, visitation to Macau decreased strongly in 2020 by 85% over 2019 to 5.9 million visitors. Visitors from the Mainland decreased by 83% to 4.8 million. Moderate improvement in visitation to Macau was seen in the fourth quarter of 2020 as a result of resumption of the Individual Visit Scheme for residents of Guangdong from August, and for the rest of the Mainland from September. Visitation to Macau in the fourth quarter of 2020 increased by 150.3% from the third quarter to 1.9 million.

Business Model and Key Strategies

Our strategic objective is sustainable long-term growth in shareholder value. As a leading operator, owner and developer of casinos and related businesses in Macau, our key strategies for delivering this objective are as follows:

- We will continue to build, own and manage or invest in casinos and related businesses in Macau, as permitted by government regulation.
- We will continue to improve and enhance the efficiency of our existing properties in both the mass market and VIP sectors of the gaming business.
- We will remain focused principally on Macau, while selectively considering opportunities for future expansion in the Asian region.
- We will maintain a strong financial position, with a view to sustainable long-term growth.

Group Operating Results

The Group's results, Adjusted EBITDA and Adjusted EBITDA Margin for the year ended 31 December 2020 and for the earlier year are shown below:

Group operating results	For the year ended 31 December		(Decrease)
	2020	2019	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Total net revenue	7,507	33,875	(77.8%)
Net gaming revenue	7,304	33,159	(78.0%)
(Loss) profit attributable to owners of the Company	(3,025)	3,207	(194.3%)
Adjusted EBITDA ¹	(2,089)	4,213	(149.6%)
Adjusted EBITDA Margin ²	(27.8%)	12.4%	(40.2%)

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/loss on disposals/write-off of property and equipment, share-based payments, gain/loss on modification of long-term bank loans, project feasibility study cost, sub-concession fee income and pre-opening expenses.

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

VIP gross gaming revenue of the Group decreased by 85.1% in 2020 while mass market table gross gaming revenue decreased by 76.7%. According to statistics from the MSAR government, gaming revenue of Macau decreased by 79.3% in 2020, comprising a 80.6% decrease in VIP gross gaming revenue, a 78.4% decrease in mass market table gross gaming revenue and a 77.0% decrease in slot machine gross gaming revenue.

During 2020, the Group accounted for 14.1% of Macau's casino gaming revenue of \$58,681 million which represented the same in market share for 14.1% for the full year 2019.

The Group's Adjusted EBITDA Margin for the year was negative 27.8%, a decrease from 12.4% in 2019.

Attributable loss in the Reporting Period was affected mainly by the decreased revenue during the year caused by the COVID-19 pandemic. Depreciation and amortisation in 2020 were \$1,000 million compared with \$1,055 million in 2019, and interest expense was \$32 million, compared with \$34 million in 2019.

Operating Results — VIP Gaming

VIP operations	For the year ended 31 December		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	2,037	13,687	(85.1%)
Average daily net-win per VIP gaming table (HK\$)	30,228	132,040	(77.1%)
VIP chips sales (HK\$ million)	58,304	420,164	(86.1%)
Average number of VIP gaming tables (Average of month-end numbers)	192	284	(32.4%)

VIP gaming operations accounted for 24.6% of the Group's total gross gaming revenue in 2020, as compared with 34.2% in 2019. As at 31 December 2020, SJM had 174 VIP gaming tables in operation with 12 VIP promoters, as compared with 275 VIP gaming tables and 15 VIP promoters as at 31 December 2019. As at 31 December 2020, SJM operated VIP gaming in 10 of its casinos as compared with 13 of its casinos as at 31 December 2019.

The Group's gross gaming revenue from VIP gaming operations amounted to approximately 8.0% of total VIP gaming revenue in Macau, compared to 10.4% in the previous year, according to figures from DICJ. The hold rate for SJM's VIP operations was 3.49% in 2020 as compared with 3.26% in 2019.

Operating Results — Mass Market Table Gaming

Mass market operations	For the year ended 31 December		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	5,859	25,127	(76.7%)
Average daily net-win per mass market gaming table (HK\$)	18,485	46,451	(60.2%)
Average number of mass market gaming tables (Average of month-end numbers)	903	1,482	(39.1%)

Gross gaming revenue from mass market table gaming operations comprised 70.8% of the Group's total gross gaming revenue in 2020, as compared with 62.8% in 2019. SJM had 1,049 mass market gaming tables in operation as at 31 December 2020, as compared with 1,511 mass market gaming tables as at 31 December 2019.

Operating Results — Slot Machines and Other Gaming Operations

Slot machine operations	For the year ended 31 December		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	379	1,186	(68.0%)
Average daily net-win per slot machine (HK\$)	866	1,268	(31.7%)
Average number of slot machines (Average of month-end numbers)	1,247	2,562	(51.3%)

Gross gaming revenue from slot machine operations comprised 4.6% of the Group's total gross gaming revenue in 2020, compared with 3.0% in 2019. SJM had 1,196 slot machines in service as at 31 December 2020 as compared with 2,439 slot machines as at 31 December 2019.

As at 31 December 2020, SJM operated slot machines in 10 of its casinos as compared with 12 of its casinos as at 31 December 2019.

Operating Results — Casino Grand Lisboa

SJM's flagship Casino Grand Lisboa showed a decrease in gross gaming revenue of 84.0%, a decrease in Adjusted Grand Lisboa EBITDA and attributable profit of 137.1% and 146.0% respectively.

Casino Grand Lisboa	For the year ended 31 December		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	2,067	12,910	(84.0%)
(Loss) profit attributable to the Group (HK\$ million)	(1,014)	2,203	(146.0%)
Adjusted Grand Lisboa EBITDA ³ (HK\$ million)	(872)	2,349	(137.1%)
Adjusted Grand Lisboa EBITDA Margin (over gross gaming revenue)	(42.2%)	18.2%	(60.4%)

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/loss on disposals/write-off of property and equipment, share-based payments and sub-concession fee income, and before elimination of inter-company consumption.

Operating results of Casino Grand Lisboa are as follows:

Casino Grand Lisboa	For the year ended 31 December		
	2020	2019	(Decrease)
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	1,101	6,966	(84.2%)
Average daily net-win per VIP gaming table (HK\$)	30,442	157,717	(80.7%)
VIP chips sales (HK\$ million)	31,811	212,151	(85.0%)
Average number of VIP gaming tables (Average of month-end numbers)	103	121	(14.9%)
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	857	5,475	(84.3%)
Average daily net-win per mass market gaming table (HK\$)	16,386	52,633	(68.9%)
Average number of mass market gaming tables (Average of month-end numbers)	149	285	(47.7%)
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	109	469	(76.7%)
Average daily net-win per slot machine (HK\$)	802	1,558	(48.5%)
Average number of slot machines (Average of month-end numbers)	389	825	(52.8%)

Casino Grand Lisboa operated 210 mass market gaming tables and 103 VIP gaming tables as at 31 December 2020, compared with 292 and 123, respectively as at 31 December 2019.

As at 31 December 2020, Casino Grand Lisboa operated a total of 403 slot machines as compared with 780 slot machines as at 31 December 2019. During 2020, Casino Grand Lisboa attracted a total of over 1.8 million visitors as compared with over 12 million visitors during 2019.

Operating Results — Other Self-promoted Casinos

Other self-promoted casinos are Casino Lisboa, Casino Oceanus at Jai Alai (including gaming area in the Jai Alai building), Casino Eastern and Casino Taipa (collectively, “**Other Self-promoted Casinos**”).

Other self-promoted casinos	For the year ended 31 December		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	1,354	6,308	(78.5%)
(Loss) profit attributable to the Group (HK\$ million)	(1,103)	908	(221.5%)
Adjusted EBITDA (HK\$ million)	(666)	1,223	(154.4%)
Adjusted EBITDA Margin (over gross gaming revenue)	(49.2%)	19.4%	(68.6%)

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

Other self-promoted casinos	For the year ended 31 December		
	2020	2019	(Decrease)
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	91	1,284	(92.9%)
Average daily net-win per VIP gaming table (HK\$)	23,589	159,850	(85.2%)
VIP chips sales (HK\$ million)	2,257	34,240	(93.4%)
Average number of VIP gaming tables (Average of month-end numbers)	11	22	(50.0%)
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	1,150	4,704	(75.6%)
Average daily net-win per mass market gaming table (HK\$)	13,879	32,880	(57.8%)
Average number of mass market gaming tables (Average of month-end numbers)	236	392	(39.8%)
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	113	320	(64.7%)
Average daily net-win per slot machine (HK\$)	1,075	1,321	(18.7%)
Average number of slot machines (Average of month-end numbers)	299	663	(54.9%)

As at 31 December 2020, Casino Lisboa operated 63 mass market gaming tables, and Casino Oceanus at Jai Alai operated a total of 147 mass market gaming tables and 240 slot machines, plus 40 mass market gaming tables and 37 slot machines in the gaming area of the Jai Alai building. Casino Eastern operated 16 mass market gaming tables. Casino Taipa was temporarily closed.

As at 31 December 2019, Casino Lisboa operated a total of 22 VIP gaming tables, 111 mass market gaming tables and 56 slot machines, and Casino Oceanus at Jai Alai operated a total of 233 mass market gaming tables and 397 slot machines, plus 62 mass market gaming tables and 74 slot machines in the casino area of the Jai Alai building. Casino Taipa, operated 5 mass market gaming tables and 101 slot machines.

Operating Results — Satellite Casinos

As at 31 December 2020, SJM operated 14 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 Kam Pek Paradise, Casino L'Arc Macau, Casino Landmark, Casino Legend Palace, Casino Million Dragon, Casino Ponte 16 and Casino Royal Dragon. Casino Macau Jockey Club was temporarily closed. As at 31 December 2019, SJM operated 16 satellite casinos.

Thirteen (2019: fourteen) of SJM's satellite casinos are located on the Macau Peninsula whilst one (2019: two) satellite casino is located on the island of Taipa. Satellite casinos comprised a total of 71 VIP gaming tables, 573 mass market gaming tables and 516 slot machines, as at 31 December 2020 as compared with 130 VIP gaming tables, 808 mass market gaming tables and 1,031 slot machines as at 31 December 2019.

Satellite casinos are operated in accordance with service agreements between SJM and third party promoters.

Satellite casinos	For the year ended 31 December		
	2020	2019	(Decrease)
Gross gaming revenue (HK\$ million)	4,854	20,782	(76.6%)
(Loss) profit attributable to the Group (HK\$ million)	(225)	525	(142.9%)
Adjusted EBITDA (HK\$ million)	(152)	522	(129.2%)
Adjusted EBITDA Margin (over gross gaming revenue)	(3.1%)	2.5%	(5.6%)

Operating results of satellite casinos are as follows:

Satellite casinos	For the year ended 31 December		
	2020	2019	(Decrease)
<i>VIP operations</i>			
Gross gaming revenue (HK\$ million)	845	5,438	(84.5%)
Average daily net-win per VIP gaming table (HK\$)	30,492	105,665	(71.1%)
VIP chips sales (HK\$ million)	24,236	173,773	(86.1%)
Average number of VIP gaming tables (Average of month-end numbers)	79	141	(44.0%)
<i>Mass market operations</i>			
Gross gaming revenue (HK\$ million)	3,852	14,947	(74.2%)
Average daily net-win per mass market gaming table (HK\$)	21,187	50,872	(58.4%)
Average number of mass market gaming tables (Average of month-end numbers)	518	805	(35.7%)
<i>Slot machine operations</i>			
Gross gaming revenue (HK\$ million)	157	397	(60.5%)
Average daily net-win per slot machine (HK\$)	799	1,012	(21.0%)
Average number of slot machines (Average of month-end numbers)	559	1,074	(48.0%)

Non-gaming Operations

For the year ended 31 December 2020, the Grand Lisboa Hotel contributed \$156 million in revenue and loss of \$176 million in Adjusted Grand Lisboa EBITDA to the Group as compared with \$514 million in revenue and \$16 million in Adjusted Grand Lisboa EBITDA for the previous year. The occupancy rate of the hotel, based on 413 average available rooms, averaged 17.9% for the full year, as compared with 93.8% for the previous year, and the average room rate for the full year 2020 was approximately \$1,465 as compared with \$1,508 in 2019.

Food and beverage units at the Grand Lisboa Hotel continued to earn international recognition. Amongst numerous awards, French restaurant “Robuchon au Dôme” and Cantonese restaurant “The Eight” received three stars in the Michelin Guide Hong Kong Macau 2021. Modern steakhouse “The Kitchen” was also awarded one star. The wine cellars of “Robuchon au Dôme” and Italian restaurant “Casa Don Alfonso” received the Grand Award and “The Kitchen” received the Best of Award of Excellence from Wine Spectator.

The Sofitel at Ponte 16, in which SJM’s interest is 51%, contributed \$47 million in revenue to the Group in 2020, compared with a contribution of \$212 million in 2019. The occupancy rate of the 408-room hotel averaged 17.8% for the full year 2020 as compared with 91.2% in 2019, whilst average room rate decreased by 26.2% to \$845. The Sofitel at Ponte 16 received numerous travel industry awards in 2020, in both business and luxury categories.

Income from all hotel, catering, retail and related services, after inter-company elimination, totaled \$203 million in 2020, a decrease of 71.7% from \$717 million in 2019, due primarily to decline in hotel room occupancy and retail operations.

PROSPECTS AND RECENT DEVELOPMENTS

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

Impact of the COVID-19 Pandemic

The COVID-19 outbreak that spread around the world since January 2020 had a materially adverse effect on our operating results throughout 2020. According to the Macau Government Statistics and Census Service, visitation to Macau decreased by 85% for the year, compared to 2019, whilst visitation from Mainland China decreased by 83%. According to the DICJ, gross gaming revenue in Macau decreased by 79.3% for the year.

All casinos in Macau were closed from February 5 to February 20 and, since reopening, patrons are subject to a number of measures, including mandatory wearing of masks, completion of health declarations, temperature checks and spacing of seats at table games and slot machines. Group and individual tourist visas from the Mainland were suspended by the Chinese government and most transportation channels to Macau were curtailed or reduced.

Since August, the Individual Visa Scheme exit visa program was resumed for residents of Guangdong Province, and since September for the rest of the Mainland, subject to health declarations and testing requirements. Visitors from Hong Kong and Taiwan can enter Macau subject to quarantine whilst visitors from the rest of the world are not permitted entry, with the exceptions of returning residents and certain categories deemed essential.

At the present time, given the evolving conditions created by and in response to the COVID-19 pandemic, it is not possible to determine when travel restrictions will be lifted or whether they could be reintroduced if there are adverse developments in the pandemic situation.

Current and Recent Initiatives

Grand Lisboa Palace

Construction work on the Grand Lisboa Palace, the Group's integrated resort on Cotai, has been completed and application has been made for the relevant licenses to begin operation in the first half of 2021.

The Grand Lisboa Palace comprises a total gross floor area of 521,435 square metres plus 77,158 square metres of parking area. More than 90% of the total area will be devoted to a full range of non-gaming facilities, including three hotel towers — “Grand Lisboa Palace”, “Palazzo Versace” and “Karl Lagerfeld” — totaling approximately 1,900 rooms, plus facilities for events, meetings and conferences, shopping, dining and entertainment, and a casino, at an estimated total project cost of approximately \$39 billion.

In January 2020, the Company announced the signing of an agreement between SJM and NYH Gestao de Vendas a Retalho Limitada (“**NYH**”) for NYH to operate a high-class department store on the second floor of the project's retail mall. The store will be under the brand or style “New Yaohan” and will cover approximately 15,500 square metres.

As at 31 December 2020, SJM had entered into capital commitments in connection with the Grand Lisboa Palace project with a total value of approximately \$2.5 billion.

Senior Notes

On 27 January 2021, a wholly-owned subsidiary of the Group, Champion Path Holdings Limited, issued 4.5% Senior Notes with an aggregate principal amount of US\$500 million (equivalent to HK\$3,875.05 million) and a final maturity date of 27 January 2026, and 4.85% Senior Notes with an aggregate principal amount of US\$500 million (equivalent to HK\$3,875.05 million) and a final maturity date of 27 January 2028. The issue was rated Ba2 by Moody's and BB+ by Fitch. Approximately 90% of the net proceeds will be used to repay a portion of amounts outstanding under its long-term bank loans facility agreement and the balance for general corporate purposes.

FINANCIAL REVIEW

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

Liquidity, Financial Resources and Capital Structure

The Group maintained a strong financial position, with bank balances and cash amounting to \$6,126 million (not including \$147 million pledged bank deposits) as at 31 December 2020. This represented a decrease of 57.8% as compared with the position as at 31 December 2019 of \$14,504 million. The decrease was mainly attributable to cash outflows for operating activities and payment for construction of the Grand Lisboa Palace during the year.

Total outstanding balances of bank loans drawn by the Group as at 31 December 2020 amounted to \$18,787 million (as at 31 December 2019: \$15,281 million). The maturity of the Group's borrowings as at 31 December 2020 is as follows:

Maturity Profile			
Within 1 year	1–2 years	2–5 years	Total
28%	72%	—	100%

Gearing Ratio

The Group's gearing ratio (defined as the ratio of total outstanding bank loans less pledged bank deposits, short-term bank deposits, bank balances and cash to total assets (excluding pledged bank deposits, short-term bank deposits, bank balances and cash)) was 26.9% at the end of 2020 (as at 31 December 2019: not applicable).

Capital Expenditure Commitments

Capital expenditure commitments by the Group amounted to \$2.8 billion as at 31 December 2020 (as at 31 December 2019: \$7.1 billion), of which \$2.5 billion were for the Grand Lisboa Palace project. As at 31 December 2020, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$39 billion, including capital expenditure commitments to date.

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

Pledge of Assets

As at 31 December 2020, certain of the Group's property and equipment and right-of-use assets with carrying values of \$36,477 million and \$1,847 million, respectively (as at 31 December 2019: \$31,901 million and \$1,887 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$147 million as at 31 December 2020 (2019: \$1,021 million).

Financial Guarantee Obligations

As at 31 December 2020, the total amount of guarantees of the Group given to banks of \$87 million (2019: \$87 million), which were guarantees in respect of credit facilities granted to an associate and an investee company. The Group had no significant contingent liabilities as at 31 December 2020.

Financial Risk

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

Material Acquisitions and Disposals

The Group made no material acquisitions or material disposals of subsidiaries and associated companies during the year ended 31 December 2020.

Human Resources

As at 31 December 2020, the Group had approximately 19,700 full-time employees. The Group's employee turnover rate was minimal in 2020.

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

The management of the Group regularly reviews the remuneration policy and evaluates staff performance. Staff are encouraged to attend training classes that are related to the Group's business. The Group provides training for career enhancement in the form of internal courses and workshops for staff, subsidies for education of staff at Macau Millennium College, and awards scholarships to children of staff to study at institutions of their choice.

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 year ended 31 December 2020.

CORPORATE GOVERNANCE CODE

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

The Company has adopted its own code of corporate governance based on the principles and code provisions as set out in the Corporate Governance Code (“**CG Code**”) as stated in Appendix 14 to the Listing Rules on the Stock Exchange.

During the year ended 31 December 2020, the Company has complied with the code provisions of the CG Code.

CLOSURE OF REGISTER OF MEMBERS FOR 2021 ANNUAL GENERAL MEETING

Book close dates for 2021 Annual General Meeting (both days inclusive)	:	2 June 2021 to 8 June 2021
Latest share registration date for 2021 Annual General Meeting	:	1 June 2021
Latest time to lodge transfer documents with the Company’s share registrar	:	4:30 p.m. on Tuesday, 1 June 2021
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

2021 ANNUAL GENERAL MEETING

The 2021 Annual General Meeting of the Company will be held at Golden Restaurant, Macau Jockey Club (HK) Club House, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong at 2:30 p.m. on Tuesday, 8 June 2021. Notice of Annual General Meeting will be published on the Stock Exchange’s website and the Company’s website and despatched to shareholders of the Company in due course.

PRELIMINARY ANNOUNCEMENT OF THE GROUP'S RESULTS

The Group's consolidated financial statements for the year ended 31 December 2020 have been reviewed by the Audit Committee of the Company. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Company's auditor, Deloitte Touche Tohmatsu (the "**Auditor**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this preliminary announcement.

By order of the Board
SJM Holdings Limited
Ho Chiu Fung, Daisy
Chairman and Executive Director

Hong Kong, 23 February 2021

As at the date of this announcement, the executive directors of the Company are Ms. Ho Chiu Fung, Daisy, Mr. Fok Tsun Ting, Timothy, Deputada Leong On Kei, Angela, Dr. So Shu Fai, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David, the non-executive directors of the Company are Mr. Ng Chi Sing and Mr. Tsang On Yip, Patrick and the independent non-executive directors of the Company are Mr. Chau Tak Hay, Hon. Shek Lai Him, Abraham, Mr. Tse Hau Yin and Ms. Wong Yu Pok, Marina.