



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

2022
中期報告
INTERIM REPORT



CORPORATE PROFILE

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

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

The Grand Lisboa Palace, the Group’s integrated resort on Cotai, opened its doors to the public on 30 July 2021. In the initial phase opening, the resort offers luxury hotel rooms and suites, fine and casual dining, gaming, shopping, wellness and spa facilities and events spaces. THE KARL LAGERFELD hotel tower was added to the resort’s diversified offerings on 3 December 2021. Additional features to be inaugurated include the hotel tower Palazzo Versace Macau, as well as more facilities for meetings and conferences, shopping and dining.



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FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	For the six months ended		(Decrease)
	2022	2021	
	(HK\$ million) (unaudited)	(HK\$ million) (unaudited)	
Total Group net revenue	4,129	5,222	(20.9%)
Net gaming revenue	3,811	5,076	(24.9%)
Adjusted EBITDA*	(1,176)	(510)	(130.8%)
Loss attributable to owners of the Company	(2,757)	(1,466)	(88.1%)
Loss per share			
basic	HK(48.5) cents	HK(25.8) cents	(88.0%)
diluted	HK(48.5) cents	HK(25.8) cents	(88.0%)

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

OPERATING HIGHLIGHTS

- Net gaming revenue earned by SJM Resorts, S.A. ("SJM"), a subsidiary of the Company, was HK\$3,811 million in the first half of 2022, as compared with HK\$5,076 million in the first half of 2021.
- Adjusted EBITDA of the Group was negative HK\$1,176 million, as compared with negative HK\$510 million in the first half of 2021.
- Loss attributable to owners of the Company was HK\$2,757 million, as compared with a loss HK\$1,466 million in the first half of 2021.
- SJM had a 16.0% share of Macau's gaming revenue, including 20.1% of mass market table gross gaming revenue and 5.8% of VIP gross gaming revenue.
- The Grand Lisboa Palace, the Group's integrated resort on Cotai, opened its doors to the public on 30 July 2021. Gross revenue of Grand Lisboa Palace was HK\$417 million, including gross gaming revenue of HK\$231 million and non-gaming revenue of HK\$186 million. After adjusting the pre-opening expenses of HK\$250 million, its Adjusted Property EBITDA was negative HK\$483 million.
- Grand Lisboa's gross revenue was HK\$776 million, including gross gaming revenue HK\$705 million and non-gaming revenue HK\$71 million, as compared with gross gaming revenue HK\$1,198 million and non-gaming revenue HK\$80 million in the first half of 2021, whilst its Adjusted Property EBITDA was negative HK\$374 million, as compared with negative HK\$216 million in the first half of 2021.
- Grand Lisboa Palace Resort's occupancy rate was 34.3% and average room rate was HK\$920.
- Hotel Grand Lisboa's occupancy rate decreased by 14.6% from the first half of 2021 to 47.8%. Average daily room rate decreased during the period by 9.3% to HK\$643.
- The Group had HK\$2,405 million of cash, bank balances, short-term bank deposits and pledged bank deposits and HK\$26,023 million of debt as at 30 June 2022.
- On 20 June 2022 the Group completed a refinancing of its syndicated banking facilities, consisting of a HK\$9 billion term loan and a HK\$10 billion revolving credit.

BUSINESS REVIEW

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

GROUP OPERATING RESULTS

The Group's results, Net Revenue, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2022 ("the Reporting Period") and for the year-earlier period are shown below:

Group operating results	For the six months ended 30 June		(Decrease)
	2022 HK\$ million	2021 HK\$ million	
Total net revenue	4,129	5,222	(20.9%)
Net gaming revenue	3,811	5,076	(24.9%)
Loss attributable to owners of the Company	(2,757)	(1,466)	(88.1%)
Adjusted EBITDA ¹	(1,176)	(510)	(130.8%)
Adjusted EBITDA Margin ²	(28.5%)	(9.8%)	(18.7 pts)

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

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

Total net revenue was \$4,129 million for the six months ended 30 June 2022, a decrease of 20.9%, compared to \$5,222 million for the six months ended 30 June 2021. The decrease was mainly driven by the mass market table gaming revenue and VIP gaming revenue.

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

	For the six months ended 30 June		(Decrease)
	2022 HK\$ million	2021 HK\$ million	
VIP Gross Gaming Revenue	387	855	(54.8%)
Mass Market Gross Gaming Revenue	3,435	4,385	(21.7%)
Slot Machine Gross Gaming Revenue	248	265	(6.3%)
Gross Gaming Revenue	4,070	5,505	(26.1%)
Commissions and incentives	(259)	(429)	(39.7%)
Net Gaming Revenue	3,811	5,076	(24.9%)

BUSINESS REVIEW

Casino Grand Lisboa Palace Statistics	For the six months ended 30 June			
	2022 HK\$ million	2021 HK\$ million	Variance HK\$ million	%
Revenue:				
Mass Market	209	—	209	—%
Slot	22	—	22	—%
Gross Gaming Revenue	231	—	231	—%
Mass Drop	1,285	—	1,285	—%
Mass Table Win	209	—	209	—%
Non-Rolling Chip Win %	16.2%	—		16.2 pts
Slot Handle	592	—	592	—%
Slot Win	22	—	22	—%
Slot Win %	3.8%	—		3.8 pts

Casino Grand Lisboa Statistics	For the six months ended 30 June			
	2022 HK\$ million	2021 HK\$ million	Variance HK\$ million	%
Revenue:				
VIP	223	378	(155)	(41.0%)
Mass Market	408	721	(313)	(43.4%)
Slot	74	99	(25)	(24.9%)
Gross Gaming Revenue	705	1,198	(493)	(41.1%)
VIP Chip Sales Volume	6,051	14,543	(8,492)	(58.4%)
Win	223	378	(155)	(41.0%)
Hold %	3.7%	2.6%		1.1 pts
Mass Drop	1,917	3,394	(1,477)	(43.5%)
Mass Table Win	408	721	(313)	(43.4%)
Non-Rolling Chip Win %	21.3%	21.3%		— pts
Slot Handle	1,460	1,993	(533)	(26.7%)
Slot Win	74	99	(25)	(24.9%)
Slot Win %	5.1%	4.9%		0.2 pts

BUSINESS REVIEW

Other Self-promoted Casino Statistics	For the six months ended 30 June			
	2022 HK\$ million	2021 HK\$ million	Variance HK\$ million	%
Revenue:				
VIP	—	5	(5)	(100.0%)
Mass Market	601	718	(117)	(16.3%)
Slot	73	77	(4)	(5.7%)
Gross Gaming Revenue	674	800	(126)	(15.8%)
VIP Chip Sales Volume	—	166	(166)	(100.0%)
Win	—	5	(5)	(100.0%)
Hold %	—%	3.2%		(3.2 pts)
Mass Drop	4,510	5,185	(675)	(13.0%)
Mass Table Win	601	718	(117)	(16.3%)
Non-Rolling Chip Win %	13.3%	13.9%		(0.6 pts)
Slot Handle	1,513	1,437	76	5.2%
Slot Win	73	77	(4)	(5.7%)
Slot Win %	4.8%	5.4%		(0.6 pts)

Satellite Casino Statistics	For the six months ended 30 June			
	2022 HK\$ million	2021 HK\$ million	Variance HK\$ million	%
Revenue:				
VIP	164	472	(308)	(65.3%)
Mass Market	2,217	2,946	(729)	(24.7%)
Slot	79	89	(10)	(11.2%)
Gross Gaming Revenue	2,460	3,507	(1,047)	(29.9%)

As at 30 June 2022, SJM operated 14 satellite (third party-promoted) casinos, as follows: Casino Babylon, Casino Casa Real, Casino Landmark, Casino Diamond, Casino Emperor Palace, Casino Fortuna, Casino Golden Dragon, Casino Grandview, Casino Kam Pek Paradise, Casino Million Dragon, Casino L'Arc Macau, Casino Legend Palace, Casino Ponte 16 and Casino Royal Dragon. Casino Macau Jockey Club was temporarily closed. As at 31 December 2021, SJM operated 14 satellite casinos.

BUSINESS REVIEW

The following table highlights the key results for the Group:

Adjusted Property EBITDA¹ for the Group — for the six months ended 30 June 2022 and 30 June 2021

	Adjusted Property EBITDA			
	2022 HK\$ million	2021 HK\$ million	Variance HK\$ million	%
Grand Lisboa Palace	(483)	—	(483)	—%
Grand Lisboa	(374)	(216)	(158)	(73.7%)
Other Self-promoted ²	(197)	(195)	(2)	(0.4%)
Satellite ³	7	39	(32)	(82.9%)
Total	(1,047)	(372)	(675)	(181.5%)

¹ Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, bank charges for bank loans, loss on modification on a bank loan, gain on early termination of lease contracts, sub-concession fee income, pre-opening expenses and corporate costs, and before elimination of inter-company consumption

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

³ Fourteen third party-promoted casinos

BUSINESS REVIEW

The following table summarises the results of hotel room activity:

Hotel Statistics	For the six months ended 30 June			
	2022 HK\$	2021 HK\$	Variance HK\$	%
Occupancy %				
Grand Lisboa Palace Resort ¹	34.3%	—%	—	34.3 pts
Grand Lisboa Hotel	47.8%	62.4%	—	(14.6 pts)
Jai-Alai Hotel	63.4%	49.7%	—	13.7 pts
Sofitel at Ponte 16	46.1%	53.0%	—	(6.9 pts)
Average Daily Rate (ADR)				
Grand Lisboa Palace Resort	920	—	920	—%
Grand Lisboa Hotel	643	709	(66)	(9.3%)
Jai-Alai Hotel	172	208	(36)	(17.2%)
Sofitel at Ponte 16	473	492	(19)	(3.9%)
Revenue per Available Room (RevPAR)				
Grand Lisboa Palace Resort	316	—	316	—%
Grand Lisboa Hotel	307	443	(136)	(30.6%)
Jai-Alai Hotel	109	103	6	5.6%
Sofitel at Ponte 16	218	261	(43)	(16.4%)

¹ Grand Lisboa Palace Resort included two hotel towers — the Grand Lisboa Palace and THE KARL LAGERFELD — which opened in the second half of 2021.

PROSPECTS AND RECENT DEVELOPMENTS

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

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 outbreak that spread around the world since January 2020 continued to have a materially adverse effect on our operating results in the first half of 2022.

According to the Macau Government Statistics and Census Service, the number of visitors to Macau decreased by 11.8% in the first half of 2022 compared with the first half of 2021. The number of visitors from mainland China decreased by 12.2% since 2021, and was only 21.9% of the pre-pandemic level of 2019.

Similarly, according to the DICJ, gross gaming revenue in Macau decreased by 46.4% as compared with the first half of 2021, and was 17.6% of the level of 2019.

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

GRAND LISBOA PALACE RESORT

The Grand Lisboa Palace, the Group's integrated resort on Cotai, opened its doors to the public on 30 July 2021. In the initial phase opening, the resort offers luxury hotel rooms and suites, fine and casual dining, gaming, wellness and spa facilities and event spaces.

The Grand Lisboa Palace comprises a total gross floor area of 521,435 square metres plus 77,158 square metres of parking area. More than 90% of the total area is devoted to a full range of non-gaming facilities, including three hotel towers — "Grand Lisboa Palace Macau", "Palazzo Versace Macau" and "THE KARL LAGERFELD" — totaling 1,892 rooms and suites, plus facilities for events, meetings and conferences, shopping, gaming, dining and entertainment, at a total project cost of approximately \$39 billion.

As at 30 June 2022, capital commitments in connection with the Grand Lisboa Palace project had a total value of approximately \$417 million.

PROSPECTS AND RECENT DEVELOPMENTS

CONVERTIBLE BOND ISSUANCE

On 22 June 2022, a wholly-owned subsidiary of the Group, Champion Power Global Limited (“Champion Power”), issued 2% Convertible Bond with principal amount of \$1,906 million and a final maturity date of 22 June 2027.

The Convertible Bond was issued to Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”) for acquisition of a portion of the property Casino Oceanus (“Oceanus Building”) by Harbour Tide Limited (the “Purchaser”) (a subsidiary of the Company) from Jai-Alai Shopping Centre Company Limited (the “Seller”) (an indirect wholly-owned subsidiary of STDM) and the disposal by the Seller of the remaining portion of Oceanus Building and the transactions contemplated thereunder in accordance with the transfer agreement dated 26 May 2022 entered into among the Purchaser, the Company, Champion Power, the Seller and STDM.

The Convertible Bond entitles STDM to convert into ordinary shares of the Company at any time between the issue date of the Convertible Bond and the date falling seven days prior to the fifth anniversary of the issue date at initial conversion price of \$4.07 per conversion share (subject to adjustment).

OUTLOOK

We expect that gross gaming revenues in Macau, as well as hotel, restaurant and other non-gaming activities that depend on tourism, will continue to be negatively impacted by COVID-19 for an indefinite period in the future. As certain travel restrictions are likely to be gradually lifted, given the increasing level of vaccination throughout the region, we are cautiously optimistic that visitation and spending will respond positively. However, we do not expect a return to our pre-pandemic level of revenue during 2022. Even after travel restrictions are lifted, moreover, it is not possible to predict whether there will be lingering economic effects and health concerns caused by COVID-19 that will affect our business for a longer period.



FINANCIAL REVIEW

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had bank balances and cash amounting to \$2,258 million (not including pledged bank deposits of \$147 million) as at 30 June 2022. This represented a decrease of 29.5% as compared with the position as at 31 December 2021 of \$3,201 million.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2022 amounted to \$15,301 million (as at 31 December 2021: \$13,186 million). Total senior notes and convertible bond issued by the Group as at 30 June 2022 amounted to \$10,722 million (as at 31 December 2021: \$9,388 million). The maturity of the Group's borrowings as at 30 June 2022 is as follows:

Maturity Profile				
Within 1 year	1–2 years	2–5 years	over 5 years	Total
1%	3%	38%	58%	100%

GEARING RATIO

The Group's gearing ratio (defined as the ratio of total outstanding bank loans, convertible bond and senior notes less pledged bank deposits, short-term bank deposits, bank balances and cash to total assets (excluding pledged bank deposits, short-term bank deposits, bank balances and cash)) was 50.0% at the end of the Reporting Period (as at 31 December 2021: 41.3%).

CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments by the Group amounted to \$576 million as at 30 June 2022 (as at 31 December 2021: \$479 million), of which \$417 million were for the Grand Lisboa Palace project. As at 30 June 2022, the Group was in construction of the Grand Lisboa Palace, with an estimated total project cost of approximately \$39 billion, including capital expenditure commitments to date.

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

FINANCIAL REVIEW

PLEDGE OF ASSETS

As at 30 June 2022, certain of the Group's property and equipment and right-of-use assets with carrying values of \$34,927 million and \$1,778 million, respectively (as at 31 December 2021: \$37,989 million and \$1,801 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of \$147 million as at 30 June 2022 (as at 31 December 2021: \$147 million).

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2022, the total amount of guarantees of the Group given to banks of \$87 million (as at 31 December 2021: \$87 million), which were guarantees in respect of credit facilities granted to an associate and an investee company. The Group had no significant contingent liabilities as at 30 June 2022.

FINANCIAL RISK

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

HUMAN RESOURCES

As at 30 June 2022, the Group had approximately 19,400 full-time employees. The Group's employee turnover rate was minimal in the first half of 2022.

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.

EVENTS AFTER REPORTING PERIOD

TERM LOAN AND RIGHTS ISSUE

The Company announced on 3 August 2022 that STDM, the controlling shareholder of the Company, had agreed to extend an unsecured term loan of HK\$2 billion (the “Term Loan”) for a fixed period of 6 years from the date of drawdown and attracts interest at 4% per annum. STDM will provide the Term Loan to the Company to enable the Company to invest in its principal subsidiary, SJM as part of the increase in share capital which SJM is required to have to pre-qualify for the tender process by which the Macau Government may grant SJM a 10-year gaming concession commencing on 1 January 2023.

On the same date, the Company announced a proposed rights issue (“Rights Issue”) by which the Company proposed to raise net proceeds of up to approximately HK\$2,936.6 million on the basis of one (1) rights share for every four (4) existing Shares held on 29 August 2022 at a subscription price of HK\$2.08 per rights share and assuming no Options under the Company’s share option scheme are exercised. The Company intends to apply approximately HK\$2,700 million to fund the increase in SJM’s share capital and the balance for the general working capital of the Group.

Further details on both the Term Loan and the Rights Issue are contained in the Company’s announcements dated 3 August 2022.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
SJM HOLDINGS LIMITED

澳門博彩控股有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SJM Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 14 to 51, which comprise the condensed consolidated statement of financial position as of 30 June 2022 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 (“HKAS 34”) “Interim Financial Reporting” 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 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)
Gaming, hotel, catering, retail, leasing and related services revenues		4,128.7	5,221.6
Gaming revenue	4	3,811.0	5,076.4
Special gaming tax, special levy and gaming premium		(1,668.3)	(2,212.3)
Hotel, catering, retail, leasing and related services income		2,142.7	2,864.1
Cost of sales and services on hotel, catering, retail, leasing and related services		317.7	145.2
Other income, gains and losses		(213.2)	(118.9)
Marketing and promotional expenses		(15.5)	99.3
Operating and administrative expenses		(222.6)	(618.3)
Finance costs	5	(4,362.3)	(3,848.4)
Share of (losses) profits of an associate		(398.0)	(16.6)
Share of profits of a joint venture		(10.8)	3.3
		2.2	2.6
Loss before taxation	6	(2,759.8)	(1,487.7)
Taxation	7	(10.7)	(10.4)
Loss for the period		(2,770.5)	(1,498.1)
Other comprehensive (expense) income:			
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		(58.2)	26.9
Total comprehensive expense for the period		(2,828.7)	(1,471.2)
Loss for the period attributable to:			
owners of the Company		(2,757.0)	(1,465.9)
non-controlling interests		(13.5)	(32.2)
		(2,770.5)	(1,498.1)
Total comprehensive expense for the period attributable to:			
owners of the Company		(2,815.2)	(1,439.0)
non-controlling interests		(13.5)	(32.2)
		(2,828.7)	(1,471.2)
Loss per share:			
Basic	9	HK(48.5) cents	HK(25.8) cents
Diluted	9	HK(48.5) cents	HK(25.8) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Non-current assets			
Property and equipment	10	41,909.3	40,954.1
Right-of-use assets	10	2,747.0	2,994.9
Intangible asset	11	45.7	43.9
Art works and diamonds		281.3	281.3
Interest in an associate		342.2	353.5
Interest in a joint venture		42.4	144.8
Investments in equity instruments designated at fair value through other comprehensive income	26	422.9	481.1
Other assets	12	408.6	426.8
		46,199.4	45,680.4
Current assets			
Inventories		146.9	151.3
Trade and other receivables	14	862.2	726.1
Pledged bank deposits	13	147.0	147.0
Short-term bank deposits		134.8	177.2
Bank balances and cash		2,123.2	3,024.2
		3,414.1	4,225.8
Current liabilities			
Trade and other payables	16	4,263.6	5,517.8
Taxation payable		10.7	21.8
Bank loans — due within one year	17	228.6	13,185.9
Lease liabilities		143.8	344.0
		4,646.7	19,069.5
Net current liabilities		(1,232.6)	(14,843.7)
Total assets less current liabilities		44,966.8	30,836.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Non-current liabilities			
Other payables	16	79.2	87.6
Bank loans — due after one year	17	15,072.0	—
Unsecured notes	18	9,392.7	9,388.0
Lease liabilities		622.3	639.9
Amount due to non-controlling interests of a subsidiary	19	309.4	305.6
Deferred taxation		10.5	10.5
Convertible bonds	20	1,329.6	—
		26,815.7	10,431.6
Net assets		18,151.1	20,405.1
Capital and reserves			
Share capital	21	11,479.3	11,479.3
Reserves		6,623.7	8,864.2
Equity attributable to owners of the Company		18,103.0	20,343.5
Non-controlling interests		48.1	61.6
Total equity		18,151.1	20,405.1

The condensed consolidated financial statements on pages 14 to 51 were approved and authorised for issue by the board of directors on 1 August 2022 and are signed on its behalf by:

Ho Chiu Fung, Daisy
Director

So Shu Fai
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital HK\$ million	Share options reserve HK\$ million	Convertible bonds 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 2022 (audited)	11,479.3	697.4	—	(109.3)	8,276.1	20,343.5	61.6	20,405.1
Loss for the period	—	—	—	—	(2,757.0)	(2,757.0)	(13.5)	(2,770.5)
Other comprehensive expense for the period	—	—	—	(58.2)	—	(58.2)	—	(58.2)
Total comprehensive expense for the period	—	—	—	(58.2)	(2,757.0)	(2,815.2)	(13.5)	(2,828.7)
Release of lapsed equity-settled share-based payments	—	(10.0)	—	—	10.0	—	—	—
Recognition of equity component of convertible bonds (note 20)	—	—	575.2	—	—	575.2	—	575.2
Transaction costs attributable to the issue of convertible bonds (note 20)	—	—	(0.5)	—	—	(0.5)	—	(0.5)
	—	(10.0)	574.7	—	10.0	574.7	—	574.7
At 30 June 2022 (unaudited)	11,479.3	687.4	574.7	(167.5)	5,529.1	18,103.0	48.1	18,151.1
At 1 January 2021 (audited)	11,435.5	721.8	—	(36.0)	12,406.8	24,528.1	111.8	24,639.9
Loss for the period	—	—	—	—	(1,465.9)	(1,465.9)	(32.2)	(1,498.1)
Other comprehensive income for the period	—	—	—	26.9	—	26.9	—	26.9
Total comprehensive income (expense) for the period	—	—	—	26.9	(1,465.9)	(1,439.0)	(32.2)	(1,471.2)
Exercise of share options	43.8	(11.4)	—	—	—	32.4	—	32.4
Release of lapsed equity-settled share-based payments	—	(6.5)	—	—	6.5	—	—	—
Deemed capital contribution from non-controlling interests of a subsidiary (note 19)	—	—	—	—	—	—	4.2	4.2
	43.8	(17.9)	—	—	6.5	32.4	4.2	36.6
At 30 June 2021 (unaudited)	11,479.3	703.9	—	(9.1)	10,947.4	23,121.5	83.8	23,205.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)
Net cash used in operating activities	22	(1,835.8)	(1,922.5)
Investing activities			
Acquisition of property and equipment		(777.4)	(859.0)
Placement of short-term bank deposits		(129.0)	(479.6)
Acquisition of intangible asset		(45.7)	—
Deposits paid for acquisitions of property and equipment		(10.3)	(56.0)
Advance to ultimate holding company		(0.1)	—
Withdrawal of short-term bank deposits		171.4	1,162.3
Dividend received from a joint venture		104.6	—
Proceeds of rental deposits refunded		20.0	1.6
Interest received		2.7	9.5
Proceeds from disposal of property and equipment		2.6	0.1
Repayment from ultimate holding company		0.1	—
Payments for rental deposits		—	(4.9)
Advance to a joint venture		—	(0.1)
Dividend received		—	0.5
Net cash used in investing activities		(661.1)	(225.6)
Financing activities			
Repayment of bank loans		(13,939.8)	(12,736.1)
Interest paid		(386.8)	(149.6)
Payment of bank loans arrangement fee		(362.0)	(3.3)
Repayments of lease liabilities		(108.3)	(158.5)
Transaction costs incurred in connection with the issuance of convertible bonds		(1.7)	—
Proceeds from issuance of unsecured notes		—	9,292.3
Transaction costs incurred in connection with the issuance of unsecured notes		—	(78.2)
New bank loans raised		16,394.5	3,028.6
Advance from non-controlling interests of a subsidiary		—	39.2
Proceeds from issue of shares		—	32.4
Net cash from (used in) financing activities		1,595.9	(733.2)
Net decrease in cash and cash equivalents		(901.0)	(2,881.3)
Cash and cash equivalents at 1 January		3,024.2	5,307.6
Cash and cash equivalents at 30 June, represented by bank balances and cash		2,123.2	2,426.3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

The financial information relating to the year ended 31 December 2021 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 2021 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

Going concern assessment

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors of the Company continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

In preparing the Group's condensed consolidated financial statements, the directors of the Company have carefully considered the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$1,232.6 million and the Group had capital commitments of HK\$576.1 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern assessment (Continued)

During the six months ended 30 June 2022, the Group entered into a renewal of facility agreement with banks to refinance the Group's syndicated loan facilities. The Group has undrawn facility from the bank loans facility agreement amounting to HK\$3,600 million as at 30 June 2022. Subsequent to the end of the reporting period, the Group is in the progress of arranging further financing which is expected to be complete in 2022.

In addition, the directors of the Company reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2022 that are of the opinion that the Group will have sufficient liquidity to meet its financial obligations that will be due in the coming twelve months from 30 June 2022. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The gaming concession agreement was executed on 28 March 2002 between Macau SAR Government and a subsidiary of the Company, SJM Resorts, S.A. ("SJM"), by which Macau SAR Government granted to SJM one of the three concessions for the exploitation of games of fortune and chance or other games in casino in Macau SAR (the "Gaming Concession Contract"). On 23 June 2022, the Macau SAR Government and SJM have entered into the amendment on the Gaming Concession Contract pursuant to which the gaming concession of SJM, which originally expired on 26 June 2022, is extended for a further period up to 31 December 2022 ("Concession Amendment Contract").

If the new gaming concession is not granted upon the stated expiration date of Concession Amendment Contract, the Group will cease to generate any gaming revenue from the operations of the Group, which is currently the Group's principal source of revenue. Repayments of unsecured notes of the Group will also be accelerated as described in note 18 and may have a material adverse effect on the Group's business, financial condition, results of operations and cash flows. The directors of the Company closely monitor developments regarding the gaming concessions retendering including the issuance of guidance by the Macau SAR Government and believe that SJM will be in a good position for the renewal, extension or application process.

Due to an outbreak of several novel coronavirus ("COVID-19") cases identified in Macau SAR during late June 2022, there are certain measures implemented by the Macau SAR Government which has had a materially adverse effect on our operating results for the six months ended 30 June 2022. On 9 July 2022, the Macau SAR Government announced certain additional preventive measures, including all entities engaged in industrial and commercial activities are temporarily suspended from 11 July 2022 to 22 July 2022, except for companies and operations providing necessity for the society. Additionally, in order to identify hidden cases in the community in a timely manner, there are other measures such that all Macau SAR residents are encouraged to stay in their residences, for those who go out for necessary work, purchase of living supplies, or other emergency reasons must wear marks of KN95 or above standard, etc.. Given the dynamic nature of these circumstances, the related impact on the Group's operating segments in Macau SAR and the consolidated results of operations, cash flows and financial condition will be material but cannot be reasonably estimated at the time of issuing the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the annual financial statements of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Application of accounting policies which became relevant to the Group

Convertible loan notes

The component parts of the convertible loan notes are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of accounting policies which became relevant to the Group (Continued)

Convertible loan notes (Continued)

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

3. OPERATING SEGMENTS

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

3. OPERATING SEGMENTS (Continued)

Segment information about these businesses is presented below:

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

	Segment revenue		Segment results	
	Six months ended 30 June			
	2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)	2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)
Gaming operations: recognised at a point in time	3,811.0	5,076.4	(2,115.7)	(1,243.6)
Hotel, catering, retail and leasing operations: External sales:				
Catering and retail operations: recognised at a point in time	165.3	105.6		
Hotel operations: recognised over time	72.6	39.6		
Leasing operations: revenue from operating leases	79.8	—		
	317.7	145.2		
Inter-segment sales:				
Catering and retail operations: recognised at a point in time	23.1	14.2		
Hotel operations: recognised over time	2.5	15.5		
	25.6	29.7		
	343.3 (25.6)	174.9 (29.7)	(560.4)	(171.3)
Eliminations	317.7	145.2		
Total:				
Revenue from contracts with customers: recognised at a point in time	3,976.3	5,182.0		
recognised over time	72.6	39.6		
	4,048.9	5,221.6		
Revenue from operating leases: lease payments that are fixed	79.8	—		
	4,128.7	5,221.6		
			(2,676.1)	(1,414.9)
Reconciliation from segment results to loss before taxation:				
Unallocated corporate income			1.7	4.4
Unallocated corporate expenses			(76.8)	(83.1)
Share of (losses) profits of an associate			(10.8)	3.3
Share of profits of a joint venture			2.2	2.6
Loss before taxation			(2,759.8)	(1,487.7)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

3. OPERATING SEGMENTS (Continued)

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

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

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

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

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
ASSETS		
Segment assets:		
gaming operations	30,670.0	30,145.0
hotel, catering, retail and leasing operations	9,384.8	9,105.4
	40,054.8	39,250.4
Interest in an associate	342.2	353.5
Interest in a joint venture	42.4	144.8
Unallocated bank deposits, bank balances and cash	44.3	221.5
Other unallocated assets	9,129.8	9,936.0
Group's total	49,613.5	49,906.2
LIABILITIES		
Bank loans:		
gaming operations	15,072.0	12,958.0
hotel, catering, retail and leasing operations	228.6	227.9
	15,300.6	13,185.9
Unsecured notes:		
gaming operations	9,392.7	9,388.0
Other segment liabilities:		
gaming operations	2,534.0	3,261.1
hotel, catering, retail and leasing operations	618.6	651.8
	3,152.6	3,912.9
Convertible bonds:		
gaming operations	969.6	—
hotel, catering, retail and leasing operations	360.0	—
	1,329.6	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

3. OPERATING SEGMENTS (Continued)

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

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Total segment liabilities	29,175.5	26,486.8
Unallocated liabilities	2,286.9	3,014.3
Group's total	31,462.4	29,501.1

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. GAMING REVENUE

	Six months ended 30 June	
	2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)
Gaming revenue from:		
VIP gaming operations	386.9	855.6
mass market table gaming operations	3,434.7	4,385.2
slot machine and other gaming operations	248.0	264.6
	4,069.6	5,505.4
Less: Commissions and incentives	(258.6)	(429.0)
	3,811.0	5,076.4

5. FINANCE COSTS

	Six months ended 30 June	
	2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)
Interests on:		
unsecured notes	215.7	166.2
bank loans	167.3	132.7
lease liabilities	11.2	15.1
Imputed interest on amount due to non-controlling interests of a subsidiary	3.8	3.5
	398.0	317.5
Less: Amount capitalised	—	(300.9)
	398.0	16.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)
<i>Loss before taxation has been arrived at after charging:</i>		
Directors' remuneration	31.7	40.6
Less: Amount capitalised	(3.8)	(5.7)
	27.9	34.9
Other staff costs	2,839.2	2,869.2
	2,867.1	2,904.1
Amortisation of intangible asset (included in operating and administrative expenses)	43.9	43.9
Depreciation of property and equipment	667.6	227.4
Depreciation of right-of-use assets	200.3	186.1
Loss on derecognition of a bank loan	—	0.5
Loss on modification on a bank loan	19.6	—
Loss on disposal/write-off of property and equipment	1.9	1.2
<i>and after crediting:</i>		
Bank interest income	2.5	6.8
Covid-19-related rent concessions (note 10)	62.5	23.9
Dividend income	—	1.7
Gain on early repayment of a bank loan	—	67.5
Gain on early termination of lease contracts	1.6	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

7. TAXATION

	Six months ended 30 June	
	2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)
Current tax — Macau SAR Complementary Tax (“CT”)	10.7	10.4

No provision for CT on gaming related income is made for SJM. Pursuant to the approval notices issued by the Macau SAR Government dated 17 April 2020, SJM has been exempted from CT for income generated from gaming operations for the periods from 1 April 2020 to 26 June 2022. SJM is in the progress of obtaining the extension of approval from Financial Services Bureau of the Macau SAR Government for the exemption of CT for the period from 27 June 2022 to 31 December 2022.

In addition, pursuant to the approval letter dated 27 February 2018 issued by the Financial Services Bureau of the Macau SAR Government on dividend distributed by SJM (the “Special Complementary Tax”) for the period from 1 January 2017 to 31 March 2020, SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP23.2 million (equivalent to HK\$22.5 million) for each of the years ended 31 December 2017 to 2019 and MOP5.8 million (equivalent to HK\$5.6 million) for the three months ended 31 March 2020. Pursuant to the approval letter dated 30 March 2021 issued by the Financial Services Bureau of the Macau SAR Government, a Special Complementary Tax was levied on the extended concession period from 1 April 2020 to 26 June 2022. SJM is in the progress of obtaining the extension of approval from Financial Services Bureau of the Macau SAR Government for the period from 27 June 2022 to 31 December 2022.

SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP16.9 million (equivalent to HK\$16.4 million) for the period 1 April 2020 to 31 December 2020, MOP22.5 million (equivalent to HK\$21.9 million) for the year ended 31 December 2021 and MOP11.0 million (equivalent to HK\$10.7 million) for the period from 1 January 2022 to 26 June 2022. SJM’s shareholders are obligated to pay the Special Complementary Tax regardless of any dividend distributed by SJM during the relevant period/year.

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

No provision for taxation in other jurisdictions (including Hong Kong) is made as the Group’s operations outside Macau SAR have no assessable taxable profits arising from the respective jurisdictions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

8. DIVIDENDS

The board of directors of the Company does not declare the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to owners of the Company)	(2,757.0)	(1,465.9)
	Six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note)	5,681,444,293	5,680,345,144

Note: For the six months ended 30 June 2022, the diluted loss per share does not assume the exercise of the Company's share options and the conversion of the Company's convertible bonds (2021: the exercise of the Company's share options) because the assumed exercise would result in a decrease in loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Property and equipment		
Carrying values		
Leasehold land and buildings	21,017.5	19,065.1
Chips	53.1	56.1
Furniture, fixtures and equipment	12,153.1	12,336.2
Gaming equipment	226.7	262.6
Leasehold improvements	882.9	929.6
Motor vehicles	43.2	47.6
Vessels	163.7	168.7
Construction in progress	7,369.1	8,088.2
Total	41,909.3	40,954.1
Right-of-use assets		
Carrying values		
Leasehold lands	2,459.4	2,492.3
Leasehold land and buildings	287.6	502.6
Total	2,747.0	2,994.9

At 30 June 2022, the carrying values of the property and equipment of HK\$35,243.7 million (31 December 2021: HK\$36,025.3 million) represented the property and equipment of operation of a casino, hotel and entertainment complex on a parcel of land in Macau SAR ("Grand Lisboa Palace Project").

During the six months ended 30 June 2022, SJM entered into a transfer agreement with STDM in acquisition of the Oceanus Building with the settlement by the issuance of convertible bonds as disclosed in note 20. The cost of acquisition of the Oceanus Building of HK\$1,906 million is recognised as addition of leasehold land and buildings as the Group has the ability to direct the use of the Oceanus Building and the future economic benefits associated with the Oceanus Building will flow to the Group. Details of the transaction was disclosed in the circular of the Company dated 6 June 2022. The transaction was completed on 22 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

At 30 June 2022, pursuant to the Concession Amendment Contract (31 December 2021: Gaming Concession Contract), certain of the Group's property and equipment in respect of the Group's gaming business have to be returned to the Macau SAR Government upon completion of the term of the concession. In determining the estimated useful lives of these property and equipment beyond the stated expiration date of the concession, the Group has considered factors of the potential renewal, extension or application process.

At 30 June 2022, the carrying values of the right-of-use assets of HK\$1,900.3 million (31 December 2021: HK\$1,923.6 million) represented the right-of-use assets related to Grand Lisboa Palace Project.

Lessors of the relevant casino properties provided rent concessions to the Group through rent reductions ranging from 15% to 30% for the six months ended 30 June 2022 (six months ended 30 June 2021: 12% to 30%).

During the six months ended 30 June 2022, there were rent concessions occurred as a direct consequence of the COVID-19 pandemic, which met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$62.5 million (six months ended 30 June 2021: HK\$23.9 million) were recognised as negative variable lease payments.

11. INTANGIBLE ASSET

A Concession Amendment Contract extension with Macau SAR Government in respect of the gaming concession of SJM, which originally expired on 26 June 2022, is extended for a further period up to 31 December 2022. The cost of extension premium for the Gaming Concession Contract of MOP47.0 million (equivalent to HK\$45.7 million) and related costs have been amortised on a straight line basis over the extended term of the gaming concession starting from 27 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

12. OTHER ASSETS

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Deposits made on acquisitions of property and equipment	256.1	276.4
Rental deposits	10.6	8.5
Amount due from an associate	88.4	88.4
Amount due from a joint venture	14.5	14.5
Amount due from an investee company	39.0	39.0
	408.6	426.8

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 2022, the management of the Group expects that these amounts will not be realised within 12 months from the end of the reporting period, hence, these amounts are classified as non-current assets.

13. PLEDGED BANK DEPOSITS

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Bank deposits pledged:		
to secure a bank facility (Note)	145.6	145.6
legal proceedings of labour disputes	1.0	1.0
others	0.4	0.4
	147.0	147.0

Note: The amount represents a deposit pledged to secure the bank facility granted to a subsidiary of the Company. The bank facility represented a guarantee amounting to HK\$291.3 million from 1 April 2007 to 180 days after Gaming Concession Contract. This bank guarantee is in favour of the Macau SAR Government against the legal and contractual financial obligations of SJM under the Gaming Concession Contract.

At 30 June 2022, the pledged bank deposits carry fixed interest rates ranging from 1.00% to 1.15% (31 December 2021: at 1.15%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Advances to gaming promoters and patrons, net	13.6	0.2
Lease receivables	106.7	63.0
Other receivables from gaming promoters and service providers, net	391.8	301.6
Prepayments	218.0	173.4
Other sundry receivables	132.1	187.9
	862.2	726.1

As at 1 January 2021, the carrying amount of advances to gaming promoters was HK\$112.5 million.

Advances to gaming promoters and patrons mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming promoters and patrons are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. At 30 June 2022, all of the advances to gaming promoters and patrons (net of allowances) are neither past due nor impaired.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14. TRADE AND OTHER RECEIVABLES (Continued)

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

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Age		
0 to 30 days	—	0.2
31 to 60 days	13.6	—
	13.6	0.2

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

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

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	50.7	54.7
An associate of the Group	10.8	10.8
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	172.4	64.4
	233.9	129.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

As part of the Group’s credit risk management, the Group applies internal credit ratings for gaming promoters, patrons and service providers. The Group may at its discretion extend credit periods for certain gaming promoters, patrons and service providers with long-term relationship and good repayment patrons. The Group assesses the ECL for advances to gaming promoters and patron, other receivables from gaming promoters and service providers and lease receivables individually.

During the six months ended 30 June 2021 and 2022, no addition or reversal of impairment allowance for advance to gaming promoters and patrons and other receivables from gaming promoters and service providers and lease receivables was provided.

No impairment allowance is recognised for the non-credit-impaired advances to gaming promoters and patrons, other receivables from gaming promoters and service providers and lease receivables since the loss given default and exposure at default are significantly reduced as those advances to gaming promoters and patrons are subject to certain offsetting and enforceable netting agreements as well as due to the low probability of default of the gaming promoters, patrons and service providers based on historical credit loss experience. The credit risks associated with advances to gaming promoters and patrons, and other receivables from gaming promoters and service providers are also mitigated because those balances are backed by guarantees and/or cheques provided by them. The management has also assessed all available forward looking information, including but not limited to expected growth rate and future development of gaming industry, and concluded that there is no significant increase in credit risk.

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

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

For the amounts due from an associate/a joint venture/an investee company and other amounts in other sundry receivables, no allowance for impairment was made since the management considers the probability of default is minimal after assessing the counter-parties’ financial background and creditability and/or exposure at default is minimal.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK\$87.3 million as at 30 June 2022 (31 December 2021: HK\$87.3 million). Details of the financial guarantee contracts are set out in note 25. At the end of the reporting period, the management assessed that no credit facilities were utilised under guarantee and financial positions of that associate and that investee company, and concluded that there has been no significant credit risk arising from the financial guarantee contracts. Accordingly, there was no loss allowance for financial guarantee contracts issued by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. TRADE AND OTHER PAYABLES

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Trade payables	110.3	263.4
Special gaming tax payable	173.6	365.4
Chips in circulation	332.0	655.6
Chips in custody and deposits received from gaming patrons and gaming promoters	389.4	328.1
Payable for acquisition of property and equipment	164.7	64.4
Construction payables	1,819.1	2,510.8
Accrued staff costs	756.1	826.4
Accrued operating expenses	39.9	32.6
Withholding tax payable	17.9	19.8
Other sundry payables and accruals	539.8	538.9
	4,342.8	5,605.4
Less: Non-current portion of other payables (Note)	(79.2)	(87.6)
	4,263.6	5,517.8

Note: As at 30 June 2022, non-current portion of other payables represents deposits received for rentals of HK\$79.2 million (31 December 2021: non-current portion of other payables comprise of deposits received for rentals of HK\$74.3 million and construction payables of HK\$13.3 million). The amounts are classified as non-current portion of other payables based on the contractual terms.

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

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Age		
0 to 30 days	94.6	244.4
31 to 60 days	7.5	11.7
61 to 90 days	3.8	3.1
Over 90 days	4.4	4.2
	110.3	263.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. TRADE AND OTHER PAYABLES (Continued)

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

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

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	94.3	81.2
An associate of the Group	83.5	81.0
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	141.6	120.9
	319.4	283.1

17. BANK LOANS

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
The syndicated secured bank loans are repayable:		
Within one year	228.6	13,185.9
Within a period of more than one year but not exceeding two years	860.6	—
Within a period of more than two years but not exceeding five years	4,293.8	—
Within a period of more than five years	9,917.6	—
	15,300.6	13,185.9
Less: Amounts due within one year shown under current liabilities	(228.6)	(13,185.9)
	15,072.0	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

17. BANK LOANS (Continued)

Variable-rate bank loans comprise:

	Carrying amounts	
	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Secured bank loans for Grand Lisboa Palace Project ("GLP Bank Loans")	15,072.0	12,958.0
Secured bank loans for Ponte 16 ("P16 Bank Loans")	228.6	227.9
	15,300.6	13,185.9

GLP Bank Loans

During the six months ended 30 June 2022, the Group entered into a renewal of facility agreement with banks to refinance the Group's syndicated loan facilities. The effective interest rates of the secured bank loans are ranged from 2.50% to 2.53% (31 December 2021: ranged from 2.35% to 2.46%) per annum. The purpose of the secured syndicated loan facilities is for financing the Grand Lisboa Palace Project.

The Group is not subject to the financial covenant tests on consolidated interest coverage ratio and consolidated leverage ratio during the six months ended 30 June 2022. Starting from 31 March 2023, the Group is required to perform the financial covenant tests starting from the period of 12 calendar months ending on 31 March 2023.

At 30 June 2022, the GLP Bank Loans are secured by certain non-gaming property and equipment and right-of-use assets of the Group with carrying values of HK\$34,513.5 million and HK\$1,722.0 million, respectively (31 December 2021: secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK\$37,566.6 million and HK\$1,744.4 million, respectively).

In addition, the other key terms and securities for such bank loans pledged are set out as follows:

- (i) an assignment of all receivables of SJM and its certain subsidiaries, if default;
- (ii) floating charges over all assets (except immovable property and gaming equipment (31 December 2021: except immovable property)), legal charges over certain bank accounts and charges of all intellectual properties and rights of SJM and its certain subsidiaries;
- (iii) assignments of all the rights and benefits of the SJM and certain subsidiaries under all insurance policies relating to certain properties held by the Group, if default;
- (iv) share pledges over the shares of the Company and certain subsidiaries; and
- (v) a legal promissory note (i.e. notarised livranca) for HK\$20,900 million (31 December 2021: HK\$27,500 million) issued by SJM and endorsed by the Company and certain subsidiaries of SJM.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

17. BANK LOANS (Continued)

P16 Bank Loans

During the year ended 31 December 2021, the Group entered into a supplementary agreement with banks to revise the terms of previous facility agreement. Pursuant to the supplementary agreement, the Group's P16 Bank Loans facility was revised to a term of two years from the date of the supplementary agreement with revised limits of MOP273 million and HK\$500 million. During the six months ended 30 June 2022, HK\$230 million of secured bank loans was drawn, of which HK\$185 million was used to repay outstanding bank loans and the remaining HK\$45 million was used as general working capital for non-gaming operation of the Group.

Due to the outbreak of COVID-19, the Group obtained consent from the banks for waiver of the financial covenant tests on consolidated interest coverage ratio and consolidated leverage ratio during the six months ended 30 June 2022.

At 30 June 2022, the effective interest rate of the secured bank loans is 2.69% (31 December 2021: 2.60%) per annum. The main purpose of the facilities in the supplementary agreement is to finance the payment of the land premium and the related cost for any land concession modification in respect of the phase 3 development project at Ponte 16 and settle certain loans from non-controlling shareholders.

At 30 June 2022, the P16 Bank Loans are secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK\$413.4 million (31 December 2021: HK\$422.0 million) and HK\$55.5 million (31 December 2021: HK\$56.4 million), respectively. In addition, the other key terms and securities for such bank loans pledged are set out as follows:

- (i) an assignment of all receivables and income from gaming and hotel operation of Pier 16 – Property Development Limited (“Pier 16 – Property”) and its subsidiaries, if default;
- (ii) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of certain subsidiaries;
- (iii) assignments of all the rights and benefits of insurance policies relating to certain properties held by the Group, if default;
- (iv) share pledges over the shares of certain subsidiaries; and
- (v) financial guarantees with promissory notes given by certain subsidiaries and the non-controlling shareholders amounting to approximately HK\$1,000 million (31 December 2021: HK\$1,000 million) and HK\$490 million (31 December 2021: HK\$490 million), respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

18. UNSECURED NOTES

	Notes	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
United States Dollar ("US\$") 500,000,000 unsecured notes carry fixed coupon rate of 4.50% per annum, payable semi-annually with maturity in 2026 at carrying amounts	(a)	3,924.6	3,922.3
US\$500,000,000 unsecured notes carry fixed coupon rate of 4.85% per annum, payable semi-annually with maturity in 2028 at carrying amounts	(b)	3,927.5	3,926.2
HK\$1,250,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	(c)	1,249.0	1,248.1
MOP300,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	(d)	291.6	291.4
		9,392.7	9,388.0

The proceeds from the issuance of unsecured notes are intended to use for refinancing the syndicated secured bank loans and the balance for general corporate purposes of the Group.

The unsecured notes contain special put options, which will be exercisable only after 20 days of triggering events relating to the loss of gaming concession in Macau SAR and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Group, which the Group would be required to make an offer to purchase all outstanding unsecured notes at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest within 50 days after the date of the offer.

Notes:

- (a) In January 2021, Champion Path Holdings Limited, a subsidiary of the Company, issued unsecured notes of US\$500,000,000. The unsecured notes (Stock code: 40559) are listed on the Stock Exchange and carry fixed coupon rate of 4.50% per annum, payable semi-annually in arrears. The unsecured notes carry effective rate of 4.65% per annum. The principal amount of the unsecured notes is repayable in 2026.
- (b) In January 2021, Champion Path Holdings Limited issued unsecured notes of US\$500,000,000. The unsecured notes (Stock code: 40560) are listed on the Stock Exchange and carry fixed coupon rate of 4.85% per annum, payable semi-annually in arrears. The unsecured notes carry effective interest rate of 4.94% per annum. The principal amount of the unsecured notes is repayable in 2028.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

18. UNSECURED NOTES (Continued)

Notes: (Continued)

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

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

At the end of the reporting period, the amount is unsecured and interest-free. The Group agreed with the non-controlling shareholders of that subsidiary that the Group will only repay the amount based on the sufficiency of its surplus funds. The surplus funds represent the cash available in the relevant subsidiary of the Group after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayments together with the accrued interests. During the year ended 31 December 2021, the Group revised its estimates on the timing and amounts of repayments to the non-controlling shareholders of that subsidiary and adjusted the carrying amounts in accordance with the revised estimated cash flows on regular basis.

During the six months ended 30 June 2022, imputed interest of HK\$3.8 million (31 December 2021: HK\$7.3 million) on the amount due to the non-controlling interests of a subsidiary of HK\$309.4 million (31 December 2021: HK\$305.6 million) has been recognised at an effective interest rate of approximately 2.45% (31 December 2021: 2.45%) per annum. At 30 June 2022, the principal amount was HK\$337.0 million (31 December 2021: HK\$337.0 million). During the year ended 31 December 2021, the carrying amount has been adjusted by HK\$4.2 million (30 June 2022: nil) as the deemed capital contribution arising from amount due to non-controlling interests of a subsidiary on initial recognition.

At 30 June 2022 and 31 December 2021, the total carrying amount was classified as non-current liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

20. CONVERTIBLE BONDS

During the six months ended 30 June 2022, SJM entered into a transfer agreement with STDM in acquisition of the Oceanus Building with the settlement by the issuance of convertible bonds by Champion Power Global Limited (“Champion Power”), a subsidiary of the Company. Champion Power issued HK\$1,906 million, 2% convertible bonds at a par value of HK\$100,000 each to STDM on 22 June 2022. The convertible bonds are denominated in Hong Kong dollars. The convertible bonds entitle STDM to convert them into ordinary shares of the Company at any time between the date of issue of the notes and 7 days prior to their settlement date on 22 June 2027 at a conversion price of HK\$4.07 per conversion share. If the notes have not been converted or redeemed, they will be redeemed on 22 June 2027 at par with accrued and unpaid interest. Interest of 2% will be paid annually up until the settlement date.

At initial recognition, the equity component of the convertible bonds were separated from the liability component. The equity element is presented in equity heading “convertible bonds reserve”. The effective interest rate of the liability component is 9.97%.

The movement of the liability and equity component of the convertible bonds since the issuance of the convertible bonds to 30 June 2022 is set out below:

	Liability Component HK\$ million	Equity Component HK\$ million
Issuance on 22 June 2022	1,330.8	575.2
Issuance cost	(1.2)	(0.5)
At 30 June 2022	1,329.6	574.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

21. SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amount HK\$ million
Ordinary shares with no par value		
At 1 January 2021 (audited)	5,678,144,293	11,435.5
Exercise of share options	3,300,000	43.8
At 30 June 2021 (unaudited), 31 December 2021 (audited) and 30 June 2022 (unaudited)	5,681,444,293	11,479.3

During the six months ended 30 June 2021, 3,300,000 share options were exercised, resulting in the issue of 3,300,000 ordinary shares in the Company at a price of HK\$9.826 per share respectively.

All the shares issued during the year rank pari passu with the then existing shares in all respects.

22. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)
Operating cash flows before movements in working capital	(1,455.5)	(1,118.0)
Decrease in trade and other payables	(173.5)	(885.8)
Other changes in working capital	(185.0)	118.0
Net cash used in operations	(1,814.0)	(1,885.8)
Income tax paid	(21.8)	(36.7)
Net cash used in operating activities	(1,835.8)	(1,922.5)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

23. SHARE OPTION SCHEME

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

A summary of the movements of the outstanding options during the six months ended 30 June 2022 under the Scheme is as follows:

Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options			
					Outstanding at 1.1.2022	Reclassified during the period	Lapsed during the period	Outstanding at 30.6.2022
Directors	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	24,668,000	(834,000)	—	23,834,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	34,668,000	(10,834,000)	—	23,834,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	34,664,000	(10,832,000)	—	23,832,000
	22.6.2017	22.6.2017 to 21.12.2018	22.12.2018 to 21.12.2026	8.33	500,000	—	—	500,000
	22.6.2017	22.6.2017 to 21.12.2019	22.12.2019 to 21.12.2026	8.33	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2018	21.12.2018 to 20.12.2027	10.26	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2019	21.12.2019 to 20.12.2027	10.26	1,000,000	—	—	1,000,000
	21.6.2018	21.6.2018 to 20.12.2020	21.12.2020 to 20.12.2027	10.26	1,000,000	—	—	1,000,000
Employees	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	22	11,774,000	—	(358,000)	11,416,000
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	22	11,733,000	—	(356,000)	11,377,000
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	22	11,721,000	—	(356,000)	11,365,000
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	4,953,000	—	(71,000)	4,882,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	4,957,000	—	(71,000)	4,886,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	4,875,000	—	(68,000)	4,807,000
Other participants	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.826	167,000	834,000	—	1,001,000
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.826	167,000	10,834,000	—	11,001,000
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.826	166,000	10,832,000	—	10,998,000
					149,013,000	—	(1,280,000)	147,733,000
Weighted average exercise price per share					HK\$12.70	—	HK\$20.00	HK\$12.63

On 15 June 2022, two directors of the Company retired. The classification of outstanding number of such retired directors' share options are reclassified to other participants' section.

In respect of the above options exercised during the period, the weighted average closing price per share at the dates of exercise was HK\$10.98 during six months ended 30 June 2021 (six months ended 30 June 2022: nil). At the end of the reporting period, 147,733,000 (31 December 2021: 149,013,000) share options are exercisable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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24. CAPITAL COMMITMENTS

	At 30 June 2022 HK\$ million (unaudited)	At 31 December 2021 HK\$ million (audited)
Capital expenditure in respect of property and equipment:		
Authorised but not contracted for:		
Grand Lisboa Palace Project	314.9	96.0
Others	59.5	47.2
	374.4	143.2
Contracted for but not provided in the condensed consolidated financial statements:		
Grand Lisboa Palace Project	102.5	214.9
Others	99.2	120.5
	201.7	335.4

At 30 June 2022, capital expenditure in respect of acquisition of property and equipment committed to acquire from related parties amounted to HK\$0.1 million (31 December 2021: HK\$0.1 million).

At 30 June 2022, the estimated total project costs for the Grand Lisboa Palace Project by the Group's management is approximately HK\$39,000 million (31 December 2021: HK\$39,000 million).

25. FINANCIAL GUARANTEE OBLIGATIONS

	At 30 June 2022		At 31 December 2021	
	Maximum guarantees given HK\$ million (unaudited)	Credit facilities utilised HK\$ million (unaudited)	Maximum guarantees given HK\$ million (audited)	Credit facilities utilised HK\$ million (audited)
Guarantees given to banks in respect of credit facilities granted to:				
an associate	67.3	—	67.3	—
an investee company	20.0	—	20.0	—
	87.3	—	87.3	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

- Level 1 fair value measurements are 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).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2022 HK\$ million	31 December 2021 HK\$ million		
Investments in equity instruments designated at FVTOCI				
Listed equity securities	108.7	166.9	Level 1	Quoted bid prices in an active market
Unlisted equity securities	314.2	314.2	Level 2	Market approach: Net asset value with main multiple being Price-to-Book multiples of comparable companies

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

In estimating the fair value of unlisted equity securities, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages qualified third party valuers to perform the valuation. The management of the Group works closely with the qualified third party valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports the findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the unlisted equity securities.

Information about the valuation techniques and inputs used in determining the fair value of unlisted equity securities are disclosed above.

The estimated fair value of the Group's unsecured notes as at 30 June 2022 listed on the Stock Exchange and MOX were HK\$4,659.5 million and HK\$929.1 million respectively. The estimated fair value of unsecured notes listed on the Stock Exchange were derived from the quoted prices that were observable from market information which is classified as Level 2 in the fair value hierarchy. The estimated fair value of unsecured notes listed on MOX were derived from discounted cash flows which is classified as Level 3 in the fair value hierarchy. The most significant input is the discount rates of the instruments.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

27. 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			
		2022 HK\$ million (unaudited)	2021 HK\$ million (unaudited)		
STDM and its associates, excluding the Group ("STDM Group") (as defined under Chapter 14A of the Listing Rules)	Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules				
	Rental income (note 27(c))	35.1	—		
	Property rentals (note 27(d))	1.1	—		
	Transportation (note 27(e))	1.1	1.1		
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules				
	Share of administrative expenses (note 27(f) and (g))	0.1	0.9		
	Hotel accommodation (note 27(e))	1.6	0.5		
	Entertainment (note 27(e))	3.8	5.1		
	Cleaning services (note 27(g))	8.5	9.2		
	Hotel management and operation (note 27(e) and (g))	4.2	6.0		
	Promotional and advertising services (note 27(e) and (g))	3.8	2.1		
	Maintenance services (note 27(e) and (g))	4.9	6.7		
	Staff messing (note 27(e))	—	4.2		
	Others (note 27(g))	3.3	4.1		
	Non-exempt connected transactions under Chapter 14A of the Listing Rules				
	Right-of-use assets — HKFRS 16 (note 27(d))	—	28.1		
	Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules			
		Service fees reimbursed from a service provider in relation to the promotion of a casino (note 27(m))	(136.3)	(14.2)	
		Property rentals (note 27(h))	2.9	1.0	
Exempt continuing connected transactions under Chapter 14A of the Listing Rules					
Others (note 27(g))		28.3	31.2		
Entities other than above in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	Service fees reimbursed from a service provider in relation to the promotion of a casino (note 27(i))	—	(85.7)		
	Insurance expenses	51.8	96.1		
	Sub-concession fee income	4.3	4.3		
	Construction costs	18.1	3.5		
	Others	7.0	3.8		
An associate	Construction costs and management fee paid	1.0	57.7		
A joint venture	Property rentals (note 27(l))	5.0	5.8		
	Dividend received	104.6	—		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

27. 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 2022, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK\$0.1 million (six months ended 30 June 2021: HK\$0.1 million).
- (c) SJM entered into an agreement dated 21 January 2020 with NYH Gestão de Vendas a Retalho Limitada ("NYH"), an indirect wholly-owned subsidiary of STDM, for which SJM grant the rights to use the shop to NYH for the purpose of operating a department store at the premises located in Grand Lisboa Palace. The term of the lease will be 12 years and 6 months commencing on 27 July 2021. The amounts of transactions during the period were disclosed in note 27(a) above.
- (d) The Company entered into an agreement dated 18 June 2008 with STDM for the leasing of properties by STDM or the members of the STDM Group to the Group (the "Premises Leasing Master Agreement with STDM"). The term of each implementing lease will be for a term commencing on a date specified in the relevant implementing lease and ending on a date not later than 31 March 2020. The Premises Leasing Master Agreement with STDM was renewed on 23 December 2019 for a term of period from 1 April 2020 to 31 December 2022 with similar terms as the previous agreement. The amounts of transactions during the period were disclosed in note 27(a) above.

The amount disclosed in note 27(a) represents the property rentals with related parties and/or connected parties for the addition of right-of-use assets and expenses relating to the relevant short-term leases.

During the six months ended 30 June 2021, the lease transactions with related parties represent addition of right-of-use assets of HK\$28.1 million (six months ended 30 June 2022: nil). During the six months ended 30 June 2022, the incurred expenses relating to the relevant short-term leases of HK\$1.1 million (six months ended 30 June 2021: nil) and interest expenses of HK\$2.1 million (six months ended 30 June 2021: HK\$4.8 million) on the relevant lease liabilities with carrying amount of HK\$53.1 million as at 30 June 2022 (30 June 2021: HK\$330.6 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

27. RELATED PARTY TRANSACTIONS (Continued)

- (e) The Company entered into an agreement dated 18 June 2008 with STDM for the provision of products and services by STDM and its associates (the "Products and Services Master Agreement"). The types of products and services include hotel accommodation, hotel management and operation, entertainment and staff messing, dredging services, transportation, promotional and advertising services, travel agency services and maintenance services. On 19 June 2011, the Company entered into a renewed products and services master agreement with STDM (the "Renewed Master Agreement") for the provision of products and services as described in the Products and Services Master Agreement, except for hotel management and operation, promotional and advertising services, and travel agency services, which are regarded as de minimis transactions as described in note 27(g). The Renewed Master Agreement expired on 31 December 2013, and was renewed on 6 January 2014, 26 January 2017 and 23 December 2019, each for a term of three years starting from 1 January 2014, 1 January 2017 and 1 January 2020, respectively, with similar terms for the provision of products and services for five categories: hotel accommodation, entertainment, transportation, hotel management and operation and maintenance services. The transaction amounts for the hotel management and operation and maintenance services during the period were de minimis as described in note 27(g).
- (f) The Company entered into an agreement with STDM dated 18 June 2008 (the "Administrative Cost Sharing Agreement") whereby STDM and its associates have agreed to continue to share certain administrative services.

Starting from 2014, these transactions were exempted as continuing connected transactions under Rule 14A.98 of the Listing Rules. The amount of transactions during the period was disclosed in note 27(a) above.

- (g) These are individually de minimis transactions as defined under Rule 14A.76 of the Listing Rules, which are continuing connected transactions on normal commercial terms, exempt from reporting, annual review, announcement and independent shareholders' approval requirements as defined under Rule 14A.76(1) of the Listing Rules.
- (h) The Company entered into an agreement dated 22 November 2013 with a director of the Company for the leasing of properties by the director and/or her associates to the Group (the "Premises Leasing Master Agreement") effective from 1 January 2014. The term of each implementing lease was for a term commencing on a date specified in the relevant implementing lease and ended on a date not later than 31 December 2016. On 14 December 2016, the Company entered into a renewed premises leasing master agreement with the director and/or her associates to the Group (the "Renewed Premises Leasing Master Agreement"). The Renewed Premises Leasing Master Agreement expired on 31 December 2019, and was further renewed on 23 December 2019 for a term of three years from 1 January 2020 with similar terms as the previous agreement. The amounts of transactions during the period were disclosed in note 27(a) above.

The amount disclosed in note 27(a) represents the property rentals with related parties and/or connected parties for the additions of right-of-use assets and expenses relating to the relevant short-term leases.

During the six months ended 30 June 2022, the lease transactions with related parties represent, incurred expenses relating to the relevant short-term leases of HK\$2.9 million (six months ended 30 June 2021: HK\$1.0 million) and interest expenses of HK\$0.8 million (six months ended 30 June 2021: HK\$1.8 million) on the relevant lease liabilities with carrying amount of HK\$39.3 million as at 30 June 2022 (30 June 2021: HK\$122.1 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

27. RELATED PARTY TRANSACTIONS (Continued)

- (i) Service fees in relation to the promotion of a casino were paid to/reimbursed from an entity in which certain directors of the Group are the directors and/or key management personnel of the entity.
- (j) Same disclosed in note 17, in addition to the securities provided by the Group to the relevant banks, the non-controlling interests of a subsidiary also provided securities to secure the syndicate secured bank loans of the Group. At the end of the reporting period, the key terms and securities pledged are set out as follows:
 - (i) financial guarantee with promissory note of HK\$490 million (31 December 2021: HK\$490 million); and
 - (ii) share pledges over all shares in Pier 16 – Property and its subsidiaries.
- (k) In November 2007, the immediate holding company, STDM — Investments Limited (“STDM-I”), provided a surety (the “STDM-I Surety”) in favour of the Company for the due and punctual payment of obligations the Company may incur in relation to:
 - (i) penalties incurred by the Company for any non-criminal violations of relevant laws or regulations pertaining to anti-money laundering, where such violations occurred prior to the listing of the ordinary shares of the Company on the Stock Exchange; and
 - (ii) losses or contingency provisions incurred by the Company in connection with any judgement of any lawsuit, as set out in the paragraph headed “Litigation” in Appendix VII to the Company’s prospectus dated 26 June 2008, to which the Company is a party and which is pending at the time of listing of the ordinary shares of the Company on the Stock Exchange.

STDM has informed the Company in August 2011 that the board of directors of STDM was satisfied that upon liquidation of STDM-I, which occurred during the year ended 31 December 2011, the Company (as beneficiary of the STDM-I Surety) would remain entitled to claim directly against STDM under the same terms and conditions as originally established in the STDM-I Surety.

- (l) The amount disclosed in note 27(a) represents the property rentals with related parties and/or connected parties for the expenses relating to the relevant short-term leases.
- (m) SJM entered into an agreement with L’Arc Entertainment Group Company Limited (“L’Arc Entertainment”) dated 21 September 2009 and supplemented by addendums dated 27 January 2010, 22 October 2010, 4 February 2016, 4 January 2017, 18 December 2017, 6 May 2020 and 17 June 2022 regarding the provision of the services and licensing for occupation and use of the designated area in the L’Arc Hotel to SJM for the operation of a casino until 31 December 2022 (the “L’Arc Services Agreement”). From the effective date of the completion of the acquisition of the shares of L’Arc Entertainment by an executive director of the Company on 17 May 2021, L’Arc Entertainment has become a company indirectly wholly controlled by the executive director and a connected person of the Group under the Listing Rules by virtue of it being an associate of the executive director. In this regard, the continuing transactions or the service fees in relation to the promotion of a casino paid to/reimbursed from L’Arc Entertainment under the L’Arc Services Agreement have become continuing connected transactions of the Company under Chapter 14A of the Listing Rules and related party transactions since 17 May 2021.

DISCLOSURE OF INTERESTS

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

As at 30 June 2022, interests and short positions of each Director and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, are as follows:

Interests in Shares, underlying Shares and debentures of the Company

Name of Directors	Capacity	Long/short position	No. of Shares held	No. of underlying Shares held	Approximate percentage of issued Shares (Note 2)
Ho Chiu Fung, Daisy	Beneficial owner	Long position	5,700,000	—	0.10%
	Beneficial owner	Long position	—	1,500,000 (Note 1)	0.03%
			5,700,000	1,500,000	0.13%
Fok Tsun Ting, Timothy	Beneficial owner	Long position	3,000,000	—	0.05%
	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
			3,000,000	3,000,000	0.10%
Leong On Kei, Angela	Beneficial owner	Long position	458,350,000	—	8.07%
	Beneficial owner	Long position	—	30,000,000 (Note 1)	0.53%
			458,350,000	30,000,000	8.60%
So Shu Fai	Beneficial owner	Long position	153,327,922	—	2.70%
	Beneficial owner	Long position	—	35,000,000 (Note 1)	0.62%
			153,327,922	35,000,000	3.32%
Tse Hau Yin	Beneficial owner	Long position	500,000	—	0.01%
	Beneficial owner	Long position	—	500,000 (Note 1)	0.01%
			500,000	500,000	0.02%

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)
Chan Un Chan	Beneficial owner	Long position	2,034,000	—	0.04%
	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
			2,034,000	3,000,000	0.09%
Shum Hong Kuen, David	Beneficial owner	Long position	6,000,000	—	0.11%
	Beneficial owner	Long position	—	3,000,000 (Note 1)	0.05%
			6,000,000	3,000,000	0.16%

Notes:

1. These represent the interests in underlying Shares in respect of Options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.
2. The percentage has been calculated based on 5,681,444,293 Shares in issue as at 30 June 2022.

DISCLOSURE OF INTERESTS

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

Interests in shares, underlying shares and debentures of associated corporations

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

Name of Directors	Capacity	Long/short position	No. of shares held			Approximate percentage of issued share capital
			Ordinary	Privileged	Total	
Leong On Kei, Angela	Beneficial owner	Long position	637	5,215	5,852	6.86%
Chan Un Chan	Beneficial owner	Long position	5,204	8,271	13,475	15.806%
Shum Hong Kuen, David	Beneficial owner	Long position	1,004	—	1,004	1.18%

SJM Resorts, S.A.

Name of Director	Capacity	Long/short position	No. of shares held (Type B shares)	Approximate percentage of issued share capital

DISCLOSURE OF INTERESTS

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

Interests in shares, underlying shares and debentures of associated corporations (Continued)

Champion Path Holdings Limited

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

DISCLOSURE OF INTERESTS

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

Interests in shares, underlying shares and debentures of associated corporations (Continued)

Champion Path Holdings Limited (Continued)

Notes:

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

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, so far as was known to any Director, as of 30 June 2022, 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 2022, 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 3)
Sociedade de Turismo e Diversões de Macau, S.A. ("STDM")	Beneficial owner and its controlled corporation (Note 1)	Long position	3,105,060,500	468,304,668 (Note 2)	62.90%
Leong On Kei, Angela	Beneficial owner	Long position	458,350,000	30,000,000 (Note 4)	8.60%

Notes:

- 55,073,000 Shares are directly held by Konrad Investments Limited, an indirect wholly-owned subsidiary of STDM through Bounty Rich Holdings Limited.
- These represent the interests in underlying Shares in respect of a convertible bond in the principal amount of HK\$1,906 million at 2% coupon rate with 5-year maturity issued by Champion Power Global Limited ("Champion Power"), a wholly-owned subsidiary of the Company. The details of which are stated in the section "Convertible Bond issued under Specific Mandate" below.
- The percentage has been calculated based on 5,681,444,293 Shares in issue as at 30 June 2022.
- These represent the interests in underlying Shares in respect of the Options granted by the Company, the details of which are stated in the section "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2022, the Company had not been notified by any persons (other than a Director or the chief executives of the Company) of any interest or short position in Shares and underlying Shares which were required to be recorded in the register kept under Section 336 of the SFO.

SHARE OPTION SCHEME

At an annual general meeting of the Company held on 13 May 2009, the Shareholders approved the adoption of the Scheme under which the Directors may grant to any participants of the Scheme Options to subscribe for Shares, subject to the terms and conditions as stipulated therein. The Scheme lapsed on 13 May 2019 and no further Options can be granted thereunder. However, the outstanding Options granted under the Scheme shall continue to be valid and exercisable up to the end of the relevant exercise periods.

MOVEMENT OF OPTIONS GRANTED

Details of the movement in Options granted under the Scheme during the six months ended 30 June 2022 were as follows:

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2022
				Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors:									
Ho Chiu Fung, Daisy	22 June 2017 (Note 3)	22 December 2018 to 21 December 2026	\$8.33	500,000	—	—	—	—	500,000
	22 June 2017 (Note 3)	22 December 2019 to 21 December 2026	\$8.33	1,000,000	—	—	—	—	1,000,000
Fok Tsun Ting, Timothy	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Leong On Kei, Angela	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	10,000,000	—	—	—	—	10,000,000
So Shu Fai	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	11,667,000	—	—	—	—	11,667,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	11,666,000	—	—	—	—	11,666,000
Tse Hau Yin	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	167,000	—	—	—	—	167,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	166,000	—	—	—	—	166,000
Chan Un Chan	21 June 2018 (Note 4)	21 December 2018 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
	21 June 2018 (Note 4)	21 December 2019 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000
	21 June 2018 (Note 4)	21 December 2020 to 20 December 2027	\$10.26	1,000,000	—	—	—	—	1,000,000

SHARE OPTION SCHEME

MOVEMENT OF OPTIONS GRANTED (Continued)

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2022
				Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors: (Continued)									
Shum Hong Kuen, David	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	1,000,000	—	—	—	—	1,000,000
Sub-total (Directors):				76,000,000	—	—	—	—	76,000,000
Associates (as defined in the Listing Rules) of Directors (who are also Employee/former Employee):									
The late Ho Hung Sun, Stanley	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	1,667,000	—	—	—	—	1,667,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	1,666,000	—	—	—	—	1,666,000
Huen Wai Kei	8 October 2013 (Note 1)	8 April 2014 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 1)	8 April 2015 to 7 April 2023	\$22	67,000	—	—	—	—	67,000
	8 October 2013 (Note 1)	8 April 2016 to 7 April 2023	\$22	66,000	—	—	—	—	66,000
	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	20,000	—	—	—	—	20,000
Sub-total (Associates of Directors (who are also Employee/former Employee)):				5,260,000	—	—	—	—	5,260,000
Employees*	8 October 2013 (Note 1)	8 April 2014 to 7 April 2023	\$22	11,707,000	—	—	—	(358,000)	11,349,000
Employees*	8 October 2013 (Note 1)	8 April 2015 to 7 April 2023	\$22	11,666,000	—	—	—	(356,000)	11,310,000
Employees*	8 October 2013 (Note 1)	8 April 2016 to 7 April 2023	\$22	11,655,000	—	—	—	(356,000)	11,299,000
Employees*	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.826	3,266,000	—	—	—	(71,000)	3,195,000
Employees*	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.826	3,270,000	—	—	—	(71,000)	3,199,000
Employees*	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.826	3,189,000	—	—	—	(68,000)	3,121,000
Sub-total (Employees):				44,753,000	—	—	—	(1,280,000)	43,473,000

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

SHARE OPTION SCHEME

MOVEMENT OF OPTIONS GRANTED (Continued)

Name or category of participants	Date of grant	Exercise period	Exercise price per Share (HK\$)	Number of Options					Balance as at 30 June 2022
				Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Other participants	15 June 2015 (Notes 2,5,6 & 7)	15 December 2015 to 14 December 2024	\$9.826	1,001,000	—	—	—	—	1,001,000
Other participants	15 June 2015 (Notes 2,5,6 & 7)	15 December 2016 to 14 December 2024	\$9.826	11,001,000	—	—	—	—	11,001,000
Other participants	15 June 2015 (Notes 2,5,6 & 7)	15 December 2017 to 14 December 2024	\$9.826	10,998,000	—	—	—	—	10,998,000
Sub-total (Other participants):				23,000,000	—	—	—	—	23,000,000
Total:				149,013,000	—	—	—	(1,280,000)	147,733,000

Notes:

- The vesting period for 47,460,000 Options granted on 8 October 2013 is approximately 34% vesting on six months from the date of grant, then approximately 33% vesting on each of the first and second anniversaries of such vesting date. The vesting period for 3,000,000 Options granted on 8 October 2013 is approximately 34% vesting on one year from the date of grant, then approximately 16.5% vesting on two, three, four and five years from the date of grant respectively. The closing price of the Shares immediately before the date of grant was HK\$21.95. The estimated fair value of each Option granted on that date based on an independent valuation is as follows:

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

- 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

SHARE OPTION SCHEME

MOVEMENT OF OPTIONS GRANTED (Continued)

Notes: (Continued)

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

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

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

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

5. On 28 May 2021, Mr. Shek Lai Him, Abraham retired as an Independent Non-executive Director of the Company and was appointed as an Advisor to the Company on that date. He has been appointed as the Honorary Chairman of Cotai Project Committee of the Company with effect from 28 May 2022. He is re-classified as an other participant and the classification of outstanding number of his share options is re-classified to confirm with current period's presentation.
6. On 15 June 2022, Mr. Chau Tak Hay retired as an Independent Non-executive Director of the Company and was appointed as an Advisor of the Company on that date. He is re-classified as an other participant and the classification of outstanding number of his share options is re-classified to confirm with current period's presentation.
7. On 15 June 2022, Mr. Ng Chi Sing retired as a Non-executive Director of the Company. He has been appointed as an Advisor of SJM with effect from 10 June 2020. He is re-classified as an other participant and the classification of outstanding number of his share options is re-classified to confirm with current period's presentation.
8. The weighted average closing price of the Shares immediately before the dates on which the Options were exercised is not applicable since no Options were exercised during the Reporting Period.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

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

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

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

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

CONVERTIBLE BOND ISSUED UNDER SPECIFIC MANDATE

On 22 June 2022, Champion Power issued a convertible bond (the “Convertible Bond”) in the principal amount of HK\$1,906 million at 2% coupon rate with 5-year maturity to STDM for acquisition of a portion of the property Casino Oceanus (“Oceanus Building”) by Harbour Tide Limited (the “Purchaser”) (a subsidiary of the Company) from Jai-Alai Shopping Centre Company Limited (the “Seller”) (an indirect wholly-owned subsidiary of STDM) and the disposal by the Seller of the remaining portion of Oceanus Building and the transactions contemplated thereunder in accordance with the transfer agreement dated 26 May 2022 entered into among the Purchaser, the Company, Champion Power, the Seller and STDM.

The Convertible Bond is denominated in Hong Kong dollar, unsecured and is guaranteed by the Company. It entitles STDM to convert into ordinary shares of the Company at any time between the issue date of the Convertible Bond and the date falling seven days prior to the fifth anniversary of the issue date (the “Maturity Date”) at initial conversion price of HK\$4.07 per conversion share (subject to adjustment). Unless previously redeemed, converted or purchased and cancelled, Champion Power will redeem the Convertible Bond at 100% of its principal amount together with any accrued but unpaid interest on the Maturity Date. Interest accruing at the rate of 2% per annum on the Convertible Bond will be paid annually until the Maturity Date. The Convertible Bond is not listed on the Stock Exchange or any other stock exchange. It is not transferable without the prior consent of Champion Power save for any transfer by a bondholder to its wholly-owned subsidiaries or any holding company that owns 100% of the share capital of that bondholder.

The conversion shares to be issued upon exercise of the conversion rights attaching to the Convertible Bond will be fully paid and rank pari passu in all respects with the shares of the Company then in issue on the date on which the name of the exercising bondholder is registered as holder of the relevant conversion shares in the register of members of the Company.

Further details of the Convertible Bond were set out in the announcement of the Company dated 26 May 2022 and the circular of the Company dated 6 June 2022.



DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Directors' biographical details update since 1 January 2022 and up to 30 June 2022, 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 2022 and up to 30 June 2022
Ho Chiu Fung, Daisy	<ul style="list-style-type: none"> • Decreased director's special fee from the Group by HK\$1,577,525 for 2021 • Received base fee of HK\$279,099 from the Company (until to 27 May 2022) for acting as a member of Cotai Project Committee of the Company • Received base fee of HK\$323,400 from SJM (until to 27 May 2022) for acting as a member of Cotai Project Monitoring Committee of SJM • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022 • Ceased to receive an allowance of HK\$100,000 per month from SJM with effect from 1 January 2022 • Appointed as a member of the Standing Committee on Judicial Salaries and Conditions of Service by the Hong Kong Special Administrative Region Government in January 2022 • Abdicated as a member of Advisory Board of Po Leung Kuk since 1 April 2022
Fok Tsun Ting, Timothy	<ul style="list-style-type: none"> • Appointed as a member of the Nomination Committee of the Company at annual fee of HK\$33,000 (pro-rata) with effect from 15 June 2022 • Decreased director's special fee from the Group by HK\$373,125 for 2021 • Received base fee of HK\$279,099 from the Company (until to 27 May 2022) for acting as a member of Cotai Project Committee of the Company • Received base fee of HK\$323,400 from SJM (until to 27 May 2022) for acting as a member of Cotai Project Monitoring Committee of SJM • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022 • Ceased to receive an allowance of HK\$100,000 per month from SJM with effect from 1 January 2022
Leong On Kei, Angela	<ul style="list-style-type: none"> • Ceased to act as a member of the Nomination Committee of the Company with effect from 15 June 2022 • Decreased director's special fee from the Group by HK\$1,591,552 for 2021 • Received base fee of HK\$279,099 from the Company (until to 27 May 2022) for acting as a member of Cotai Project Committee of the Company • Received base fee of HK\$323,400 from SJM (until to 27 May 2022) for acting as a member of Cotai Project Monitoring Committee of SJM • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022 • Ceased to receive an allowance of HK\$100,000 per month from SJM with effect from 1 January 2022 • Appointed as a member of Advisory Board of Po Leung Kuk from 2022 to 2024
So Shu Fai	<ul style="list-style-type: none"> • Decreased director's special fee from the Group by HK\$1,828,715 for 2021 • Received base fee of HK\$279,099 from the Company (until to 27 May 2022) for acting as a member of Cotai Project Committee of the Company • Received base fee of HK\$323,400 from SJM (until to 27 May 2022) for acting as a member of Cotai Project Monitoring Committee of SJM • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022 • Ceased to receive an allowance of HK\$100,000 per month from SJM with effect from 1 January 2022

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Name of Directors	Biographical details update since 1 January 2022 and up to 30 June 2022
Tse Hau Yin	<ul style="list-style-type: none"> • Decreased director's special fee from the Company by HK\$397,001 for 2021 • Received base fee of HK\$279,099 from the Company (until to 27 May 2022) for acting as a member of Cotai Project Committee of the Company • Received base fee of HK\$323,400 from SJM (until to 27 May 2022) for acting as a member of Cotai Project Monitoring Committee of SJM • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022
Wong Yu Pok, Marina	<ul style="list-style-type: none"> • Re-designated from a member to the Chairman of the Remuneration Committee of the Company at annual fee of HK\$88,000 (pro-rata) with effect from 15 June 2022 • Decreased director's special fee from the Company by HK\$94,875 for 2021 • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022
Yeung Ping Leung, Howard	<ul style="list-style-type: none"> • Increased director's special fee from the Company by HK\$37,777 for 2021 • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022
Chan Un Chan	<ul style="list-style-type: none"> • Decreased director's special fee from the Group by HK\$118,750 for 2021 • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022 • Ceased to receive an allowance of HK\$30,000 per month from SJM with effect from 1 January 2022
Shum Hong Kuen, David	<ul style="list-style-type: none"> • Decreased director's special fee from the Group by HK\$304,375 for 2021 • Received base fee of HK\$279,099 from the Company (until to 27 May 2022) for acting as a member of Cotai Project Committee of the Company • Received base fee of HK\$323,400 from SJM (until to 27 May 2022) for acting as a member of Cotai Project Monitoring Committee of SJM • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022 • Ceased to receive an allowance of HK\$30,000 per month from SJM with effect from 1 January 2022
Tsang On Yip, Patrick	<ul style="list-style-type: none"> • Decreased director's special fee from the Group by HK\$118,750 for 2021 • Ceased to receive an allowance of HK\$100,000 per annum from the Company with effect from 1 January 2022 • Ceased to receive an allowance of HK\$30,000 per month from SJM with effect from 1 January 2022

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

OTHER REGULATORY COMPLIANCE INFORMATION

INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended 30 June 2022.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2022 to 30 June 2022, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that all Directors have complied with the required standards as stated in the Model Code during the six months ended 30 June 2022.

REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2022 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 2022 has been reviewed by the Audit Committee of the Company and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board of Directors
SJM Holdings Limited

Ho Chiu Fung, Daisy
Chairman and Executive Director

Hong Kong, 1 August 2022

CORPORATE INFORMATION

CHAIRMAN EMERITUS

The late Dr. Ho Hung Sun, Stanley

BOARD OF DIRECTORS

Chairman and Executive Director

Ms. Ho Chiu Fung, Daisy

Co-Chairmen and Executive Directors

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

Vice-Chairman, Executive Director and Chief Executive Officer

Dr. So Shu Fai

Executive Directors

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

Non-executive Director

Mr. Tsang On Yip, Patrick

Independent Non-executive Directors

Mr. Tse Hau Yin
Ms. Wong Yu Pok, Marina
Mr. Yeung Ping Leung, Howard
Mr. Ho Hau Chong, Norman *(elected on 15 June 2022)*

AUDIT COMMITTEE

Mr. Tse Hau Yin *(Committee Chairman)*
Ms. Wong Yu Pok, Marina
Mr. Yeung Ping Leung, Howard
Mr. Ho Hau Chong, Norman *(appointed on 15 June 2022)*

NOMINATION COMMITTEE

Ms. Ho Chiu Fung, Daisy *(Committee Chairman)*
Mr. Fok Tsun Ting, Timothy *(appointed on 15 June 2022)*
Dr. So Shu Fai
Mr. Tse Hau Yin
Ms. Wong Yu Pok, Marina
Mr. Yeung Ping Leung, Howard
Mr. Ho Hau Chong, Norman *(appointed on 15 June 2022)*

REMUNERATION COMMITTEE

Ms. Wong Yu Pok, Marina *(Committee Chairman)*
(re-designated from a member to the Committee Chairman on 15 June 2022)
Ms. Ho Chiu Fung, Daisy
Deputada Leong On Kei, Angela
Dr. So Shu Fai
Mr. Tse Hau Yin
Mr. Yeung Ping Leung, Howard
Mr. Ho Hau Chong, Norman *(appointed on 15 June 2022)*

CHIEF FINANCIAL OFFICER

Mr. Toh Hup Hock

CHIEF LEGAL COUNSEL

Mr. Pyne, Jonathan Charles

COMPANY SECRETARY

Ms. Kwok Shuk Chong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

18th Floor, China Merchants Tower, Shun Tak Centre
Nos. 168 – 200 Connaught Road Central, Hong Kong
Tel: (852) 3960 8000 Fax: (852) 3960 8111
Website: <http://www.sjmholdings.com>
Email (Investor Relations): ir@sjmholdings.com

LISTING INFORMATION

Share listing: Hong Kong Stock Exchange (Main Board)
Listing date: 16 July 2008
Stock short name: SJM Holdings
Stock code: 880 (Hong Kong Stock Exchange)
0880.HK (Reuters)
880:HK (Bloomberg)
Board lot: 1,000 shares
Designated Security Eligible for Short Selling
Eligible Stock for both "buy" and "sell" of
Southbound Trading of Shanghai-Hong Kong Stock Connect
and Shenzhen-Hong Kong Stock Connect
Constituent of the following indexes:
Hang Seng New Consumption Index
Hang Seng Consumer Goods & Services Index
Hang Seng Climate Change 1.5°C Target Index
Hang Seng Composite Industry Index — Consumer Discretionary
Hang Seng Composite/MidCap/LargeCap & MidCap/
MidCap & SmallCap Index(es)
Hang Seng HK 35
Hang Seng Large-Mid Cap (Investable) Index
Hang Seng Stock Connect Hong Kong/Hong Kong Greater Bay Area/
MidCap & SmallCap Index(es)
Hang Seng Stock Connect Hong Kong Composite Index
Hang Seng Stock Connect Greater Bay Area Composite/
Macao-Zhuhai-Zhongshan-Jiangmen/Region Top/Consumer Services/
Quality Life Index(es)
Hang Seng Large-Mid Cap Dividend Yield/Low Size/Low Volatility/
Momentum/Quality/Value Comprehensive Index(es)
Hang Seng SCHK ex-AH Companies/HK Companies Index(es)

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712 – 1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8555 Fax: (852) 2865 0990
Enquiries: http://www.computershare.com/hk/en/online_feedback

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

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

FINANCIAL ADVISOR

Somerley Capital Limited

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited
Bank of China Limited
BNP Paribas
Industrial and Commercial Bank of China (Asia) Limited
Chong Hing Bank Limited

DEFINITIONS

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

“2026 HK\$ Senior Notes”	: HK\$1,250,000,000 3.9% Senior Notes Due 2026 issued by Champion Moments on 12 May 2021 which are listed on MOX
“2026 MOP Senior Notes”	: MOP300,000,000 3.9% Senior Notes Due 2026 issued by Champion Moments on 12 May 2021 which are listed on MOX
“2026 US\$ Senior Notes”	: US\$500,000,000 4.50% Senior Notes Due 2026 issued by Champion Path on 27 January 2021 which are listed on the Stock Exchange
“2028 US\$ Senior Notes”	: US\$500,000,000 4.85% Senior Notes Due 2028 issued by Champion Path on 27 January 2021 which are listed on the Stock Exchange
“Adjusted EBITDA”	: earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, bank charges for bank loans, loss on modification on a bank loan, gain on early repayment of a bank loan, loss on derecognition of a bank loan, gain on early termination of lease contracts, sub-concession fee income and pre-opening expenses
“Adjusted EBITDA Margin”	: the Adjusted EBITDA divided by total net revenue
“Adjusted Property EBITDA”	: earnings or losses before accounting for interest income and expense, tax, depreciation and amortisation, donations, loss on disposal/write-off of property and equipment, share-based payments, bank charges for bank loans, loss on modification on a bank loan, gain on early termination of lease contracts, sub-concession fee income, pre-opening expenses and corporate costs, and before elimination of inter-company consumption
“Administrative Cost Sharing Agreement”	: the agreement dated 18 June 2008 entered into between the Company and STDM by which STDM and/or its associates (as defined in the Listing Rules) and the Group have agreed to share the costs of certain administrative services, which was renewed on 19 June 2011 and expired on 31 December 2013
“Board”	: the board of Directors of the Company
“Champion Moments”	: Champion Moments Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands
“Champion Path”	: Champion Path Holdings Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands
“Champion Power”	: Champion Power Global Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands

DEFINITIONS

- “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 reportable segments, has been identified as a group of senior management that makes strategic decisions
- “Company” : SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Stock Exchange
- “Concession Amendment Contract” : the amendment on the Gaming Concession Contract on 23 June 2022 between the Macau SAR Government and SJM to extend the expiry date of the gaming concession of SJM from 26 June 2022 to 31 December 2022
- “Convertible Bond(s)” : the convertible bond(s) issued by Champion Power to STDM on 22 June 2022 in the principal amount of HK\$1,906 million at 2.0% coupon rate with 5-year maturity
- “connected person(s)” : has the meaning ascribed to it under the Listing Rules
- “COVID-19” or “Covid-19” : Coronaviruses Disease 2019
- “CT” : the Complementary Tax of the Macau SAR
- “DICJ” : Direcção de Inspeção e Coordenação de Jogos, the Gaming Inspection and Coordination Bureau in Macau
- “Director(s)” : the director(s) of the Company
- “ECL” : expected credit loss
- “FVTOCI” : Fair value through other comprehensive income
- “Gaming Concession Contract” : the gaming concession contract for the operation of casino games dated 28 March 2002 entered into between the Macau SAR Government and SJM (as amended and supplemented by supplemental agreements between the same parties dated 19 April 2005, 26 September 2013, 23 January 2017, 15 March 2019, 23 March 2020 and 23 June 2022) and as extended up to 26 June 2022 by a concession extension contract dated 15 March 2019 and further extended up to 31 December 2022 by a concession extension contract dated 23 June 2022
- “GLP Bank Loans” : secured bank loans for Grand Lisboa Palace Project

DEFINITIONS

“Grand Lisboa Palace Project”	: the development and operation of a casino, hotel and entertainment complex on a parcel of land in Cotai, Macau SAR leased by Macau SAR Government to SJM for 25 years starting from 15 May 2013
“Group”	: the Company and its subsidiaries
“Hong Kong” or “Hong Kong SAR”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“HKAS”	: Hong Kong Accounting Standard
“HKFRSs”	: Hong Kong Financial Reporting Standards
“HKICPA”	: Hong Kong Institute of Certified Public Accountants
“L’Arc Entertainment”	: L’Arc Entertainment Group Company Limited, a company indirectly wholly controlled by an executive Director
“L’Arc Services Agreement”	: the agreement entered into between SJM and L’Arc Entertainment dated 21 September 2009 and supplemented by addendums dated 27 January 2010, 22 October 2010, 4 February 2016, 4 January 2017, 18 December 2017, 6 May 2020 and 17 June 2022 regarding the provision of the services and licensing for occupation and use of the designated area in the L’Arc Hotel to SJM for the operation of a casino until 31 December 2022
“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
“Maturity Date”	the maturity date of the Convertible Bonds, being the date which falls on the fifth anniversary of the issue date of the Convertible Bonds
“Model Code”	: the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
“MOX”	: Chongwa (Macao) Financial Asset Exchange Co., Ltd.
“NYH”	: NYH Gestão de Vendas a Retalho Limitada, an indirect wholly-owned subsidiary of STDM
“Oceanus Building”	the building in which Casino Oceanus resides
“Options”	: share options which the Directors may grant to any participants of the Scheme
“P16 Bank Loans”	: secured bank loans for Ponte 16

DEFINITIONS

“Pier 16 – Property”	: Pier 16 – Property Development Limited, a 51% subsidiary of the Company
“Premises Leasing Master Agreement”	: the agreement entered into between the Company and a Director dated 22 November 2013 for the leasing of properties by that Director and/or her associates (as defined in the Listing Rules) to the Group for a term of three years from 1 January 2014
“Premises Leasing Master Agreement with STDM”	: the agreement entered into between the Company and STDM dated 18 June 2008 and renewed on 23 December 2019 for the leasing of properties by STDM or the members of the STDM Group to the Group up to 31 December 2022
“Products and Services Master Agreement”	: the agreement entered into between the Company and STDM on 18 June 2008 for the provision of products and services by STDM and/or its associates (as defined in the Listing Rules) to the Group
“Purchaser”	: Harbour Tide Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands
“Renewed Master Agreement”	: the products and services master agreement dated 19 June 2011 entered into between the Company and STDM in relation to the renewal of the Products and Services Master Agreement which was renewed on 6 January 2014 and was further renewed on 26 January 2017 and thereafter on 23 December 2019 for a term of three years from 1 January 2020
“Renewed Premises Leasing Master Agreement”	: Renewal of Premises Leasing Master Agreement dated 14 December 2016 entered into between the Company and a director of the Company for a term of three years from 1 January 2017 and further renewed on 26 January 2017 and thereafter on 23 December 2019 for a term of three years from 1 January 2020
“Rights Issue”	: the proposed issue by way of rights of the rights shares to the qualifying Shareholders on the basis of one (1) rights share for every four (4) existing Shares held on 29 August 2022 (the record date) at the subscription price HK\$2.08 per rights share
“Scheme”	: the share option scheme of the Company adopted on 13 May 2009 which has lapsed on 13 May 2019
“Seller”	: Centro Comercial Jai-Alai, Limitada (in Portuguese) or Jai-Alai Shopping Centre Company Limited (in English), a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of STDM
“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

DEFINITIONS

“Shareholder(s)”	: holder(s) of the Share(s)
“SJM”	: SJM Resorts, S.A. (in Portuguese) or SJM Resorts, Limited (in English) (name changed from Sociedade de Jogos de Macau, S.A. on 9 June 2021), a joint stock company “ <i>sociedade anónima</i> ” incorporated under the laws of Macau and a subsidiary of the Company
“Special Complementary Tax”	: tax on dividend distributed by SJM as specified by the Finance Service Bureau of Macau SAR Government
“STDM”	: Sociedade de Turismo e Diversões de Macau, S.A. (in Portuguese) or Macau Tourism and Amusement Company Limited (in English), a joint stock company “ <i>sociedade anónima</i> ” incorporated under the laws of Macau, and a controlling Shareholder
“STDM-I”	: STDM-Investments Limited, a subsidiary of STDM liquidated on 15 August 2011
“STDM-I Surety”	: a surety provided by STDM-I in favour of the Company for the due and punctual payment of certain obligations of the Company may incur
“STDM Group”	: STDM and its associates (as defined in the Listing Rules), excluding the Group
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Term Loan”	: the unsecured term loan in the amount of HK\$2 billion provided by STDM to the Company for a fixed period of 6 years from the date of drawdown with the interest rate of 4% per annum payable semi-annually or such other rate as agreed between the Company and STDM from time to time
“the Reporting Period”	: the period for the six months ended 30 June 2022
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“MOP”	: Macau Pataca(s), the lawful currency of Macau
“USD” or “US\$”	: United States dollar(s), the lawful currency of the United States of America
“%”	: per cent.

