



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

2023
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. Its operations cater to a wide spectrum of patrons, with casino gaming and a broad range of hospitality and leisure attractions, including hotel accommodation, fine and casual dining, shopping, wellness and spa facilities, venues for meetings and events and cultural exhibitions.

The Grand Lisboa Palace Resort, the Group’s integrated resort in Cotai, offers luxury hotel rooms and suites in three hotel towers — the Grand Lisboa Palace Macau, THE KARL LAGERFELD and Palazzo Versace Macau, along with diverse hospitality services.



CONTENTS

FINANCIAL AND OPERATING HIGHLIGHTS

Financial Highlights	2
Operating Highlights	2

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review	3
Prospects and Recent Developments	8
Financial Review	9

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Report on Review of Condensed Consolidated Financial Statements	11
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	17

REGULATORY COMPLIANCE INFORMATION

Disclosure of Interests	49
Share Option Scheme	55
Disclosure Pursuant to Rules 13.18 and 13.21 of the Listing Rules	60
Convertible Bond issued under Specific Mandate	61
Directors' Biographical Details Update	63
Other Regulatory Compliance Information	64

GENERAL INFORMATION

Corporate Information	66
Definitions	67

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	For the six months ended		Increase
	2023	2022	
	(HK\$ million) (unaudited)	(HK\$ million) (unaudited)	
Total Group net revenue	9,362	4,129	126.7%
Net gaming revenue	8,695	3,811	128.2%
Adjusted EBITDA*	461	(1,176)	139.2%
			Improve
Loss attributable to owners of the Company	(1,264)	(2,757)	54.1%
Loss per share			
basic	HK(17.8) cents	HK(45.4) cents	60.8%
diluted	HK(17.8) cents	HK(45.4) cents	60.8%

* 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, gain/loss on modification on bank loans, 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\$8,695 million in the first half of 2023, as compared with HK\$3,811 million in the first half of 2022.
- Adjusted EBITDA of the Group was HK\$461 million, as compared with negative HK\$1,176 million in the first half of 2022.
- Loss attributable to owners of the Company was HK\$1,264 million, as compared with a loss HK\$2,757 million in the first half of 2022.
- SJM had a 11.8% share of Macau's gaming revenue, including 14.9% of mass market table gross gaming revenue and 3.5% of VIP gross gaming revenue.
- Grand Lisboa Palace's gross revenue was HK\$1,430 million, including gross gaming revenue of HK\$1,034 million and non-gaming revenue of HK\$396 million, as compared with gross gaming revenue HK\$231 million and non-gaming revenue HK\$186 million in the first half of 2022, whilst its Adjusted Property EBITDA was negative HK\$292 million, as compared with negative HK\$483 million in the first half of 2022.
- Grand Lisboa's gross revenue was HK\$2,403 million, including gross gaming revenue HK\$2,266 million and non-gaming revenue HK\$137 million, as compared with gross gaming revenue HK\$705 million and non-gaming revenue HK\$71 million in the first half of 2022, whilst its Adjusted Property EBITDA was HK\$473 million, as compared with negative HK\$374 million in the first half of 2022.
- Grand Lisboa Palace Resort's occupancy rate increased by 49.6% from the first half of 2022 to 83.9%. Average daily room rate increased during the period by 47.8% to HK\$1,360.
- Grand Lisboa Hotel's occupancy rate increased by 40.0% from the first half of 2022 to 87.8%. Average daily room rate increased during the period by 59.6% to HK\$1,026.
- The Group had HK\$4,959 million of cash, bank balances, short-term bank deposits and pledged bank deposits and HK\$28,535 million of debt as at 30 June 2023.
- 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, of which HK\$3.3 billion is undrawn as of 30 June 2023.

BUSINESS REVIEW

GROUP OPERATING RESULTS

The Group's results, Net Revenue, Adjusted EBITDA and Adjusted EBITDA Margin for the six months ended 30 June 2023 ("the Reporting Period") and for the year-earlier period are shown below:

Group operating results	For the six months ended 30 June		Increase
	2023 HK\$ million	2022 HK\$ million	
Total net revenue	9,362	4,129	126.7%
Net gaming revenue	8,695	3,811	128.2%
Loss attributable to owners of the Company	(1,264)	(2,757)	54.1%
Adjusted EBITDA ¹	461	(1,176)	139.2%
Adjusted EBITDA Margin ²	4.9%	(28.5%)	33.4 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, gain/loss on modification on bank loans, 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 HK\$9,362 million for the six months ended 30 June 2023, an increase of 126.7%, compared to HK\$4,129 million for the six months ended 30 June 2022. The increase was mainly driven by the non-rolling revenue and electronic game revenue.

The following tables summarise the results of Self-promoted Casino, Satellite Casino and hotel room activities:

	For the six months ended 30 June		Increase
	2023 HK\$ million	2022 HK\$ million	
Rolling Gross Gaming Revenue	712	387	84.0%
Non-Rolling Gross Gaming Revenue	7,677	3,262	135.3%
Electronic Game Gross Gaming Revenue	785	421	86.5%
Gross Gaming Revenue ("GGR")	9,174	4,070	125.4%
Commissions and incentives	(479)	(259)	84.9%
Net Gaming Revenue	8,695	3,811	128.2%

BUSINESS REVIEW

Grand Lisboa Palace Resort Statistics	For the six months ended 30 June			
	2023 HK\$ million	2022 HK\$ million	Variance HK\$ million	%
Revenues:				
Casino (GGR)	1,034	231	803	347.6%
Hotel	168	36	132	366.7%
Food and Beverage, Mall and Other	228	150	78	52.0%
Total Revenue	1,430	417	1,013	242.9%
Adjusted Property EBITDA ¹	(292)	(483)	191	39.5%
Gaming Statistics				
Rolling Chip Volume	11,534	—	11,534	—%
Rolling Revenue	398	—	398	—%
Rolling Chip Win %	3.5%	—	—	3.5 pts
Non-Rolling Volume	3,280	1,285	1,995	155.3%
Non-Rolling Revenue	512	206	306	148.5%
Non-Rolling Chip Win %	15.6%	16.0%	—	(0.4) pts
Electronic Game Handle	3,781	592	3,189	538.7%
Electronic Game Revenue	124	25	99	396.0%
Electronic Game Hold %	3.3%	4.2%	—	(0.9) pts
Hotel Statistics²	HK\$	HK\$	HK\$	
Occupancy %	83.9%	34.3%	—	49.6 pts
Average Daily Rate (ADR)	1,360	920	440	47.8%
Revenue per Available Room (RevPAR)	1,142	316	826	261.4%

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, gain/loss on modification of bank loans, 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 Grand Lisboa Palace Resort included three hotel towers — the Grand Lisboa Palace Macau, THE KARL LAGERFELD and the Palazzo Versace Macau — which opened in the second quarter of 2023.

BUSINESS REVIEW

Grand Lisboa Statistics	For the six months ended 30 June			
	2023 HK\$ million	2022 HK\$ million	Variance HK\$ million	%
Revenues:				
Casino (GGR)	2,266	705	1,561	221.4%
Hotel	71	27	44	163.0%
Food and Beverage, Mall and Other	66	44	22	50.8%
Total Revenue	2,403	776	1,627	209.7%
Adjusted Property EBITDA	473	(374)	847	226.5%
Gaming Statistics				
Rolling Chip Volume	8,734	6,051	2,683	44.3%
Rolling Revenue	246	223	23	10.3%
Rolling Chip Win %	2.8%	3.7%	—	(0.9) pts
Non-Rolling Volume	9,644	1,917	7,727	403.1%
Non-Rolling Revenue	1,829	408	1,421	348.3%
Non-Rolling Chip Win %	19.0%	21.3%	—	(2.3) pts
Electronic Game Handle	3,778	1,460	2,318	158.8%
Electronic Game Revenue	191	74	117	158.1%
Electronic Game Hold %	5.1%	5.1%	—	(0.01) pts
Hotel Statistics	HK\$	HK\$	HK\$	
Occupancy %	87.8%	47.8%	—	40.0 pts
Average Daily Rate (ADR)	1,026	643	383	59.6%
Revenue per Available Room (RevPAR)	901	307	594	193.5%

BUSINESS REVIEW

Other Self-promoted Casino, Jai Alai Hotel and Sofitel at Ponte 16 Statistics	For the six months ended 30 June			
	2023 HK\$ million	2022 HK\$ million	Variance HK\$ million	%
Revenues:				
Casino (GGR)	2,073	674	1,399	207.6%
Hotel	77	19	58	305.3%
Food and Beverage, Mall and Other	57	42	15	35.7%
Total Revenue	2,207	735	1,472	200.3%
Adjusted Property EBITDA¹	590	(197)	787	399.5%
Gaming Statistics				
Non-Rolling Volume	13,049	4,510	8,539	189.3%
Non-Rolling Revenue	1,930	601	1,329	221.1%
Non-Rolling Chip Win %	14.8%	13.3%	—	1.5 pts
Electronic Game Handle	3,490	1,513	1,977	130.7%
Electronic Game Revenue	143	73	70	95.9%
Electronic Game Hold %	4.1%	4.8%	—	(0.7) pts
Hotel Statistics	HK\$	HK\$	HK\$	
Jai Alai Hotel:				
Occupancy %	95.7%	63.4%	—	32.3 pts
Average Daily Rate (ADR)	195	172	23	13.4%
Revenue per Available Room (RevPAR)	187	109	78	71.6%
Sofitel at Ponte 16:				
Occupancy %	84.7%	46.1%	—	38.6 pts
Average Daily Rate (ADR)	1,232	473	759	160.5%
Revenue per Available Room (RevPAR)	1,044	218	826	378.9%

¹ Casino Lisboa, Casino Oceanus at Jai Alai (including the gaming area in the Jai Alai Building), and Jai Alai Hotel, Share of Ponte 16 and other non-gaming area. (Casino Eastern and Casino Taipa were closed on 27 December 2022.)

BUSINESS REVIEW

Satellite Casino Statistics	For the six months ended 30 June			
	2023 HK\$ million	2022 HK\$ million	Variance HK\$ million	%
Casino Revenue (GGR)	3,801	2,460	1,341	54.5%
Adjusted Property EBITDA	(208)	7	(215)	(3,071.4)%

As at 30 June 2023, SJM operated nine satellite (third party-promoted) casinos, as follows: Casino Casa Real, Casino Landmark, Casino Emperor Palace, Casino Fortuna, Casino Grandview, Casino Kam Pek Paradise, Casino L'Arc Macau, Casino Legend Palace and Casino Ponte 16. Casino Babylon, Casino Diamond, Casino Golden Dragon, Casino Million Dragon and Casino Royal Dragon were closed on 27 December 2022. As at 31 December 2022, SJM operated nine satellite casinos.

PROSPECTS AND RECENT DEVELOPMENTS

COVID-19 PANDEMIC RECOVERY AND OUTLOOK

Since around the end of 2022, COVID-19 related travel restrictions were materially relaxed for visitors from the Mainland, Hong Kong and Taiwan, and subsequently for other areas. Currently, there are no requirements for health tests, vaccines or quarantines for visitors to Macau. After almost three years of severely inhibited travel, visitation to Macau showed a robust recovery in the first half of 2023.

According to figures for the first half of 2023 from the Macau SAR Statistics and Census Service, visitor arrivals expanded by 236.1% year on year; whilst the year-on-year figure for the month of June 2023 was up by 480.5%. Reopening of flights and sailings to Macau from almost total closure, led to even more dramatic increases during the first half of the year in arrivals by sea and by air by 2,025.0% and 3,960.5%, respectively.

Figures for revenue of gaming and non-gaming activities in Macau reflect the increase in visitation. According to the Macau SAR Gaming Inspection and Coordination Bureau, gross gaming revenue in Macau for the first quarter of 2023 amounted to 45.4% of the level in the first quarter of 2019, the last pre-pandemic year, and for the second quarter amounted to 62.0% of the 2019 level.

Barring further outbreak of the COVID-19 virus, the outlook for Macau tourism over the medium term is positive.

MACAU GAMING CONCESSION

During the first half of 2023, the Company operated under the terms of the new ten-year gaming concession which extends from 1 January 2023 to 31 December 2032. SJM has committed to invest an aggregate of MOP14,033 million (equivalent to approximately HK\$13,624 million) during the life of the new concession period. The total amount of the non-gaming investment obligations is obliged to further increase when the overall gross gaming revenue in Macau exceeds MOP180 billion (equivalent to approximately HK\$174.8 billion) before 2027.

In line with SJM's commitment to the enhancement of non-gaming tourism in Macau, the Company was the co-organizer of the 2023 SJM Macau International Dragon Boat Races held in June 2023. In support of international tourism development, SJM opened its first foreigners-only gaming room at Grand Lisboa Palace, in March 2023.

GRAND LISBOA PALACE UPDATE

The Grand Lisboa Palace which had a partial opening in June 2021, continued to increase its market presence during the first half of 2023. THE KARL LAGERFELD hotel tower held a grand celebration of its opening on 10 June 2023, and also during the first half of 2023 certain hotel rooms at the Palazzo Versace Macau hotel tower became available to the public. Grand opening of the Palazzo Versace Macau is anticipated in the coming months. By the end of this year, the Company expects to have completed the recruiting and training of the additional staff members needed to bring the full complement of hotel rooms at Grand Lisboa Palace up to 1,892.

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had bank balances and cash amounting to HK\$3,951 million (not including pledged bank deposits of HK\$1,008 million) as at 30 June 2023. This represented a decrease of 42.4% as compared with the position as at 31 December 2022 of HK\$6,856 million.

Total outstanding balances of bank loans drawn by the Group as at 30 June 2023 amounted to HK\$15,698 million (as at 31 December 2022: HK\$18,975 million). Total senior notes and convertible bond issued by the Group as at 30 June 2023 amounted to HK\$10,830 million (as at 31 December 2022: HK\$10,795 million). Loan from ultimate holding company as at 30 June 2023 amounted to HK\$2,007 million (as at 31 December 2022: HK\$2,007 million). The maturity of the Group's borrowings as at 30 June 2023 is as follows:

Maturity Profile				
Within 1 year	1–2 years	2–5 years	over 5 years	Total
3%	4%	86%	7%	100%

GEARING RATIO

The Group's gearing ratio (defined as the ratio of total outstanding bank loans, convertible bond, senior notes and loan from ultimate holding company 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 50.2% at the end of the Reporting Period (as at 31 December 2022: 53.2%).

CONTRACTUAL CAPITAL EXPENDITURE COMMITMENTS

Contractual capital expenditure commitments by the Group amounted to HK\$157 million as at 30 June 2023 (as at 31 December 2022: HK\$117 million).

FINANCIAL REVIEW

PLEDGE OF ASSETS

As at 30 June 2023, certain of the Group's property and equipment and right-of-use assets with carrying values of HK\$34,936 million and HK\$1,733 million, respectively (as at 31 December 2022: HK\$35,560 million and HK\$1,756 million, respectively), were pledged to banks for loan facilities. In addition, the Group had pledged bank deposits of HK\$1,008 million as at 30 June 2023 (as at 31 December 2022: HK\$1,154 million).

CONTINGENT LIABILITY AND GUARANTEE

As at 30 June 2023, the total amount of guarantee of the Group given to a bank of HK\$67 million (as at 31 December 2022: HK\$67 million), which was guarantee in respect of credit facilities granted to an associate. The Group had no significant contingent liability as at 30 June 2023.

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 2023, the Group had approximately 18,400 full-time employees. The Group's employee turnover rate was minimal in the first half of 2023.

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

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
SJM HOLDINGS LIMITED

澳門博彩控股有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SJM Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 12 to 48, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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

21 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$ million (unaudited)	2022 HK\$ million (unaudited)
Gaming, hotel, catering, retail, leasing and related services revenues		9,361.6	4,128.7
Gaming revenue	4	8,695.1	3,811.0
Special gaming tax, special levy and gaming premium		(3,674.3)	(1,668.3)
Hotel, catering, retail, leasing and related services income		5,020.8	2,142.7
Cost of sales and services on hotel, catering, retail, leasing and related services		666.5	317.7
Other income, gains and losses		(282.0)	(213.2)
Marketing and promotional expenses		102.7	(15.5)
Operating and administrative expenses		(1,564.5)	(222.6)
Finance costs		(4,327.7)	(4,362.3)
Share of losses of an associate		(810.6)	(398.0)
Share of profits of a joint venture		(6.3)	(10.8)
		4.2	2.2
Loss before taxation	5	(1,196.9)	(2,759.8)
Taxation	6	—	(10.7)
Loss for the period		(1,196.9)	(2,770.5)
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income		(37.7)	(58.2)
Total comprehensive expense for the period		(1,234.6)	(2,828.7)
(Loss) profit for the period attributable to:			
owners of the Company		(1,264.1)	(2,757.0)
non-controlling interests		67.2	(13.5)
		(1,196.9)	(2,770.5)
Total comprehensive (expense) income for the period attributable to:			
owners of the Company		(1,301.8)	(2,815.2)
non-controlling interests		67.2	(13.5)
		(1,234.6)	(2,828.7)
Loss per share:			(Restated)
Basic	8	HK(17.8) cents	HK(45.4) cents
Diluted	8	HK(17.8) cents	HK(45.4) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Non-current assets			
Property and equipment	9	39,328.8	40,049.7
Right-of-use assets	9	2,543.2	2,599.0
Gaming concession right	10	2,431.2	—
Art works and diamonds		281.3	281.3
Interest in an associate		33.4	41.8
Interest in a joint venture		48.0	43.8
Investments in equity instruments designated at fair value through other comprehensive income	26	386.4	424.1
Pledged bank deposit	12	970.9	970.9
Other assets	11	343.4	357.1
		46,366.6	44,767.7
Current assets			
Inventories		142.9	146.7
Trade and other receivables	13	652.5	694.7
Pledged bank deposits	12	37.5	183.1
Short-term bank deposits		717.9	572.6
Bank balances and cash		3,232.6	6,282.9
		4,783.4	7,880.0
Current liabilities			
Trade and other payables	15	4,638.9	3,735.1
Taxation payable		39.3	50.5
Bank loans — due within one year	16	970.5	707.0
Lease liabilities		37.7	46.4
		5,686.4	4,539.0
Net current (liabilities) assets		(903.0)	3,341.0
Total assets less current liabilities		45,463.6	48,108.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Non-current liabilities			
Other payables	15	2,177.7	71.4
Bank loans — due after one year	16	14,727.8	18,268.3
Unsecured notes	17	9,405.6	9,400.6
Lease liabilities		588.7	603.9
Amount due to non-controlling interests of a subsidiary	18	343.8	339.5
Loan from ultimate holding company	19	2,006.6	2,006.8
Deferred taxation		10.5	10.5
Convertible bond	20	1,424.1	1,394.3
		30,684.8	32,095.3
Net assets		14,778.8	16,013.4
Capital and reserves			
Share capital	21	14,415.1	14,415.1
Reserves		281.7	1,583.5
Equity attributable to owners of the Company		14,696.8	15,998.6
Non-controlling interests		82.0	14.8
Total equity		14,778.8	16,013.4

The condensed consolidated financial statements on pages 12 to 48 were approved and authorised for issue by the board of directors on 21 August 2023 and are signed on its behalf by:

Ho Chiu Fung, Daisy
Director

Fok Tsun Ting, Timothy
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital HK\$ million	Share options reserve HK\$ million	Convertible bond reserve HK\$ million	Investment revaluation reserve HK\$ million	Retained profits (Accumulated losses) HK\$ million	Attributable to owners of the Company HK\$ million	Non-controlling interests HK\$ million	Total HK\$ million
At 1 January 2023 (audited)	14,415.1	674.6	574.7	(166.3)	500.5	15,998.6	14.8	16,013.4
(Loss) profit for the period	—	—	—	—	(1,264.1)	(1,264.1)	67.2	(1,196.9)
Other comprehensive expense for the period	—	—	—	(37.7)	—	(37.7)	—	(37.7)
Total comprehensive (expense) income for the period	—	—	—	(37.7)	(1,264.1)	(1,301.8)	67.2	(1,234.6)
Release of lapsed equity-settled share-based payments	—	(287.6)	—	—	287.6	—	—	—
At 30 June 2023 (unaudited)	14,415.1	387.0	574.7	(204.0)	(476.0)	14,696.8	82.0	14,778.8
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 bond (note 20)	—	—	575.2	—	—	575.2	—	575.2
Transaction costs attributable to the issue of convertible bond (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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 HK\$ million (unaudited)	2022 HK\$ million (unaudited)
Net cash from (used in) operating activities	22	1,737.5	(1,835.8)
Investing activities			
Placement of short-term bank deposits		(717.9)	(129.0)
Acquisition of property and equipment		(546.4)	(777.4)
Deposits paid for acquisitions of property and equipment		(15.1)	(10.3)
Placement of pledged bank deposits		(1.0)	—
Advance to ultimate holding company		(0.1)	(0.1)
Withdrawal of short-term bank deposits		572.6	171.4
Withdrawal of pledged bank deposits		146.6	—
Interest received		81.9	2.7
Proceeds of rental deposits refunded		10.5	20.0
Proceeds from disposal of property and equipment		1.0	2.6
Acquisition of intangible asset		—	(45.7)
Dividend received from a joint venture		—	104.6
Repayment from ultimate holding company		—	0.1
Net cash used in investing activities		(467.9)	(661.1)
Financing activities			
Repayment of bank loans		(3,330.0)	(13,939.8)
Interest paid		(773.8)	(386.8)
Repayment of lease liabilities		(26.8)	(108.3)
Repayment of payable for gaming concession right		(188.3)	—
Payment of bank loans arrangement fee		(1.0)	(362.0)
Transaction costs incurred in connection with the issuance of convertible bond		—	(1.7)
New bank loans raised		—	16,394.5
Net cash (used in) from financing activities		(4,319.9)	1,595.9
Net decrease in cash and cash equivalents		(3,050.3)	(901.0)
Cash and cash equivalents at 1 January		6,282.9	3,024.2
Cash and cash equivalents at 30 June, represented by bank balances and cash		3,232.6	2,123.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 for the six months ended 30 June 2023 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") and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 31 December 2022 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 annual consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) (the "Hong Kong Companies Ordinance").

The Company's auditor has reported on those consolidated 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\$903.0 million and the Group had capital commitments of HK\$157.3 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

Going concern assessment (Continued)

The Group has undrawn facility from the bank loans facility agreement amounting to HK\$3,300 million as at 30 June 2023. 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 2023 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 2023. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

1A. SIGNIFICANT EVENTS IN CURRENT INTERIM PERIOD

COVID-19 Pandemic Update

Commencing December 2022, Macau and Mainland travel restrictions were materially relaxed. Following the easing of travel restrictions, total visitor arrivals into Macau have significantly increased, which results in increase in the Group's gross gaming revenue.

Macau Gaming Concession

In December 2022, SJM Resorts, S.A. ("SJM"), a wholly-owned subsidiary of the Company, entered into a definitive gaming concession contract (the "New Gaming Concession Contract") with the Macau SAR Government, pursuant to which SJM was granted a ten-year gaming concession commencing on 1 January 2023 and expiring on 31 December 2032, to operate games of fortune and chance or other games in Macau. SJM is authorised to operate 1,250 gaming tables and 1,700 gaming machines under the New Gaming Concession Contract. In accordance with the requirements of the Macau Gaming Law, since the casino premises, which are owned and operated by the Group as at 31 December 2022, reverted to the Macau SAR Government at the end of the concession period, SJM paid an annual utilisation fee (the "Utilisation Fee") to the Macau SAR Government for use of the casino premises in the new concession period. On 30 December 2022, the Macau SAR Government has established in the deed of reversion regarding, among other things, the Utilisation Fee for the casino spaces at Casino Grand Lisboa, Casino Grand Lisboa Palace, Casino Lisboa and Casino Oceanus at Jai Alai, which were reverted to the Macau SAR Government. SJM paid the Utilisation Fee of approximately Macau Pataca(s) ("MOP") 69.0 million (equivalent to approximately HK\$67.0 million), subject to inflation adjustment to the Macau SAR Government from 2023 (i.e., the first year) to 2025 (i.e., the third year). From 2026 (i.e., the fourth year) onward, the Utilisation Fee will be adjusted to approximately MOP229.3 million (equivalent to approximately HK\$222.6 million), subject to inflation adjustment. The Utilisation Fee for the first year corresponds to the area of the casinos multiplied by MOP750 per square meter (equivalent to approximately HK\$728 per square meter), with those for the second and third years being updated based on the value of the previous year and in accordance with the average price index in Macau; and the Utilisation Fee for the fourth year corresponds to the area of the casinos multiplied by MOP2,500 per square meter (equivalent to approximately HK\$2,427 per square meter), with those for the subsequent years being updated based on the value of the previous year and in accordance with the average price index in Macau.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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

Macau Gaming Concession (Continued)

Pursuant to the terms of the New Gaming Concession Contract, SJM is required to pay the Macau SAR Government an annual gaming premium (the “Annual Premium”) consisting of a fixed and a variable portion. The fixed portion of the Annual Premium is composed of an annual amount equal to MOP30.0 million (equivalent to approximately HK\$29.1 million). The variable portion of the Annual Premium is composed of an annual amount equal to MOP300,000 (equivalent to approximately HK\$291,000) per gaming table located in special gaming halls reserved exclusively to particular games or players, MOP150,000 (equivalent to approximately HK\$145,000) per gaming table that is not reserved exclusively to particular games or players, and MOP1,000 (equivalent to approximately HK\$970) per gaming machine, including slot machines, operated by SJM.

As at 1 January 2023, the Group recognised an intangible asset and financial liability of MOP2,635.9 million (approximately HK\$2,559.1 million), representing the right to operate games of fortune and chance or other games in Macau and the unconditional obligation to make payments under the New Gaming Concession Contract. In the accompanying condensed consolidated statement of financial position, this intangible asset is included in “Gaming concession right” which is being amortised on a straight-line basis over the ten-year term of the New Gaming Concession Contract. The current and non-current portion of the financial liabilities are included in payable for gaming concession right of other payables.

In addition to the above payments, SJM has committed to certain investments in gaming and non-gaming projects. SJM has committed to invest an aggregate of MOP14,033 million (equivalent to approximately HK\$13,624 million) during the life of the New Gaming Concession Contract of which MOP12,000 million (equivalent to approximately HK\$11,651 million) is in non-gaming for both capital investment and events, and MOP2,033 million (equivalent to approximately HK\$1,974 million) is in gaming for capital investment.

SJM is obliged to further increase the total amount of the non-gaming investment obligations by MOP2,400 million (equivalent to approximately HK\$2,330 million) corresponding to 20% of the basic investment amount when the overall gross gaming revenue in Macau exceeds MOP180 billion (equivalent to approximately HK\$174.8 billion) (“Investment Increase Triggering Event”) before 2027.

If the Investment Increase Triggering Event occurs after 2027 the percentage value of such commitment is reduced according to the following table:

The year Investment Increase Triggering Event occurs	Percentage of the investment increase
Fifth year or before	20% of the basic investment amount
Sixth year	16% of the basic investment amount
Seventh year	12% of the basic investment amount
Eighth year	8% of the basic investment amount
Ninth year	4% of the basic investment amount
Tenth year	0% of the basic investment amount

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements for the six months ended 30 June 2023 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 HKFRSs and application of new accounting policies which became relevant to the Group as detailed in notes 1 and 10, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the annual consolidated financial statements of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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.

In the current year, the Group changed its internal reporting structure which resulted in changes to the presentation of gaming revenue as detailed in note 4. The CODM regularly analyses gaming operations in terms of rolling revenue, non-rolling revenue and electronic gaming revenue (2022: 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 2023

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			
	2023 HK\$ million (unaudited)	2022 HK\$ million (unaudited)	2023 HK\$ million (unaudited)	2022 HK\$ million (unaudited)
Gaming operations: recognised at a point in time	8,695.1	3,811.0	(794.4)	(2,115.7)
Hotel, catering, retail and leasing operations: External sales:				
Catering and retail operations: recognised at a point in time	290.0	165.3		
Hotel operations: recognised over time	303.3	72.6		
Leasing operations: revenue from operating leases	73.2	79.8		
	666.5	317.7		
Inter-segment sales:				
Catering and retail operations: recognised at a point in time	37.0	23.1		
Hotel operations: recognised over time	26.5	2.5		
	63.5	25.6		
	730.0	343.3	(352.9)	(560.4)
Eliminations	(63.5)	(25.6)		
	666.5	317.7		
Total:				
Revenue from contracts with customers: recognised at a point in time	8,985.1	3,976.3		
recognised over time	303.3	72.6		
	9,288.4	4,048.9		
Revenue from operating leases: lease payments that are fixed	73.2	79.8		
	9,361.6	4,128.7		
			(1,147.3)	(2,676.1)
Reconciliation from segment results to loss before taxation:				
Unallocated corporate income			9.3	1.7
Unallocated corporate expenses			(56.8)	(76.8)
Share of losses of an associate			(6.3)	(10.8)
Share of profits of a joint venture			4.2	2.2
Loss before taxation			(1,196.9)	(2,759.8)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
ASSETS		
Segment assets:		
— gaming operations	37,070.2	35,903.6
— hotel, catering, retail and leasing operations	10,524.7	9,501.0
	47,594.9	45,404.6
Interest in an associate	33.4	41.8
Interest in a joint venture	48.0	43.8
Unallocated bank deposits, bank balances and cash	408.7	443.9
Other unallocated assets	3,065.0	6,713.6
Group's total	51,150.0	52,647.7
LIABILITIES		
Bank loans:		
— gaming operations	15,499.7	18,745.7
— hotel, catering, retail and leasing operations	198.6	229.6
	15,698.3	18,975.3
Unsecured notes:		
— gaming operations	9,405.6	9,400.6
Convertible bond:		
— gaming operations	1,038.6	1,016.8
— hotel, catering, retail and leasing operations	385.5	377.5
	1,424.1	1,394.3
Other segment liabilities:		
— gaming operations	7,471.0	4,050.8
— hotel, catering, retail and leasing operations	614.4	591.4
	8,085.4	4,642.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

3. OPERATING SEGMENTS (Continued)

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

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Total segment liabilities	34,613.4	34,412.4
Unallocated liabilities	1,757.8	2,221.9
Group's total	36,371.2	36,634.3

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 2023

4. GAMING REVENUE

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Gaming revenue comprises:		
Rolling revenue	712.4	386.9
Non-rolling revenue	7,677.0	3,262.2
Electronic gaming revenue	784.8	420.5
Less: Commissions and incentives	9,174.2 (479.1)	4,069.6 (258.6)
	8,695.1	3,811.0

Note: The classification of gaming revenue was reclassified to conform with current year's presentation. Rolling revenue was previously classified as gaming revenue from VIP gaming operations. Non-rolling revenue represents gaming revenue that was previously classified as gaming revenue from mass market table gaming operations and excludes gaming revenue from mass market table gaming operations that has an element of electronic gaming. Electronic gaming revenue represents gaming revenue that was previously classified as gaming revenue from slot machines and includes gaming revenue from mass market table gaming operations that has an element of electronic gaming.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
<i>Loss before taxation has been arrived at after charging:</i>		
Directors' remuneration	27.3	31.7
Less: Amount capitalised	—	(3.8)
	27.3	27.9
Other staff costs	2,682.3	2,839.2
	2,709.6	2,867.1
Amortisation of gaming concession right (included in operating and administrative expenses)	127.9	—
Amortisation of intangible asset (included in operating and administrative expenses)	—	43.9
Depreciation of property and equipment	739.2	667.6
Depreciation of right-of-use assets	56.4	200.3
Loss on modification on a bank loan	59.0	19.6
Loss on disposal/write-off of property and equipment	3.0	1.9
<i>and after crediting:</i>		
Bank interest income	66.7	2.5
Dredging services income	87.7	—
Gain on modification of a bank loan	0.4	—
COVID-19-related rent concessions (note 9)	—	62.5
Gain on early termination of lease contracts	—	1.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

6. TAXATION

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Current tax — Macau SAR Complementary Tax (“CT”)	—	10.7

No provision for CT on gaming related income is made for SJM. SJM is in the progress of obtaining the extension of approval from the Financial Services Bureau of the Macau SAR Government for the exemption of CT from 1 January 2023 to 31 December 2032.

In addition, pursuant to the approval letter dated 30 March 2021 issued by the Financial Services Bureau of the Macau SAR Government, on dividend distributed by SJM a “Special Complementary Tax” was levied on the extended concession period from 1 April 2020 to 26 June 2022, and SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP16.9 million (equivalent to HK\$16.4 million) for the period 1 April 2020 to 31 December 2020, MOP22.5 million (equivalent to HK\$21.9 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. The Company obtained the extension of approval from the Financial Services Bureau of the Macau SAR Government for the period from 27 June 2022 to 31 December 2022, and SJM’s shareholders were obligated to pay the Special Complementary Tax of MOP11.5 million (equivalent to HK\$11.2 million). SJM’s shareholders are obligated to pay the Special Complementary Tax regardless of any dividend distributed by SJM during the relevant period/year. SJM is in the process of obtaining the extension of approval from the Financial Services Bureau of the Macau SAR Government for the period from 1 January 2023 to 31 December 2023.

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 2023

7. DIVIDENDS

The board of directors of the Company does not declare the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

8. 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	
	2023	2022
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to owners of the Company)	(1,264.1)	(2,757.0)
	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share <i>(Note)</i>	7,101,805,366	6,079,145,394

Note: The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for Rights Issue on 22 September 2022. For the six months ended 30 June 2022 and 2023, the diluted loss per share does not assume the exercise of the Company's share options and the conversion of the Company's convertible bond 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 2023

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

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Property and equipment		
<i>Carrying values</i>		
Leasehold land and buildings	23,864.5	22,332.4
Chips	55.8	59.9
Furniture, fixtures and equipment	13,614.2	12,252.4
Gaming equipment	162.9	191.9
Leasehold improvements	42.1	38.3
Motor vehicles	33.7	38.0
Vessels	153.8	158.8
Construction in progress	1,401.8	4,978.0
Total	39,328.8	40,049.7
Right-of-use assets		
<i>Carrying values</i>		
Leasehold lands	2,394.1	2,425.2
Leasehold land and buildings	149.1	173.8
Total	2,543.2	2,599.0

At 30 June 2023, the carrying values of the property and equipment of HK\$34,130.5 million (31 December 2022: HK\$34,730.5 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").

At 30 June 2023, the carrying values of the right-of-use assets of HK\$1,853.6 million (31 December 2022: HK\$1,876.9 million) represented the right-of-use assets related to Grand Lisboa Palace.

During the six months ended 30 June 2023, the Group transferred construction in progress of HK\$3,575.2 million to leasehold land and building upon completion of construction work of one of the hotels in Grand Lisboa Palace.

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 2023: nil).

During the six months ended 30 June 2022, 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 six months ended 30 June 2022, 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 2023: nil) were recognised as negative variable lease payments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

10. GAMING CONCESSION RIGHT

As at 1 January 2023, an intangible asset of gaming concession right was initially recognised, which was estimated as the net present value of the future payments for the Utilisation Fee and Annual Premium (as defined in note 1A), with a corresponding amount recognised as financial liabilities set out in note 15. The gaming concession right will be amortised on a straight-line basis over the ten-year term of the New Gaming Concession Contract. The adjustment in payments of Utilisation Fee adjustment to the Macau SAR Government in relation to inflation will be recognised as an adjustment to the carrying amount of the gaming concession right. The future payments of the variable premium associated with the gaming concession right will be determined using the actual number of gaming tables at the rate per gaming table and the actual number of gaming machines. Any changes in the estimated future payments will be recognised as an adjustment to the carrying amount of the gaming concession right.

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 up to 31 December 2022.

11. OTHER ASSETS

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Deposits made on acquisitions of property and equipment	197.0	209.4
Rental deposits	4.5	5.8
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
	343.4	357.1

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 2023, the management of the Group expects that these amounts will not be realised within twelve months from the end of the Reporting Period, hence, these amounts are classified as non-current assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

12. PLEDGED BANK DEPOSITS

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Non-current portion		
Bank deposit pledged:		
— to secure a bank facility (Note (a))	970.9	970.9
Current portion		
Bank deposits pledged:		
— to secure a bank facility (Note (b))	—	145.6
— to secure bank facilities	36.1	36.1
— in favour of the Macau SAR court against any future legal proceedings of labour disputes	1.0	1.0
— others	0.4	0.4
	37.5	183.1

Notes:

- (a) The amount represents a deposit pledged to secure the bank facility granted to a subsidiary of the Company. The bank facility represents a guarantee amounting to HK\$970.9 million which is in favour of the Macau SAR Government against the legal and contractual financial obligations of SJM under the New Gaming Concession Contract.
- (b) 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 expiry date of 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 and withdrew during 2023.

At 30 June 2023, the pledged bank deposits carry fixed interest rates ranging from 3.50% to 4.30% (31 December 2022: ranging from 2.40% to 5.00%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Advances to gaming promoters and patrons, net	18.3	2.3
Lease receivables	138.3	118.1
Other receivables from gaming promoters and service providers, net	43.1	225.4
Prepayments	197.0	175.5
Other sundry receivables	255.8	173.4
	652.5	694.7

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 2023, 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 that gaming promoter and patron, 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 2023

13. 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 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Age		
0 to 30 days	17.2	2.3
Over 90 days	1.1	—
	18.3	2.3

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 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	87.6	70.0
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	56.2	156.1
	154.6	236.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

14. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL

As part of the Group's credit risk management, the Group consistently 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 patrons, other receivables from gaming promoters and service providers and lease receivables individually.

During the six months ended 30 June 2022 and 2023, 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.

15. TRADE AND OTHER PAYABLES

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Trade payables	272.1	86.6
Special gaming tax payable	726.3	174.0
Chips in circulation	364.9	279.7
Chips in custody and deposits received from gaming patrons and gaming promoters	337.1	216.9
Payable for acquisition of property and equipment	143.6	178.8
Construction payables	1,195.9	1,692.6
Accrued staff costs	740.0	582.1
Accrued operating expenses	36.1	70.4
Payable for gaming concession right	2,370.8	—
Withholding tax payable	18.7	15.8
Other sundry payables and accruals	611.1	509.6
	6,816.6	3,806.5
Less: Non-current portion of other payables and payable for gaming concession right (Note)	(2,177.7)	(71.4)
	4,638.9	3,735.1

Note: As at 30 June 2023, non-current portion of other payables comprise of deposits received for rentals of HK\$77.3 million and Utilisation Fee of gaming assets, Annual Premium for the New Gaming Concession right of HK\$2,100.4 million (31 December 2022: non-current portion of other payables comprise of deposits received for rentals of HK\$71.4 million). The amounts are classified as non-current portion of other payables based on the contractual terms.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

15. TRADE AND OTHER PAYABLES (Continued)

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

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Age		
0 to 30 days	255.0	68.2
31 to 60 days	15.5	9.8
61 to 90 days	1.0	3.7
Over 90 days	0.6	4.9
	272.1	86.6

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 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	86.2	87.1
An associate of the Group	44.0	73.6
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	123.1	179.1
	253.3	339.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16. BANK LOANS

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
The syndicated secured bank loans are repayable:		
Within one year	970.5	707.0
Within a period of more than one year but not exceeding two years	1,052.9	932.5
Within a period of more than two years but not exceeding five years	13,674.9	4,677.7
Within a period of more than five years	—	12,658.1
	15,698.3	18,975.3
Less: Amounts due within one year shown under current liabilities	(970.5)	(707.0)
Amounts shown under non-current liabilities	14,727.8	18,268.3

Variable-rate bank loans comprise:

	Carrying amounts	
	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Secured bank loans for Grand Lisboa Palace ("GLP Bank Loans")	15,499.7	18,745.7
Secured bank loans for Ponte 16 ("P16 Bank Loans")	198.6	229.6
	15,698.3	18,975.3

GLP Bank Loans

During the six months ended 30 June 2023, the Group recorded a loss of HK\$59.0 million (six months ended 30 June 2022: HK\$19.6 million) on modification of the GLP Bank Loans facilities because of the modified repayment schedule of the GLP Bank Loans facilities.

During the year ended 31 December 2022, the Group entered into a renewal of facility agreement with banks to refinance the Group's syndicated loan facilities. 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 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16. BANK LOANS (Continued)

GLP Bank Loans (Continued)

The effective interest rates of the secured bank loans are ranged from 5.21% to 6.92% (31 December 2022: ranged from 2.53% to 6.66%) per annum. The purpose of the secured syndicated loan facilities is for financing the Grand Lisboa Palace.

At 30 June 2023, 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\$34,539.6 million (31 December 2022: HK\$35,154.8 million) and HK\$1,679.4 million (31 December 2022: HK\$1,701.0 million), respectively.

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

- (i) an assignment of all receivables of SJM and its certain subsidiaries, if default;
- (ii) floating charges over all assets (except immovable property and gaming equipment), 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 issued by SJM and endorsed by the Company and certain subsidiaries of SJM.

P16 Bank Loans

During the six months ended 30 June 2023, the Group entered into a supplementary agreement with banks to revise the terms of previous facility agreement. Pursuant to the supplementary agreement, the maturity of the Group's P16 Bank Loans facility was revised from June 2023 to June 2025 with revised limits of MOP273 million and HK\$230 million.

At 30 June 2023, the effective interest rate of the secured bank loans is 7.56% (31 December 2022: 6.94%) 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 loan from non-controlling shareholder.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16. BANK LOANS (Continued)

P16 Bank Loans (Continued)

At 30 June 2023, the P16 Bank Loans are secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK\$396.4 million (31 December 2022: HK\$404.7 million) and HK\$53.8 million (31 December 2022: HK\$54.7 million), respectively. In addition, the other key terms and securities for such bank loans pledged are set out as follows:

- (i) financial guarantees with promissory notes given by certain subsidiaries and the non-controlling shareholders amounting to approximately HK\$1,000 million (31 December 2022: HK\$1,000 million) and HK\$490 million (31 December 2022: HK\$490 million), respectively;
- (ii) an assignment of all receivables and income from gaming and hotel operation of Pier 16 – Property Development Limited (“Pier 16 – Property”) and its subsidiaries, if default;
- (iii) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of certain subsidiaries;
- (iv) assignments of all the rights and benefits of insurance policies relating to certain properties held by the Group, if default; and
- (v) share pledges over the shares of certain subsidiaries.

17. UNSECURED NOTES

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 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	3,931.0	3,928.5
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	3,931.8	3,930.4
HK\$1,250,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	1,250.9	1,250.0
MOP300,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	291.9	291.7
	9,405.6	9,400.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

17. UNSECURED NOTES (Continued)

The proceeds from the issuance of unsecured notes are used 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.

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

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

During the six months ended 30 June 2023, imputed interest of HK\$4.3 million (31 December 2022: HK\$7.9 million) on the amount due to the non-controlling interests of a subsidiary of HK\$343.8 million (31 December 2022: HK\$339.5 million) has been recognised at an effective interest rate of approximately 2.75% (31 December 2022: 2.55%) per annum. At 30 June 2023, the principal amount was HK\$366.4 million (31 December 2022: HK\$366.4 million). During the year ended 31 December 2022, the carrying amount has been adjusted by HK\$3.4 million (30 June 2023: nil) as the deemed capital contribution arising from amount due to non-controlling interests of a subsidiary on initial recognition.

At 30 June 2023 and 31 December 2022, the total carrying amount was classified as non-current liabilities.

19. LOAN FROM ULTIMATE HOLDING COMPANY

The principal amount of HK\$2,000 million was non-trade in nature, unsecured, carried at a fixed interest rate of 4% per annum. The interest of 4% will be paid semi-annually up until the settlement date. During the six months ended 30 June 2023, the finance cost related to the loan from ultimate holding company was HK\$39.7 million (six months ended 30 June 2022: nil). The loan amount would be repayable in full on 1 December 2028. At 30 June 2023 and 31 December 2022, the loan amount was classified as non-current liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

20. CONVERTIBLE BOND

During the year ended 31 December 2022, SJM entered into a transfer agreement with STDM in acquisition of the Oceanus Building with the settlement by the issuance of convertible bond by Champion Power Global Limited (“Champion Power”), a subsidiary of the Company. Champion Power issued HK\$1,906 million, 2% convertible bond at a par value of HK\$100,000 each to STDM on 22 June 2022. The convertible bond is denominated in Hong Kong dollars. The convertible bond entitles 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, being adjusted to HK\$3.78 as a result of the Rights Issue completed on 21 September 2022. 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 bond was separated from the liability component. The equity element is presented in equity heading “Convertible bond reserve”. The effective interest rate of the liability component is 9.97%.

The movement of the liability and equity component of the convertible bond since the issuance of the convertible bond 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)
Interest expenses	64.7	—
At 31 December 2022 (audited)	1,394.3	574.7
Interest expenses	67.9	—
Interest repayment	(38.1)	—
At 30 June 2023 (unaudited)	1,424.1	574.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

21. SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amount HK\$ million
Ordinary shares with no par value		
At 1 January 2022 (audited) and 30 June 2022 (unaudited)	5,681,444,293	11,479.3
Rights Issue of shares	1,420,361,073	2,954.4
Transaction costs attributable to issue of new shares	—	(18.6)
At 31 December 2022 (audited) and 30 June 2023 (unaudited)	7,101,805,366	14,415.1

22. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023 HK\$ million (unaudited)	2022 HK\$ million (unaudited)
Operating cash flows before movements in working capital	534.2	(1,455.5)
Increase (decrease) in trade and other payables	1,192.8	(173.5)
Other changes in working capital	21.7	(185.0)
Cash from (used in) operations	1,748.7	(1,814.0)
Income tax paid	(11.2)	(21.8)
Net cash from (used in) operating activities	1,737.5	(1,835.8)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 ten-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 2023 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 1.1.2023	Reclassified during the period	Lapsed during the period	Outstanding at 30.6.2023
Directors	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	25,502,380	(12,483,690)	—	13,018,690
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.183	25,502,380	(12,483,690)	—	13,018,690
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.183	25,500,240	(12,482,620)	—	13,017,620
	22.6.2017	22.6.2017 to 21.12.2018	22.12.2018 to 21.12.2026	7.785	535,000	—	—	535,000
	22.6.2017	22.6.2017 to 21.12.2019	22.12.2019 to 21.12.2026	7.785	1,070,000	—	—	1,070,000
	21.6.2018	21.6.2018 to 20.12.2018	21.12.2018 to 20.12.2027	9.588	1,070,000	—	—	1,070,000
	21.6.2018	21.6.2018 to 20.12.2019	21.12.2019 to 20.12.2027	9.588	1,070,000	—	—	1,070,000
	21.6.2018	21.6.2018 to 20.12.2020	21.12.2020 to 20.12.2027	9.588	1,070,000	—	—	1,070,000
Employees	8.10.2013	8.10.2013 to 7.4.2014	8.4.2014 to 7.4.2023	20.561	11,746,460	—	(11,746,460)	N/A
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	20.561	11,711,150	—	(11,711,150)	N/A
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	20.561	11,700,450	—	(11,700,450)	N/A
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	5,054,680	12,483,690	(414,090)	17,124,280
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.183	5,058,960	12,483,690	(414,090)	17,128,560
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.183	4,973,360	12,482,620	(407,670)	17,048,310
Service Providers	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	1,071,070	—	—	1,071,070
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.183	11,771,070	—	—	11,771,070
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.183	11,767,860	—	—	11,767,860
					156,175,060	—	(36,393,910)	119,781,150
Weighted average exercise price per share					HK\$11.74	—	HK\$20.17	HK\$9.18

On 15 June 2023, one director of the Company retired but remained as a director of certain subsidiaries of the Group. The classification of outstanding number of such retired director's share options are reclassified to employees' section.

At the end of the Reporting Period, 119,781,150 (31 December 2022: 156,175,060) share options are exercisable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

24. CAPITAL COMMITMENTS

	At 30 June 2023 HK\$ million (unaudited)	At 31 December 2022 HK\$ million (audited)
Contracted for but not provided in the condensed consolidated financial statements:		
Grand Lisboa Palace	82.8	69.8
Others	74.5	47.0
	157.3	116.8

At 30 June 2023, capital expenditure in respect of acquisition of property and equipment committed to acquire from related parties amounted to HK\$0.1 million (31 December 2022: HK\$0.1 million).

25. FINANCIAL GUARANTEE OBLIGATIONS

	At 30 June 2023		At 31 December 2022	
	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	—

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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2023 HK\$ million	31 December 2022 HK\$ million		
Investments in equity instruments designated at FVTOCI				
Listed equity securities	72.2	109.9	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
	386.4	424.1		

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 2023 listed on the Stock Exchange and MOX were HK\$6,544.5 million and HK\$1,325.8 million with its corresponding carrying amount of HK\$7,862.8 million and HK\$1,542.8 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 2023

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		
		2023 HK\$ million (unaudited)	2022 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			
	Laundry services (note 27(e))	10.6	—	
	Entertainment (note 27(e))	2.0	—	
	Hotel accommodation (note 27(e))	12.8	—	
	Hotel management and operation (note 27(e))	3.0	—	
	Maintenance services (note 27(e))	4.8	—	
	Promotional and advertising services (note 27(e))	3.6	—	
	Rental income (note 27(c))	39.8	35.1	
	Property rentals (note 27(d))	2.1	1.1	
	Transportation (note 27(e))	0.1	1.1	
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules			
	Share of administrative expenses (note 27(f) and (g))	—	0.1	
	Hotel accommodation (note 27(e))	—	1.6	
	Entertainment (note 27(e))	—	3.8	
	Laundry services (note 27(g))	—	8.5	
	Hotel management and operation (note 27(e) and (g))	—	4.2	
	Promotional and advertising services (note 27(e) and (g))	—	3.8	
	Maintenance services (note 27(e) and (g))	—	4.9	
	Loan interest (note 19)	39.7	—	
	Others (note 27(g))	4.8	3.3	
	Non-exempt connected transactions under Chapter 14A of the Listing Rules			
	Right-of-use assets — HKFRS 16 (note 27(d))	14.7	—	
	Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules		
Service fees paid to (reimbursed from) a service provider in relation to the promotion of a casino (note 27(l))		105.5	(136.3)	
Property rentals (note 27(h))		17.2	2.9	
Non-exempt from connected transactions under Chapter 14A of the Listing Rules				
Others (note 27(g))		0.5	—	
Exempt continuing connected transactions under Chapter 14A of the Listing Rules				
Others (note 27(g))	15.3	28.3		
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	Insurance expenses	51.4	51.8	
	Sub-concession fee income	—	4.3	
	Construction costs	—	18.1	
	Others	8.0	7.0	
An associate	Construction costs and management fee paid	1.8	1.0	
A joint venture	Property rentals (note 27(k))	7.2	5.0	
	Dividend received	—	104.6	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 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 2023, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK\$0.1 million (six months ended 30 June 2022: 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 right 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 is 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 Premises Leasing Master Agreement with STDM was further renewed on 2 March 2023 for a term of period from 1 January 2023 to 31 December 2025 with similar terms as the previous agreement.

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 2023, the incurred expenses relating to the relevant short-term leases of HK\$2.1 million (six months ended 30 June 2022: HK\$1.1 million) and interest expenses of HK\$0.2 million (six months ended 30 June 2022: HK\$2.1 million) on the relevant lease liabilities with carrying amount of HK\$12.3 million as at 30 June 2023 (30 June 2022: HK\$53.1 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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. 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 six months ended 30 June 2022 were de minimis as described in note 27(g). The Products and Services Master Agreement was further renewed on 2 March 2023 for a term of period from 1 January 2023 to 31 December 2025 with similar terms as the previous agreement with addition of laundry services and promotional and advertising services.
- (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 Premises Leasing Master Agreement was further renewed on 3 March 2023 for a term of period from 1 January 2023 to 31 December 2025 with similar terms as the previous agreement.

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 2023, the lease transactions with related parties represent incurred expenses relating to the relevant short-term leases of HK\$17.2 million (six months ended 30 June 2022: HK\$2.9 million) and interest expenses of HK\$0.1 million (six months ended 30 June 2022: HK\$0.8 million) on the relevant lease liabilities with carrying amount of HK\$0.5 million as at 30 June 2023 (30 June 2022: HK\$39.3 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

27. RELATED PARTY TRANSACTIONS (Continued)

- (i) Same disclosed in note 16, 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 2022: HK\$490 million); and
 - (ii) share pledges over all shares in Pier 16 – Property and its subsidiaries.
- (j) 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.

- (k) 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.
- (l) 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. The agreement with L’Arc Entertainment was further renewed on 30 December 2022.

DISCLOSURE OF INTERESTS

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

As at 30 June 2023, 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	22,299,120	—	0.31%
	Beneficial owner	Long position	—	1,605,000 (Note 1)	0.03%
			22,299,120	1,605,000	0.34%
Fok Tsun Ting, Timothy	Beneficial owner	Long position	3,750,000	—	0.05%
	Beneficial owner	Long position	—	3,210,000 (Note 1)	0.05%
			3,750,000	3,210,000	0.10%
Leong On Kei, Angela	Beneficial owner	Long position	574,269,099	—	8.09%
	Beneficial owner	Long position	—	32,100,000 (Note 1)	0.45%
			574,269,099	32,100,000	8.54%
Tse Hau Yin	Beneficial owner	Long position	638,140	—	0.01%
	Beneficial owner	Long position	—	535,000 (Note 1)	0.01%
			638,140	535,000	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	2,542,500	—	0.04%
	Beneficial owner	Long position	—	3,210,000 (Note 1)	0.04%
			2,542,500	3,210,000	0.08%
Shum Hong Kuen, David	Beneficial owner	Long position	7,500,000	—	0.11%
	Beneficial owner	Long position	—	3,210,000 (Note 1)	0.04%
			7,500,000	3,210,000	0.15%

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 7,101,805,366 Shares in issue as at 30 June 2023.

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 ("Champion Path")

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

Notes:

1. *These debentures (US\$500,000,000 4.50% Senior Notes Due 2026) issued by Champion Path ("2026 US\$ Senior Notes") are listed on the Stock Exchange and are freely transferable but not convertible into shares of Champion Path or any other corporation. The minimum denomination of the 2026 US\$ Senior Notes is US\$200,000 of principal amount and integral 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) issued by Champion Path ("2028 US\$ Senior Notes") are listed on the Stock Exchange and are freely transferable but not convertible into shares of Champion Path or any other corporation. The minimum denomination of the 2028 US\$ Senior Notes is US\$200,000 of principal amount and integral 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 2023, 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 2023, 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	3,892,610,855	504,232,804 (Note 2)	61.91%
Leong On Kei, Angela	Beneficial owner	Long position	574,269,099	32,100,000 (Note 4)	8.54%

Notes:

- 68,841,250 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 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 7,101,805,366 Shares in issue as at 30 June 2023.
- 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 2023, 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 a share option scheme (the "Scheme") under which the Directors may grant Options to any participants of the Scheme 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 2023 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 2023
				Outstanding as at 1 January 2023	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	\$7.79 (Note 3)	535,000	—	—	—	—	535,000
	22 June 2017 (Note 3)	22 December 2019 to 21 December 2026	\$7.79 (Note 3)	1,070,000	—	—	—	—	1,070,000
Fok Tsun Ting, Timothy	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.18 (Note 2)	1,070,000	—	—	—	—	1,070,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.18 (Note 2)	1,070,000	—	—	—	—	1,070,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.18 (Note 2)	1,070,000	—	—	—	—	1,070,000
Leong On Kei, Angela	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.18 (Note 2)	10,700,000	—	—	—	—	10,700,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.18 (Note 2)	10,700,000	—	—	—	—	10,700,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.18 (Note 2)	10,700,000	—	—	—	—	10,700,000
Tse Hau Yin	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.18 (Note 2)	178,690	—	—	—	—	178,690
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.18 (Note 2)	178,690	—	—	—	—	178,690
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.18 (Note 2)	177,620	—	—	—	—	177,620
Chan Un Chan	21 June 2018 (Note 4)	21 December 2018 to 20 December 2027	\$9.59 (Note 4)	1,070,000	—	—	—	—	1,070,000
	21 June 2018 (Note 4)	21 December 2019 to 20 December 2027	\$9.59 (Note 4)	1,070,000	—	—	—	—	1,070,000
	21 June 2018 (Note 4)	21 December 2020 to 20 December 2027	\$9.59 (Note 4)	1,070,000	—	—	—	—	1,070,000

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 2023
				Outstanding as at 1 January 2023	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	\$9.18 (Note 2)	1,070,000	—	—	—	—	1,070,000
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.18 (Note 2)	1,070,000	—	—	—	—	1,070,000
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.18 (Note 2)	1,070,000	—	—	—	—	1,070,000
Sub-total (Directors):				43,870,000	—	—	—	—	43,870,000
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	\$9.18 (Note 2)	1,783,690	—	—	—	—	1,783,690
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.18 (Note 2)	1,783,690	—	—	—	—	1,783,690
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.18 (Note 2)	1,782,620	—	—	—	—	1,782,620
Huen Wai Kei	8 October 2013 (Note 1)	8 April 2014 to 7 April 2023	\$20.56 (Note 1)	71,690	—	—	—	(71,690)	—
	8 October 2013 (Note 1)	8 April 2015 to 7 April 2023	\$20.56 (Note 1)	71,690	—	—	—	(71,690)	—
	8 October 2013 (Note 1)	8 April 2016 to 7 April 2023	\$20.56 (Note 1)	70,620	—	—	—	(70,620)	—
	15 June 2015 (Note 2)	15 December 2015 to 14 December 2024	\$9.18 (Note 2)	21,400	—	—	—	—	21,400
	15 June 2015 (Note 2)	15 December 2016 to 14 December 2024	\$9.18 (Note 2)	21,400	—	—	—	—	21,400
	15 June 2015 (Note 2)	15 December 2017 to 14 December 2024	\$9.18 (Note 2)	21,400	—	—	—	—	21,400
Sub-total (Associates of Directors (who are also Employee/former Employee)):				5,628,200	—	—	—	(214,000)	5,414,200
Employees*	8 October 2013 (Note 1)	8 April 2014 to 7 April 2023	\$20.56 (Note 1)	11,674,770	—	—	—	(11,674,770)	—
Employees*	8 October 2013 (Note 1)	8 April 2015 to 7 April 2023	\$20.56 (Note 1)	11,639,460	—	—	—	(11,639,460)	—
Employees*	8 October 2013 (Note 1)	8 April 2016 to 7 April 2023	\$20.56 (Note 1)	11,629,830	—	—	—	(11,629,830)	—
Employees*	15 June 2015 (Notes 2 & 8)	15 December 2015 to 14 December 2024	\$9.18 (Note 2)	15,733,280	—	—	—	(414,090)	15,319,190
Employees*	15 June 2015 (Notes 2 & 8)	15 December 2016 to 14 December 2024	\$9.18 (Note 2)	15,737,560	—	—	—	(414,090)	15,323,470
Employees*	15 June 2015 (Notes 2 & 8)	15 December 2017 to 14 December 2024	\$9.18 (Note 2)	15,651,960	—	—	—	(407,670)	15,244,290
Sub-total (Employees):				82,066,860	—	—	—	(36,179,910)	45,886,950

* 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 2023
				Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Service providers	15 June 2015 (Notes 2,5,6 & 7)	15 December 2015 to 14 December 2024	\$9.18 (Note 2)	1,071,070	—	—	—	—	1,071,070
Service providers	15 June 2015 (Notes 2,5,6 & 7)	15 December 2016 to 14 December 2024	\$9.18 (Note 2)	11,771,070	—	—	—	—	11,771,070
Service providers	15 June 2015 (Notes 2,5,6 & 7)	15 December 2017 to 14 December 2024	\$9.18 (Note 2)	11,767,860	—	—	—	—	11,767,860
Sub-total (Service providers):				24,610,000	—	—	—	—	24,610,000
Total:				156,175,060	—	—	—	(36,393,910)	119,781,150

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

As a result of the Rights Issue completed on 21 September 2022, the exercise price of the outstanding Options granted on 8 October 2013 has been adjusted from HK\$22 per Share to HK\$20.56 per Share and the number of Shares to be issued upon exercise of the outstanding Options granted on 8 October 2013 under the Scheme has been adjusted from 34,158,000 to 36,549,060 (i.e. increase of 2,391,060) with effect from 22 September 2022.

SHARE OPTION SCHEME

MOVEMENT OF OPTIONS GRANTED (Continued)

Notes: (Continued)

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

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

As a result of the Rights Issue completed on 21 September 2022, the exercise price of the outstanding Options granted on 15 June 2015 has been adjusted from HK\$9.826 per Share to HK\$9.18 per Share and the number of Shares to be issued upon exercise of the outstanding Options granted on 15 June 2015 under the Scheme has been adjusted from 109,075,000 to 116,710,250 (i.e. increase of 7,635,250) with effect from 22 September 2022.

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

As a result of the Rights Issue completed on 21 September 2022, the exercise price of the outstanding Options granted on 22 June 2017 has been adjusted from HK\$8.33 per Share to HK\$7.79 per Share and the number of Shares to be issued upon exercise of the outstanding Options granted on 22 June 2017 under the Scheme has been adjusted from 1,500,000 to 1,605,000 (i.e. increase of 105,000) with effect from 22 September 2022.

SHARE OPTION SCHEME

MOVEMENT OF OPTIONS GRANTED (Continued)

Notes: (Continued)

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

As a result of the Rights Issue completed on 21 September 2022, the exercise price of the outstanding Options granted on 21 June 2018 has been adjusted from HK\$10.26 per Share to HK\$9.59 per Share and the number of Shares to be issued upon exercise of the outstanding Options granted on 21 June 2018 under the Scheme has been adjusted from 3,000,000 to 3,210,000 (i.e. increase of 210,000) with effect from 22 September 2022.

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 under the then Chapter 17 of the Listing Rules effective up to 31 December 2022 and the classification of outstanding number of his Options is re-classified to confirm with current period's presentation. With effective from 1 January 2023, Mr. Shek is re-classified as a service provider under new Chapter 17 of the Listing Rules since he provides services on a continuing basis to the Group in its ordinary and usual course of business which are in the interests of the long term growth of the Group.
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 under the then Chapter 17 of the Listing Rules effective up to 31 December 2022 and the classification of outstanding number of his Options is re-classified to confirm with current period's presentation. With effective from 1 January 2023, Mr. Chau is re-classified as a service provider under new Chapter 17 of the Listing Rules since he provides services on a continuing basis to the Group in its ordinary and usual course of business which are in the interests of the long term growth of the Group.
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 under the then Chapter 17 of the Listing Rules effective up to 31 December 2022 and the classification of outstanding number of his Options is re-classified to confirm with current period's presentation. With effective from 1 January 2023, Mr. Ng is re-classified as a service provider under new Chapter 17 of the Listing Rules since he provides services on a continuing basis to the Group in its ordinary and usual course of business which are in the interests of the long term growth of the Group.
8. On 15 June 2023, Dr. So Shu Fai retired as an Executive Director of the Company and was appointed as an Advisor of the Company on that date. He continues to act as a director of SJM and a number of subsidiaries of the Company. He is re-classified as an employee and the classification of outstanding number of his Options is re-classified to confirm with current period's presentation.
9. 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 at a par value of HK\$100,000 each 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 dollars, unsecured and is guaranteed by the Company. It entitles STDM to convert into ordinary Shares 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 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.

As a result of the Rights Issue completed on 21 September 2022, the conversion price has been adjusted from HK\$4.07 per conversion Share to HK\$3.78 per conversion Share and the number of conversion Shares to be converted has been adjusted from 468,304,668 to 504,232,804 (i.e. increase of 35,928,136) with effect from 22 September 2022. Assuming full exercise of the conversion rights attaching to the Convertible Bond at the adjusted conversion price of HK\$3.78 per conversion Share by STDM, the Convertible Bond will be converted into 504,232,804 Shares, representing approximately 7.10% of the issued Shares of 7,101,805,366 Shares as at 30 June 2023; and approximately 6.63% of the issued Shares of 7,606,038,170 Shares as enlarged by the issuance of such conversion Shares on the basis that there is no other change in the issued Shares. In such event, the number of Shares being held by the substantial Shareholders will be changed as follows: (i) the number of Shares being held by STDM will increase from approximately 54.81% to approximately 57.81% of the total issued Shares; while (ii) the number of Shares being held by Deputada Leong On Kei, Angela will decrease from approximately 8.09% to approximately 7.55% of the total issued Shares.

For the six months ended 30 June 2023, the Company recorded loss per Share and therefore the assumed exercise of the Convertible Bond would result in a decrease in loss per Share. Based on the bank balances and cash at 30 June 2023, the Company has the ability to meet its redemption obligations under the Convertible Bond.

CONVERTIBLE BOND ISSUED UNDER SPECIFIC MANDATE

It would be equally advantageous for STDM as the bondholder to convert or redeem the Convertible Bond based on implied the internal rate of return of the outstanding Convertible Bond, when the Company's share price approximates to the adjusted conversion price of HK\$3.78 per Share.

Further details of the Convertible Bond are set out in the announcements of the Company dated 26 May and 21 September 2022, and the circular of the Company dated 6 June 2022.

During the six months ended 30 June 2023, there were no conversion, redemption or cancellation of the Convertible Bond by the Company or Champion Power.

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Directors' biographical details update since 1 January 2023 and up to 30 June 2023, 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 2023 and up to 30 June 2023
Ho Chiu Fung, Daisy	<ul style="list-style-type: none"> • Decreased director's special fee from the Group by HK\$73,725 for 2022 • Appointed as the life honorary president of Macau Retail and Management Association since 12 April 2023
Fok Tsun Ting, Timothy	<ul style="list-style-type: none"> • Decreased director's special fee from the Group by HK\$122,243 for 2022 • Increased monthly director's base fee from SJM by HK\$633,334 since 1 April 2023 • Ceased to act as the president of the Hong Kong Football Association with effect from 27 June 2023 • Awarded the Grand Bauhinia Medal by Hong Kong SAR Government on 1 July 2023
Leong On Kei, Angela	<ul style="list-style-type: none"> • Decreased director's special fee from the Group by HK\$125,249 for 2022 • Ceased to act as a standing committee member of Jiangxi Provincial Committee of Chinese People's Political Consultative Conference since January 2023 • Decreased monthly director's base fee from SJM by HK\$270,731 since 1 April 2023 • Increased monthly base fee as chairman of Staff Welfare Consultative Committee of SJM by HK\$14,863 since 1 April 2023
Tse Hau Yin	<ul style="list-style-type: none"> • Decreased director's special fee from the Company by HK\$57,750 for 2022 • Resigned as an independent non-executive director of China Telecom Corporation Limited with effect from 6 January 2023 • Resigned as an independent non-executive director of CNOOC Limited with effect from 31 May 2023
Wong Yu Pok, Marina	<ul style="list-style-type: none"> • Increased director's special fee from the Company by HK\$2,010 for 2022
Yeung Ping Leung, Howard	<ul style="list-style-type: none"> • Increased director's special fee from the Company by HK\$25,473 for 2022
Ho Hau Chong, Norman	<ul style="list-style-type: none"> • Received director's special fee from the Company of HK\$34,658 for 2022
Chan Un Chan	<ul style="list-style-type: none"> • Increased monthly director's base fee from SJM by HK\$200,000 since 1 April 2023
Shum Hong Kuen, David	<ul style="list-style-type: none"> • Decreased director's special fee from the Group by HK\$123,750 for 2022 • Increased monthly director's base fee from SJM by HK\$233,334 since 1 April 2023

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 2023 (six months ended 30 June 2022: 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 2023.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the period from 1 January 2023 to 30 June 2023, 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 2023.

OTHER REGULATORY COMPLIANCE INFORMATION

REVIEW OF INTERIM REPORT AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim report of the Company for the six months ended 30 June 2023 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 2023 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, 21 August 2023



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

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

AUDIT COMMITTEE

Mr. Tse Hau Yin (*Committee Chairman*)

Ms. Wong Yu Pok, Marina

Mr. Yeung Ping Leung, Howard

Mr. Ho Hau Chong, Norman

NOMINATION COMMITTEE

Ms. Ho Chiu Fung, Daisy (*Committee Chairman*)

Mr. Fok Tsun Ting, Timothy

Mr. Tse Hau Yin

Ms. Wong Yu Pok, Marina

Mr. Yeung Ping Leung, Howard

Mr. Ho Hau Chong, Norman

REMUNERATION COMMITTEE

Ms. Wong Yu Pok, Marina (*Committee Chairman*)

Ms. Ho Chiu Fung, Daisy

Deputada Leong On Kei, Angela

Mr. Tse Hau Yin

Mr. Yeung Ping Leung, Howard

Mr. Ho Hau Chong, Norman

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 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 Large-Mid Cap (Investable) Index

Hang Seng Stock Connect Hong Kong/Hong Kong Greater Bay Area/
MidCap & SmallCap/Travel & Entertainment Index(es)

Hang Seng Stock Connect Greater Bay Area Composite/
Macao-Zhuhai-Zhongshan-Jiangmen/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 HK Companies Index

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, gain/loss on modification on bank loans, 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, gain/loss on modification of bank loans, 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 STD M by which STD M 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
“Annual Premium”	: annual gaming premium payable by SJM to the Macau Government pursuant to the terms of the New Gaming Concession Contract, consisting of a fixed and a variable portion
“Board”	: the board of Directors of the Company

DEFINITIONS

“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
“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 addendum to the Gaming Concession Contract between the Macau Government and SJM executed on 23 June 2022 for extension of the Gaming Concession Contract from 26 June 2022 to 31 December 2022
“Convertible Bond”	: the convertible bond 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”	: Coronaviruses Disease 2019
“CT”	: the Complementary Tax of the Macau SAR
“DICJ”	: Direcção de Inspeccão 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

DEFINITIONS

“Gaming Concession Contract”	: the gaming concession contract for the operation of casino games dated 28 March 2002 entered into between the Macau 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 and 23 March 2020) 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 the Concession Amendment Contract
“GGR”	: gross gaming revenue
“GLP Bank Loans”	: secured bank loans for Grand Lisboa Palace
“Grand Lisboa Palace”	: 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
“HKAS”	: Hong Kong Accounting Standard
“HKFRSs”	: Hong Kong Financial Reporting Standards
“HKICPA”	: Hong Kong Institute of Certified Public Accountants
“Hong Kong” or “Hong Kong SAR”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Companies Ordinance”	: the Hong Kong Companies Ordinance (Cap. 622)
“Investment Increase Triggering Event”	: SJM is obliged to further increase the total amount of the non-gaming investment obligations by MOP2,400 million (equivalent to approximately HK\$2,330 million) corresponding to 20% of the basic investment amount when the overall gross gaming revenue in Macau exceeds MOP180 billion (equivalent to approximately HK\$174.8 billion) before 2027
“L’Arc Entertainment”	: L’Arc Entertainment Group Company Limited, a company indirectly wholly controlled by an executive Director

DEFINITIONS

“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, and renewed on 30 December 2022 for three-year term from 1 January 2023 to 31 December 2025
“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 Bond, being the date which falls on the fifth anniversary of the issue date of the Convertible Bond
“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.
“New Gaming Concession” or “New Gaming Concession Contract”	: the gaming concession contract for the operation of casino games of fortune and other games of chance in casinos dated 16 December 2022 between the Macau Government and SJM for the new concession period which commences from 1 January 2023 to 31 December 2032
“Notes”	: 2026 US\$ Senior Notes, 2028 US\$ Senior Notes, 2026 HK\$ Senior Notes and 2026 MOP Senior Notes
“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
“Pier 16 – Property”	: Ponte 16 – Desenvolvimento Predial, S.A. (in Portuguese) Pier 16 – Property Development Limited (in English), a 51% subsidiary of the Company

DEFINITIONS

- “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 STD M” : the agreement entered into between the Company and STD M dated 18 June 2008 and renewed on 23 December 2019 for the leasing of properties by STD M or the members of the STD M Group to the Group up to 31 December 2022, and was further renewed on 2 March 2023 for a term of three years from 1 January 2023
- “Products and Services Master Agreement” : the agreement entered into between the Company and STD M on 18 June 2008 for the provision of products and services by STD M 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 STD M in relation to the renewal of the Products and Services Master Agreement which was renewed on 6 January 2014 and was further renewed on 26 January 2017 and 23 December 2019 and thereafter on 2 March 2023 for a term of three years from 1 January 2023
- “Renewed Premises Leasing Master Agreement” : Renewal of Premises Leasing Master Agreement dated 14 December 2016 entered into between the Company and a Director of the Company for a term of three years from 1 January 2017 and further renewed on 23 December 2019 and thereafter on 3 March 2023 for a three-year term from 1 January 2023
- “Rights Issue” : the 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) Jai-Alai Shopping Centre Company Limited (in English), a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of STD M
- “SFO” : the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

DEFINITIONS

“Share(s)”	: the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	: holder(s) of the Share(s)
“SJM”	: SJM Resorts, S.A. (in Portuguese) SJM Resorts, Limited (in English) (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 Services Bureau of Macau SAR Government
“STDM”	: Sociedade de Turismo e Diversões de Macau, S.A. (in Portuguese) 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
“the Reporting Period”	: the period for the six months ended 30 June 2023
“Utilisation Fee”	: the annual utilisation fee payable by SJM to the Macau Government for use of the casino premises during the term of the New Gaming Concession Contract
“HK\$”	: Hong Kong dollar(s), the lawful currency of Hong Kong
“MOP”	: Macau Pataca(s), the lawful currency of Macau
“US\$”	: United States dollar(s), the lawful currency of the United States of America
“%”	: per cent

