*香港交易及結算所有限公司及香港聯合交易所有限公司(「**聯交所**」)對本公告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本公告全部或任何部分內容而產生或因依賴該等內容而引致的任何損失承擔任何責任。*

***本公告及本文所述之上市文件僅按香港聯合交易所有限公司證券上市規則(「上市規則」)之規定刊發，以供參考，並不構成出售任何證券之要約，亦非招攬購買任何證券之要約。本公告或本文所述之任何內容(包括上市文件)概不構成任何合約或承諾之基準。**為免生疑問，刊發本公告及本文所述之上市文件不應被視為發行人(定義見下文)或代表發行人就香港法例第32章公司(清盤及雜項條文)條例之目的而發出之招股章程所提出之證券要約，亦不構成香港法例第571章證券及期貨條例之目的所指邀請公眾人士訂立或要約訂立協議以收購、處置、認購或包銷證券之廣告、邀請或文件。*

本公告僅供參考，並非在美國或在任何其他司法權區要約出售證券或招攬購買證券之要約，而根據任何該等司法權區的證券法於登記或取得資格前，該等要約、招攬或出售均屬違法。

本公告或其任何內容概不構成任何合約或承諾之基準。本公告或其任何副本概不得帶入或分發至美國。本文所述之證券並無亦不會根據1933年美國證券法(經修訂)登記，且未經登記或並無適用之登記豁免，不得在美國境內發售或出售。

本公告所述證券並無亦不會根據1933年美國證券法(經修訂)或美國任何州或其他司法權區的任何證券監管機構登記，且不得在美國境內發售或出售，惟根據1933年美國證券法(經修訂)及適用州份或地方證券法的登記規定獲適用豁免或在不受該等規定約束的交易中進行者除外。於美國進行的任何證券公開發售將以招股章程方式進行。該招股章程將載有關於提呈發售的公司及其管理層及財務報表的詳細資料。發行人(定義見下文)無意於美國進行任何證券公開發售。

刊發發售備忘錄

SJM International Limited

(於英屬維爾京群島註冊成立的有限公司)

(「發行人」)

2031年到期540,000,000美元6.500厘之優先票據

(「票據」)

(股份代號：40045)

由

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

(「擔保人」)

無條件及不可撤回地擔保

茲提述擔保人日期為2026年1月5日及2026年1月9日有關發售及發行票據之公告(「**該等公告**」)。除另有界定外,本公告所用術語與該等公告所界定之術語具有相同涵義。

本公告乃根據上市規則第37.39A條刊發。有關發行票據之事宜,請參閱本公告所附之日期為2026年1月8日之發售備忘錄(「**發售備忘錄**」)。發售備忘錄僅以英文刊發。概無刊發發售備忘錄之中文版本。

致香港投資者之通告:發行人及擔保人確認,票據僅擬供專業投資者(定義見上市規則第37章)購買,並已按此基準於聯交所上市。因此,發行人及擔保人確認,票據並不適合作為香港散戶投資者之投資。投資者務請審慎考慮所涉及之風險。

發售備忘錄並不構成在任何司法權區向公眾人士要約出售任何證券的招股章程、通告、通函、宣傳冊或廣告,亦不構成向公眾人士發出要約以認購或購買任何證券,亦非為邀請公眾人士要約認購或購買任何證券而傳閱。

發售備忘錄不得被視為對認購或購買發行人任何證券之誘導,亦無此意圖。作出投資決定時,潛在投資者必須依賴其對發行人及擔保人以及是次發售條款之審查,包括所涉及之利弊及風險。

承董事會命
SJM International Limited
董事
何超鳳

香港,2026年1月16日

於本公告日期,發行人之董事為何超鳳女士、霍震霆先生、梁安琪議員、岑康權先生及官樂怡大律師;擔保人之執行董事為何超鳳女士、霍震霆先生、梁安琪議員、陳婉珍博士及岑康權先生;擔保人之非執行董事為曾安業先生;及擔保人之獨立非執行董事為何厚鏘先生、黃汝璞女士及楊秉樑先生。

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to this offering memorandum (the "**offering memorandum**") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of this offering memorandum. In accessing this offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

Confirmation and your representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, you must be a non-U.S. person (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) and be outside the United States. By accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to the Issuer, the Parent Guarantor, and the Initial Purchasers (each as defined in this offering memorandum) that (i) you and any customers you represent are not U.S. persons; and (ii) the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any state of the United States and the District of Columbia; "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

You are reminded that documents may be altered or changed during the process of electronic transmission and, consequently, none of the Initial Purchasers, any person who controls or is otherwise affiliated with any of them, or any of their respective directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

Restrictions: The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THIS OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES LAWS OF APPLICABLE JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

The offering memorandum is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129 (as amended, the "**EU Prospectus Regulation**").

Prohibition of sales to EEA retail investors — The securities described herein are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the securities described herein or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities described herein or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation. Prospective investors are referred to the section headed "Plan of Distribution – Selling Restrictions" in this offering memorandum for further information.

Prohibition of sales to UK retail investors — The securities described herein are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in the EU Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the securities described herein or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the securities described herein or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. Prospective investors are referred to the section headed "Plan of Distribution – Selling Restrictions" in this offering memorandum for further information.

MIFID II product governance/professional investors and ECPs only target market — Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the securities described herein has led to the conclusion that: (i) the target market for the securities described herein is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the securities described herein to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities described herein (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is

responsible for undertaking its own target market assessment in respect of the securities described herein (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance/professional investors and ECPs only target market — Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the securities described herein has led to the conclusion that: (i) the target market for the securities described herein is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the securities described herein to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the securities described herein (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Within the UK, this offering memorandum is being directed solely at and may only be communicated to persons: who (i) fall within Article 19(5) or Article 49(2)(a)-(d) of the FSMA; (ii) are outside the UK; or (iii) are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of Section 21 of the FSMA in connection with the issue or sale of any securities may otherwise be lawfully communicated or caused to be communicated (all such persons collectively being referred to as "**Relevant Persons**"). This offering memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this offering memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person. Any person who is not a Relevant Person should not act or rely on the offering memorandum or any of its contents.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore — In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the classification of the securities described herein as "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Hong Kong investors: The Issuer and the Parent Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Parent Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a "professional investor" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or, if you are outside Hong Kong, you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located. You may not, nor are you authorized to, deliver or disclose the contents of this offering memorandum to any other person.

You are reminded that the attached offering memorandum has been delivered to you on the basis that you are a person into whose possession the offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the offering memorandum to any other person. You will not transmit the attached offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person. Any forwarding, distribution or reproduction of the offering memorandum in whole or in part is unauthorized. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. If you have gained access to this transmission contrary to any of the foregoing restrictions, you are not authorized and will not be able to purchase any of the securities described herein.

Restrictions: Nothing on this electronic transmission constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so. Recipients of the attached offering memorandum who intend to subscribe for or purchase securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the attached offering memorandum. The securities have not been, and will not be registered under the Securities Act or the securities laws of any state of the United States or other jurisdiction, and the securities may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the Securities Act) unless pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and applicable state of local securities laws.

The materials relating to the offering do not constitute, and may be not used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed brokered or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of us in such jurisdiction.

Under no circumstances shall the attached offering memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

STRICTLY CONFIDENTIAL

SJM INTERNATIONAL LIMITED

(incorporated in the British Virgin Islands with limited liability)

US$540,000,000 6.500% Senior Notes due 2031 unconditionally and irrevocably guaranteed by

Issue Price: 100.000%

SJM International Limited (the **Issuer**"), a subsidiary of SJM Holdings Limited 澳門博彩控股有限公司 ("**our Company**" or the "**Parent Guarantor**"), is offering (the "**Offering**") US$540,000,000 aggregate principal amount of its 6.500% Senior Notes due 2031 (the "**Notes**"). The Issuer will pay interest on the Notes semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2026. Unless previously repurchased, cancelled or redeemed, the Notes will mature on January 15, 2031. The Notes will be guaranteed (the "**Parent Guarantee**") by the Parent Guarantor under the terms in the indenture governing the Notes (the "**Indenture**").

Subject to certain conditions, the Issuer may redeem some or all of the Notes (a) at a redemption price equal to the principal amount plus a make-whole premium; (b) using net proceeds from certain kinds of equity offerings; (c) at the redemption prices listed in "*Description of Notes — Optional Redemption*", plus accrued and unpaid interest, if any, to (but not including) the redemption date; (d) in the event of certain changes in withholding tax laws; or (e) in the event of certain requirements concerning holders of the Notes by applicable gaming authorities. Subject to certain conditions, the Issuer and the Parent Guarantor will be required to purchase the Notes in the event of a change of control or certain events affecting our gaming license.

The Notes will be senior unsecured obligations of the Issuer and will rank equally in right of payment with all of its existing and future senior unsecured debt and will rank senior in right of payment to all of the Issuer's future subordinated debt, if any.

For a more detailed description of the Notes, see "*Description of the Notes*" beginning on page 151.

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 22.

The Notes are expected to be rated "B1" by Moody's Investors Service ("**Moody's**") and "BB-" by Fitch Ratings Inc. ("**Fitch**"). We have been assigned corporate family ratings of "Ba3" with a negative outlook by Moody's and a long-term foreign currency issuer default rating of "BB-" with a negative outlook by Fitch. These ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by Moody's and Fitch.

Application will be made to The Stock Exchange of Hong Kong Limited (the "**SEHK**") for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Professional Investors**") only. A confirmation of the eligibility of the listing of the Notes has been received from the SEHK. This offering memorandum is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Parent Guarantor confirm that the Notes are intended for purchase by Professional Investors only and the Notes will be listed on the SEHK on that basis. Accordingly, the Issuer and the Parent Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this offering memorandum, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this offering memorandum to Professional Investors only have been reproduced in this offering memorandum. Listing of the Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Issuer or the Parent Guarantor or the Group or quality of disclosure in this offering memorandum. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this offering memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

The Notes and the Parent Guarantee have not been, and will not be, registered under the Securities Act, and are being offered and sold only to certain non-U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on offers, resales and transfers and distribution of this offering memorandum, see "*Transfer Restrictions*".

Concurrent with this offering, Champion Path Holdings Limited, a wholly-owned subsidiary of our Company, is conducting an offer to purchase for cash any and all the outstanding 4.500% senior notes due 2026 issued by Champion Path Holdings Limited and guaranteed by our Company (ISIN: XS2289202587) (the "**Concurrent Offer to Purchase**"). See "*Recent Developments — Concurrent Offer to Purchase*".

The Notes will be evidenced by a global note (the "**Global Note**") in registered form, which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders. Except in the limited circumstances set forth herein, individual certificates for a series of the Notes will not be issued in exchange for beneficial interests in the Global Note. It is expected that delivery of the Notes will be made on January 15, 2026 or such later date as may be agreed by the Initial Purchasers and us.

Joint Global Coordinators and Joint Bookrunners

Deutsche Bank	**BNP PARIBAS**	**China International Capital Corporation**	**China CITIC Bank International**	**UBS**

Joint Lead Managers (In alphabetical order)

Banco Comercial Portugues S.A. Macau Branch	**Banco Nacional Ultramarino**	**Bank of China Macau Branch**	**Bank of Communications Macau**

CBRE	**CHINA CONSTRUCTION BANK, MACAU BRANCH**	**CITIC Securities**	**ICBC (Macau)**	**Tai Fung Bank**

The date of this offering memorandum is January 8, 2026.

TABLE OF CONTENTS

	PAGE
SUMMARY	1
THE OFFERING	8
SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA	14
RISK FACTORS	22
USE OF PROCEEDS	54
EXCHANGE RATE INFORMATION	55
CAPITALIZATION AND INDEBTEDNESS	56
SELECTED CONSOLIDATED FINANCIAL INFORMATION	57
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	65
INDUSTRY OVERVIEW	87
CORPORATE STRUCTURE	98
BUSINESS	99
REGULATION	120
DIRECTORS AND SENIOR EXECUTIVES	128
PRINCIPAL SHAREHOLDERS	134
RELATED PARTY TRANSACTIONS	135
DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS	139
DESCRIPTION OF NOTES	150
TAXATION	182
PLAN OF DISTRIBUTION	184
TRANSFER RESTRICTIONS	193
RATINGS	196
LEGAL MATTERS	197
INDEPENDENT AUDITOR	198
GENERAL INFORMATION	199
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

NOTICE TO INVESTORS

This offering memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates, or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. In addition, there may be legal restrictions on the distribution of this offering memorandum and the offering of the Notes in certain jurisdictions. If you come into possession of this offering memorandum, Deutsche Bank AG, Singapore Branch, BNP PARIBAS, China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, UBS AG Hong Kong Branch, Banco Comercial Portugues S.A. Macau Branch, Banco Nacional Ultramarino, S.A., Bank of China Limited, Macau Branch, Bank of Communications Co., Ltd. Macau Branch, CBRE Capital Advisors, Inc., China Construction Bank Corporation Macau Branch, CLSA Limited, Industrial and Commercial Bank of China (Macau) Limited and Tai Fung Bank Limited (collectively, the "**Initial Purchasers**", each, an "**Initial Purchaser**") and we require that you inform yourself about and observe any such restrictions. See "*Plan of Distribution*" and "*Transfer Restrictions*".

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK AG, SINGAPORE BRANCH AS STABILIZING COORDINATOR, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF DEUTSCHE BANK AG, SINGAPORE BRANCH, AND NOT FOR OR ON BEHALF OF THE ISSUER.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

The Notes are being offered and sold only to certain non-U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act in transactions that are not subject to the registration requirements of the Securities Act.

This offering memorandum is strictly confidential. We are furnishing this offering memorandum solely for the purpose of enabling you to consider the purchase of the Notes. If you have any doubt about this offering memorandum, you should consult your bank manager, legal counsel, professional accountant or other professional advisor. Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers, DB Trustees (Hong Kong) Limited (the "**Trustee**"), Deutsche Bank AG, Hong Kong Branch (the "**Registrar**" the "**Paying Agent**", and the "**Transfer Agent**", together, the "**Agents**") or any of their respective directors, officers, employees, agents, affiliates or advisors in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us and our subsidiaries, the Notes or the Parent Guarantee other than as contained herein.

Notwithstanding anything in this offering memorandum to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the United States federal income tax treatment and tax structure of this Offering and all materials of any kind (including opinions or other tax analysis) that are provided to you relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the United States federal income tax treatment of this Offering.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Parent Guarantor and the Group. Each of the Issuer and the Parent Guarantor accepts full responsibility for the accuracy of the information contained in this offering memorandum and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The contents of this offering memorandum have not been reviewed by any regulatory authority in Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Notes. If Investors are in any doubt about any of the contents of the offering memorandum, they should obtain independent professional advice.

This offering memorandum is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129 (as amended, the "**EU Prospectus Regulation**").

Prohibition of sales to EEA retail investors — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of sales to UK retail investors — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in the EU Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II product governance/Professional investors and ECPs only target market — Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance/Professional investors and ECPs only target market — Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this Offering of the Notes, including the Initial Purchasers, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this Offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Initial Purchaser, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Initial Purchaser or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". If a prospective investor is otherwise affiliated with any Initial Purchaser, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Initial Purchaser when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Initial Purchasers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this Offering. Failure to provide such information may result in that order being rejected.

In making an investment decision, each prospective investor must rely on its own examination of our Group and the terms of the Notes, including, without limitation, the merits and risks involved. Each person receiving this offering memorandum is advised to read and understand the contents of this offering memorandum, including the financial statements and the related notes thereto, before investing in the Notes. We have provided the information contained in this offering memorandum and have also relied on other identified sources. We are not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

We, having made all reasonable inquiries, confirm that: (i) this offering memorandum contains all information with respect to us referred to in this offering memorandum and the Notes, the Parent Guarantee that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this offering memorandum relating to us are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this offering memorandum with regard to us are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Parent Guarantor, our Group, the Notes and the Parent Guarantee, the omission of which would, in the context of the issue and offering of the Notes, make this offering memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer and the Parent Guarantor accept full responsibility for the accuracy of the information contained in this offering memorandum.

Neither the Initial Purchasers nor the Trustee nor the Agents has independently verified any of the information contained in this offering memorandum and they make no representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of such information, and you should not rely on anything contained in this offering memorandum as a promise or representation by the Initial Purchasers or the Trustee or the Agents. To the fullest extent permitted by law, none of the Initial Purchasers or the Trustee or the Agents or any of their respective directors, officers, employees, agents, affiliates or advisors accept any responsibility or liability in relation to information contained in this offering memorandum, statement made or purported to be made by any of the Initial Purchasers or the Trustee or the Agents or on its behalf or any other information provided by us in connection with the Issuer, the Parent Guarantor, our Group, the Notes, the Parent Guarantee, or the issue and offering of the Notes. This offering memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by us, the Initial Purchasers or the Trustee or the Agents that any recipient of this offering memorandum should purchase the Notes.

You should not reproduce or distribute this offering memorandum, in whole or in part, and should not disclose any contents or use any information in this offering memorandum for any purpose other than considering an investment in the Notes. None of the Initial Purchasers or any of their respective affiliates undertakes to review the financial condition or affairs of the Issuer, the Parent Guarantor, or our Group for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Initial Purchasers or their respective affiliates. By accepting delivery of this offering memorandum, you agree to these terms.

None of the Issuer, the Parent Guarantor and the Initial Purchasers is making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the Notes may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this offering memorandum, see the sections headed "Transfer Restrictions" and "Plan of Distribution" below.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this offering memorandum and must obtain any consents, approvals or permissions required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuer, the Parent Guarantor, and the Initial Purchasers shall have any responsibility therefor.

We reserve the right to withdraw the offering of the Notes at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

CERTAIN CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this offering memorandum using a number of conventions, which you should consider when reading the information contained herein.

In this offering memorandum, the term "Issuer" refers to SJM International Limited, the terms "our Company" or "Parent Guarantor" refer to SJM Holdings Limited 澳門博彩控股有限公司, and the terms "we", "our", "us", or "our Group" refer to SJM Holdings Limited 澳門博彩控股有限公司 and its consolidated subsidiaries, as the context requires.

References to "Hong Kong" refer to the Hong Kong Special Administrative Region of the People's Republic of China; "HK$" and "Hong Kong dollars" refer to the legal currency of Hong Kong; "Macau" refers to the Macau Special Administrative Region of the People's Republic of China; "Macau patacas" and "MOP" refer to the legal currency of Macau; and "US$" and "U.S. dollars" refer to the legal currency of the United States; "BVI" refers to the British Virgin Islands. In this offering memorandum, references to "China", "Chinese mainland", and "PRC" refer to the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

We record and publish our financial statements in Hong Kong dollars. Unless otherwise stated in this offering memorandum, all translations between Hong Kong dollars and U.S. dollars for figures were made at the rate of HK$7.7809 to US$1.00, which was the noon buying rate as certified for customs purposes by the Federal Reserve Bank of New York for cable transfers for Hong Kong dollars on September 30, 2025. The Macau pataca is pegged to the Hong Kong dollar at a rate of HK$1.00 = MOP1.03. All translations from Macau patacas to U.S. dollars in this offering memorandum (unless otherwise stated) were made at the exchange rate of MOP8.0007 = US$1.00. The Federal Reserve Bank of New York does not certify for customs purposes a noon buying rate for cable transfers in Macau patacas. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Hong Kong dollar amounts referred to herein have been, could have been or could be converted into U.S. dollars or Macau patacas, or vice versa, or that the Macau pataca amounts referred to herein have been, could have been or could be converted into U.S. dollars or Hong Kong dollars, or vice versa, at any particular rate or at all on such date or any other date.

In this offering memorandum, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent totals of the individual items and actual numbers may differ from those contained herein due to such rounding.

Unless the context otherwise requires, references to "2022", "2023" and "2024" in this offering memorandum are to our financial years ended December 31, 2022, 2023 and 2024, respectively, and references to "first nine months of 2024" and "first nine months of 2025" in this offering memorandum are to the nine months ended September 30, 2024 and 2025, respectively.

Market data and certain industry forecasts and statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Initial Purchasers or our or their respective directors and advisors, and neither we, the Initial Purchasers nor our or their respective directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants, and such information may not have been independently verified.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. All statements other than statements of historical facts contained in this offering memorandum, including, without limitation, those regarding our future financial position, our strategies, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "may", "will", "should", "could", "would", "expect", "intend", "plan", "anticipate", "going forward", "ought to", "seek", "project", "forecast", "believe", "estimate", "predict", "potential" or "continue" or the negative of these terms or other comparable terminology are forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not a guarantee of future performance and may not materialize or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause our actual performance or achievements to differ materially from those expressed or implied by the forward-looking statements include, among other things, the following:

- goals and strategies of the Group;
- the reduced access to target markets of the Group due to travel restrictions, and the potential long-term impact on customer retention;
- the expected growth of the gaming and leisure market in Macau and visitation in Macau;
- the impact on the travel and leisure industry from factors such as an outbreak of an infectious disease, extreme weather patterns or natural disasters, military conflicts and any future security alerts and/or terrorist attacks or other acts of violence;
- general domestic or global political and economic conditions that impact levels of travel, leisure and consumer spending;
- the Group's ability to successfully operate casinos;
- the Group's ability to extend or renew the gaming concession;
- the Group's ability to obtain or maintain all required governmental approval, authorizations and licenses for the operations;
- the Group's compliance with conditions and covenants under the existing and future indebtedness;
- capital and credit market volatility;
- the Group's ability to raise additional capital, if and when required;
- the Group's entering into new development and construction projects and new ventures in or outside of Macau;
- increased competition from other casino hotel and resort projects in Macau and elsewhere in Asia;
- government policies and regulation relating to the gaming industry, including gaming license approvals in Macau and the legalization of gaming in other jurisdictions, and the leisure market in Macau;

- the uncertainty of tourist behavior related to spending and vacationing at casino resorts in Macau;
- the completion of infrastructure projects in Macau;
- the Group's ability to retain and increase customers;
- the Group's ability to offer new services and attractions;
- fluctuations in occupancy rates and average daily room rates in Macau;
- the Group's future business development, financial condition and results of operations;
- the expected growth in, market size of and trends in the market in Macau;
- expected changes in the Group's revenues, costs or expenditures;
- the Group's expectations regarding demand for and market acceptance of the Group's brand and business;
- the ability of the Group to continue to develop new technologies and/or upgrade the Group's existing technologies;
- cybersecurity risks including misappropriation of customer information or other breaches of information security;
- the ability of the Group to protect its intellectual property rights;
- growth of and trends of competition in the gaming and leisure market in Macau;
- general economic and business conditions globally and in Macau;
- the outcome of any current and future litigation; and
- other factors beyond the Group's control.

Furthermore, these forward-looking statements merely reflect our current view with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements due to a number of factors, including factors disclosed under "Risk Factors" and elsewhere in this offering memorandum.

Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this offering memorandum, whether as a result of new information, future events or otherwise after the date of this offering memorandum. All forward-looking statements contained in this offering memorandum are qualified by reference to the cautionary statements set forth in this section.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a BVI business company incorporated in the BVI with limited liability and the Parent Guarantor is a limited liability company incorporated in Hong Kong. All of our directors and officers reside outside the United States (principally in Hong Kong and Macau). All of our assets and such persons' assets are located outside the United States (principally in Macau). As a result, it may be difficult for a holder of the Notes or the Trustee to effect service of process within the United States upon us or such persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Each of the Issuer and the Parent Guarantor has appointed Cogency Global Inc. as its agent to receive service of process with respect to any action brought against the Issuer or the Parent Guarantor in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any state in the United States or any action brought against the Issuer or the Parent Guarantor in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

Ogier, our counsel as to the BVI law, Davis Polk & Wardwell, our counsel as to Hong Kong law, and C&C Advogados, our counsel as to Macau law, have advised us, respectively, that there is uncertainty as to whether the courts of the BVI, Hong Kong and Macau, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or

- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

As a general matter, and subject to certain conditions, a judgment obtained in a foreign court would usually be recognized and enforced without any re-examination of the merits at common law, by an action commenced on the foreign judgment in the courts of the BVI or Hong Kong, where the judgment:

(a) is final and conclusive;

(b) in respect of which the foreign court had jurisdiction over the defendant according to the conflict of law rules applicable in the jurisdiction where enforcement is sought;

(c) was not obtained by fraud on the part of the person in whose favor judgment was given or on the part of the foreign court;

(d) is for a liquidated sum not in respect of penalties, taxes, fines or similar fiscal or revenue obligations;

(e) recognition or enforcement of which would not be contrary to public policy in the jurisdiction where enforcement is sought; and

(f) the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

In general, any final and conclusive monetary judgment for a definite sum obtained against the Issuer, the Company or their respective assets in the Courts of New York in respect of the offering would be treated by the Courts of Macau as a cause of action in itself so that no retrial of the merits would be necessary, but for its enforcement in Macau jurisdiction the award of the Courts of New York would be subject to the

prior confirmation of the Macau Court of Appeal, which confirmation would be given subject to the verification of the following cumulative requirements (Section 1200 of the Macau Civil Proceedings Code):

(a) there are no doubts on the authenticity of the document supporting the foreign Court's decision and the decision is intelligible;

(b) the judgment given by the foreign Court is final and conclusive;

(c) the jurisdiction of the foreign Court was not attained through fraud and the decision of the foreign Court does not respect to matters of the exclusive jurisdiction of the Macau Courts (e.g. property rights over real estate located in Macau and bankruptcy of companies with registered head office in Macau);

(d) there is no previous judgment of, or proceedings pending in Macau Courts between the same parties to decide on the same issues as those decided by the foreign Court, except if the foreign Court reserved the jurisdiction;

(e) the defendant was properly served and the right to contradict and the equal treatment of the parties within the foreign proceedings was respected; and

(f) the recognition or enforcement of the foreign judgment in Macau would not be contrary to public policy in Macau.

Regarding this last requirement (not contrary to public policy of Macau), it should be noted that in Macau any interest rate higher than the triple of the legal interest rate (29.25% p.a., being the current legal interest rate of 9.75% p.a.) is qualified as usurious. The prohibition of usurious contracts may be considered by the Courts of Macau as a fundamental principle of its legal system, thus a foreign judgment that contains a decision of payment of interest higher than the triple of the Macau legal interest rate may be deemed as contrary to public policy in Macau and, therefore, null and void.

PRESENTATION OF FINANCIAL INFORMATION

Our reporting currency is Hong Kong dollars.

This offering memorandum contains the audited consolidated financial information of the Parent Guarantor, which have been prepared and presented in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The audited consolidated financial information of the Parent Guarantor as of and for the years ended December 31, 2022, 2023 and 2024 set forth in this offering memorandum have been derived from the audited consolidated financial statements of the Parent Guarantor as of and for the years ended December 31, 2023 and 2024 (the "**Audited Financial Statements**"). The Audited Financial Statements are audited by Deloitte Touche Tohmatsu ("**Deloitte**"), independent certified public accountants of the Parent Guarantor, and are included elsewhere in this offering memorandum.

This offering memorandum also contains the unaudited but reviewed consolidated financial information of the Parent Guarantor, which have been prepared and presented in accordance with HKFRS issued by HKICPA. The financial information as of and for the nine months ended September 30, 2024 and 2025 set forth in this offering memorandum have been derived from the condensed reviewed consolidated reviewed financial statements as of and for the nine months ended September 30, 2025 (the "**Condensed Reviewed Financial Statements**"). The Condensed Reviewed Financial Statements have been reviewed by Deloitte, independent certified public accountants of the Parent Guarantor, 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 HKICPA, and are included elsewhere in this offering memorandum.

This offering memorandum contains non-HKFRS financial measures and ratios that are not required by, or presented in accordance with, HKFRS, including Adjusted EBITDA, Adjusted EBITDA margin, and total capitalization. Non-HKFRS financial measures were presented so that investors have the same financial data that management uses in evaluating financial performance with the belief that it will assist the investment community in assessing the underlying financial performance of the Parent Guarantor. The non-HKFRS financial measures may not be comparable to other similarly titled measures of other companies, since they are not uniformly defined, and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the operating results of the Group reported under HKFRS. Non-HKFRS financial measures and ratios are not measurements of the performance under HKFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with HKFRS or any other generally accepted accounting principles.

GLOSSARY

The following are definitions of certain terms in this offering memorandum as they relate to us. The terms and their meanings may not correspond to standard industry meanings or usages of those terms.

"Adjusted EBITDA"	Earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortization, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, dividend income, sub-concession fee income and pre-opening expenses
"Board"	the board of directors of the Company
"Casino Grand Lisboa"	an integrated resort and casino in the central area of Macau, which is operated by SJM and opened in February 2007
"chips"	tokens, usually in the form of plastic discs issued by a casino to patrons in exchange for cash or credit, which may be used (in lieu of cash) to place bets on gaming tables
"concession"	a Government grant for the operation of games of fortune and chance in casinos in Macau under an administrative contract pursuant to which a concessionaire, or the entity holding the concession, is authorized to operate games of fortune and chance in casinos in Macau
"Concessionaire(s)"	the holder(s) of a concession for the operation of casino games in Macau
"Cotai"	an area of reclaimed land located between the islands of Taipa and Coloane in Macau
"COVID-19"	an outbreak of a respiratory illness caused by a new strain of coronavirus that was identified in January 2020. The World Health Organization declared the outbreak a pandemic on March 12, 2020 and an end to such pandemic on May 3, 2023
"CARIC"	Cybersecurity Alert and Response Incident Centre
"CPPCC"	Chinese People's Political Consultative Conference
"DICJ"	the Direcção de Inspecção e Coordenação de Jogos (the Gaming Inspection and Coordination Bureau) of the Macau SAR Government
"DSEC"	Statistics and Census Service of the Macau SAR Government

"ECL"	Expected credit loss
"FVTOCI"	Fair value through other comprehensive income
"Galaxy"	Galaxy Casino Company Limited, one of the six gaming operators and one of the six concessionaires in Macau
"Gaming Concession Contract"	the gaming concession agreement executed on March 28, 2002 between Macau SAR Government and SJM, published in official Gazette no. 14-II, 2002, by which Macau SAR Government granted to SJM one of the three concessions for the operation of games of fortune and chance or other games in casino in Macau, and amended by Public Deeds dated April 19, 2005, September 26, 2013, January 23, 2017, March 15, 2019, March 23, 2020 and June 23, 2022, the expiry date of which has been extended from March 2020 to June 2022 by the Public Deed dated March 15, 2019, and from June 2022 to December 2022 by the Public Deed dated June 23, 2022
"gaming machine"	slot machine and/or electronic gaming table
"gaming promoter"	corporations licensed by and registered with the Macau SAR Government to promote games of fortune and chance to patrons, through the arrangement of certain services, including the transportation, accommodation, dining and entertainment, against the payment of a commission by their respective gaming operator, whose activity is regulated by law
"GAAP"	generally accepted accounting principles
"Grand Lisboa Palace"	an integrated resort and casino in the Cotai area of Macau, which is operated by SJM and opened in July 2021
"GLP Project"	the project of Grand Lisboa Palace Resort
"gross gaming revenue" or "GGR"	the total win generated by all casino gaming activities combined, calculated before deduction of commissions, complimentaries and other incentives
"Group"	Collectively, SJM Holdings Limited and its subsidiaries
"HIBOR"	Hong Kong Interbank Offered Rate
"HKFRS"	Hong Kong Financial Reporting Standards
"interest coverage ratio"	total interest on bank loans, senior notes and convertible bond less interest income to Adjusted EBITDA
"SEHK"	The Stock Exchange of Hong Kong Limited
"SEHK Main Board"	the main board of The Stock Exchange of Hong Kong Limited

"ICBC Macau"	Industrial and Commercial Bank of China (Macau) Limited
"Macau SAR Government"	the Government of the Macau Special Administrative Region
"MAIBOR"	Macau Interbank Offered Rate
"mass market table games"	consists of both table games and electronic table games played by mass market players primarily for cash stakes
"Melco"	Melco Resorts (Macau) Limited, one of the six gaming operators and one of the six concessionaires in Macau
"MGM"	MGM Grand Paradise Limited, one of the six gaming operators and one of the six concessionaires in Macau
"MICE"	meetings incentives, conferences and exhibitions
"NYH"	NYH Gestão de Vendas a Retalho Limitada
"net debt"	The sum of total bank loans, senior notes and convertible bond, less pledged bank deposits, short-term bank deposits and bank balances and cash
"net gaming revenue"	gross gaming revenue less commissions and incentives
"New Gaming Concession Contract"	the gaming concession contract for the operation of casino games of fortune in casinos dated December 16, 2022 between the Macau SAR Government and SJM for the new concession period from January 1, 2023 to December 31, 2032
"non-rolling gross gaming revenue"	the total revenue generated from casino games that do not involve rolling chip programs
"non-rolling operations"	casino gaming activities that do not involve rolling chip programs
"occupancy rate"	the average percentage of available hotel rooms occupied, including complimentary rooms, during a period
"Premium Pit"	gaming areas that have gaming tables with restricted access to premium patrons
"Ponte 16"	Ponte 16 Resort Macau, a hotel and casino resort co-developed by SJM - Investment Limited and Success Universe Group Limited (name changed from Macau Success Limited, since May 27, 2009). SJM commenced operations of Casino Ponte 16 on February 1, 2008. The Sofitel Macau at Ponte 16 commenced operations in August 2008

"Ponte 16 Credit Facilities"	a secured multicurrency credit facilities agreement with a term of one year for an aggregate of HK$160.0 million and MOP273.0 million for Ponte 16
"Revenue per available room" or "REVPAR"	amount calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy
"rolling chips"	a physically identifiable chip that is used to track wagering volume for purposes of calculating commissions and other allowances payable to gaming promoters and individual players
"rolling gross gaming revenue" . . .	the total revenue generated from players who participate in rolling chip programs
"rolling operations"	casino gaming activities involving rolling chips
"satellite casinos"	casinos for which marketing efforts, including selling, promotion, publicity, management, customer development and introduction, and coordination of activities, were handled by third-party service providers
"self-promoted casinos"	casinos for which promotional and marketing efforts are handled by our marketing department
"Shun Tak"	Shun Tak Holdings Limited, a company incorporated in Hong Kong and listed on the SEHK Main Board (stock code: 0242)
"SJM"	SJM Resorts, S.A. (in Portuguese) SJM Resorts, Limited (in English) (name changed from Sociedade de Jogos de Macau, S.A., since June 9, 2021), a limited liability company by shares ("sociedade anónima") incorporated under the laws of Macau and a subsidiary of the Company; references in this offering memorandum to SJM being a wholly-owned subsidiary of the Company should be construed as being subject to a 15% social and voting interest and MOP1.00 economic interest held by the managing director of SJM
"slot machines"	gaming machines operated by a single player and electronic multiple-player gaming machines
"STDM"	Sociedade de Turismo e Diversões de Macau, S.A., a company incorporated in Macau and our controlling shareholder

"Syndicated Credit Facilities"	our secured bank loans for the Grand Lisboa Palace Project, repayment of senior notes issued by the Group, and general corporate purposes, which consist of (i) a Hong Kong dollar term loan facility of HK$8,526 million and a Macau pataca term loan facility of MOP488.22 million, (ii) a Hong Kong dollar revolving credit facility of HK$9,474 million and a Macau pataca revolving credit facility of MOP541.78 million, (iii) an additional term loan facility of up to a principal amount of HK$1,620 million (subject to further increase to up to HK$3,500 million pursuant to the terms set out therein) as facility C and (iv) an additional revolving loan facility of up to a principal amount of HK$1,500 million as facility D, with a total commitment of HK$22,425 million
"total net revenue"	our gaming, hotel, catering, retail, leasing and related services revenues
"Venetian Macau"	Venetian Macau Limited, one of the six gaming operators and one of the six concessionaires in Macau
"Wynn Macau"	Wynn Resorts (Macau) Limited, one of the six gaming operators and one of the six concessionaires in Macau

SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the Notes. You should read the entire offering memorandum, including "Risk Factors", "Description of the Notes", and our consolidated financial statements and the related notes, before making an investment decision.

Overview

We are an owner, operator and developer of casinos and integrated entertainment resorts in Macau. We are the only casino gaming concessionaire in Macau with local roots, and are the largest casino operator in Macau in terms of number of casinos as of the date of this offering memorandum. We are the holding company of SJM, one of the first three concessionaires authorized to operate casino games of fortune and other games of chance in casinos, under the terms of a concession granted by the Macau SAR Government in March 2002. The concession was then extended by the Macau SAR Government in March 2019, which later expired on December 31, 2022. In December 2022, SJM entered into the New Gaming Concession Contract with the Macau SAR Government, pursuant to which SJM has been granted a 10-year gaming concession on January 1, 2023 and expiring on December 31, 2032, to operate games of fortune and chance in Macau. SJM is the only casino gaming concessionaire with its roots in Macau. See "*Regulation — SJM New Gaming Concession Contract*".

Our Lisboa brand goes back to 1970, when the Hotel and Casino Lisboa started operation. Built by our founder, Dr. Ho Hung Sun, Stanley, Hotel and Casino Lisboa is Macau's first integrated casino and resort, which combined lodging, dining, shopping and entertainment with gaming. Over the succeeding decades, the Lisboa brand name established preeminent recognition throughout the region, known to Macau's many visitors as the destination for entertainment, and was named the Most Valuable Brand in 2014 Business Awards of Macau. In July 2021, we phased opening of Grand Lisboa Palace Resort, extending the SJM legacy to Cotai, Macau. We expanded Grand Lisboa Palace Resort by grand opening two hotels, namely THE KARL LAGERFELD grand opened in June 2023 and Palazzo Versace Macau grand opened in March 2024, further elevating the Lisboa brand's prestige in luxury hospitality.

We currently hold one of the six gaming concessions permitted by the Macau SAR Government to operate casinos or gaming areas in Macau, and our casino gaming and resort facilities are exclusively in Macau. As of the date of this offering memorandum, we operate five casinos in Macau, namely Casino Grand Lisboa Palace, Casino Grand Lisboa, Casino Lisboa, Casino Oceanus at Jai Alai and Casino L'Arc Macau. Our casinos are located in prime locations on the Macau Peninsula and in Cotai, and as of September 30, 2025 offered 1,250 gaming tables and 1,700 slot machines. Non-gaming operations include the Grand Lisboa Palace Resort, the Grand Lisboa Hotel, the L'Arc Hotel, the Jai Alai Hotel and the Sofitel Macau at Ponte 16. Subsequent to the revision of the Macau gaming law in 2022, we were allowed to operate nine satellite casinos for a transition period of three years, which ended on December 31, 2025. In line with the regulatory requirements and after in-depth analysis and evaluation, taking into consideration factors such as alignment with our long-term objectives and our overall competitiveness and strategic locations of the satellite casinos, we recently completed the restructuring of our satellite casinos operations. We completed the acquisition of the L'Arc Hotel, where Casino L'Arc Macau is located, on December 17, 2025 and obtained the requisite approval from DICJ on December 26, 2025 for SJM to operate casino games of fortune at Casino L'Arc Macau as a directly managed and operated casino from December 30, 2025. Prior to the acquisition, Casino L'Arc Macau was one of the nine satellite casinos. Other satellite casinos all ceased operations by the end of 2025, with Casino Grandview ceasing operations on July 30, 2025, Casino Emperor Palace ceasing operations on October 30, 2025, Casino Legend Palace ceasing operations on November 12, 2025, Casino Casa Real ceasing operations on November 21, 2025, Casino Ponte 16 ceasing operations on November 28, 2025, Casino Kam Pek Paradise ceasing operations on December 1, 2025, Casino Fortuna ceasing operations on December 9, 2025 and Casino Landmark ceasing operations on December 30, 2025, in line with overall business

planning and commercial considerations. See "*Recent Development — The Restructuring of Our Satellite Casinos*" and "*Risk Factors — Risks Relating to Our Business and Operations — Gaming is a highly regulated industry in Macau and adverse changes or developments in gaming laws or other regulations that affect our operations could be difficult to comply with or may significantly increase our costs, which could cause our projects to be unsuccessful*". These changes will also support the expansion of operational scale, streamline cost structures, and strengthen our earnings quality, positioning us to compete more effectively and capture incremental non-gaming spend through tighter integration of hotel, dining and entertainment offerings.

Our current and future operations are designed to cater to a broad spectrum of gaming patrons, from high-stakes rolling gaming patrons to gaming patrons seeking a broader entertainment experience. In addition to our gaming operations, we also operate the Grand Lisboa Palace Resort, the Grand Lisboa Hotel, the L'Arc Hotel, the Sofitel Macau at Ponte 16 and the Jai Alai Hotel as well as a selection of restaurants, bars and retail outlets. We seek to attract patrons throughout Asia and, in particular, from Greater China.

To meet rising mid-market accommodation demand and make Macau more accessible for mainland travelers as a leisure destination, we have entered into an acquisition agreement with Zhuhai Hengqin Shun Tak Property Development Company Limited (珠海橫琴信德房地產開發有限公司), under which we have conditionally agreed to purchase certain strata office units at No. 59, Jilin Road, Hengqin New District, Zhuhai (珠海市橫琴新區吉臨路59號) and a retail unit at No. 28 Xinde Jie, Hengqin New District, Zhuhai (珠海市橫琴新區信德街28號) with a total gross floor area of approximately 19,781 square meters (the "**Hengqin Property**"). We plan to convert the Hengqin Property into a 3-star hotel which is poised to benefit from its proximity to Hengqin Port, the only land crossing that links Macau's Cotai side with Chinese mainland, where annual passenger throughput has grown substantially and mainland tour groups benefit from a multiple-entry arrangement. For more information, see "*Related Party Transactions — Acquisition of Property in Hengqin*".

Grand Lisboa Palace

Grand Lisboa Palace is our newest integrated resort in Cotai, Macau with a total gross floor area of 521,435 square meters plus 77,158 square meters of parking area. As of September 30, 2025, Grand Lisboa Palace offered 1,892 luxury hotel rooms and suites in three hotel towers, namely the Grand Lisboa Palace Macau, THE KARL LAGERFELD and Palazzo Versace Macau, along with diverse hospitality services. As of September 30, 2025, Casino Grand Lisboa Palace operated 198 mass market gaming tables, 45 VIP gaming tables and 529 slot machines.

Grand Lisboa

Since opening in 2008, Hotel Grand Lisboa has become an icon of Macau, with its distinctive architecture in the shape of a giant golden lotus. As of September 30, 2025, Hotel Grand Lisboa offered 431 five-star hotel rooms and suites and Casino Grand Lisboa operated 288 mass market gaming tables, 18 VIP gaming tables and 504 slot machines. The hotel also offers 13 restaurants and bars, retail outlets and recreation and leisure facilities including a health and fitness club, swimming pool, spa and salon and banquet and meeting facilities.

Hotel and Casino Lisboa

Our Lisboa brand goes back to 1970, when the Hotel and Casino Lisboa started operation. Built by our founder, Dr. Ho Hung Sun, Stanley, Hotel and Casino Lisboa is Macau's first integrated casino and resort, which combined lodging, dining, shopping and entertainment with gaming. Over the succeeding decades, the Lisboa brand name established preeminent recognition throughout the region, known to Macau's many visitors as the destination for entertainment, and was named the Most Valuable Brand in 2014 Business Awards of Macau. As of September 30, 2025, Hotel Lisboa offered with close to 1,000 five-star hotel rooms and suites and Casino Lisboa operated 92 mass market gaming tables.

Jai Alai

Casino Oceanus at Jai Alai was opened in 2009. It was further enhanced by the addition of the Jai Alai Hotel in 2017, seamlessly linked by a connecting bridge. Casino Oceanus is located immediately next to the Macau Maritime Terminal and connected through overhead walkways. It is one of the closest casino stops from the HK-ZH-Macau bridge and border gate. As of September 30, 2025, Jai Alai Hotel offered 132 hotel rooms and suites, and Casino Oceanus operated 209 mass market gaming tables and 352 slot machines.

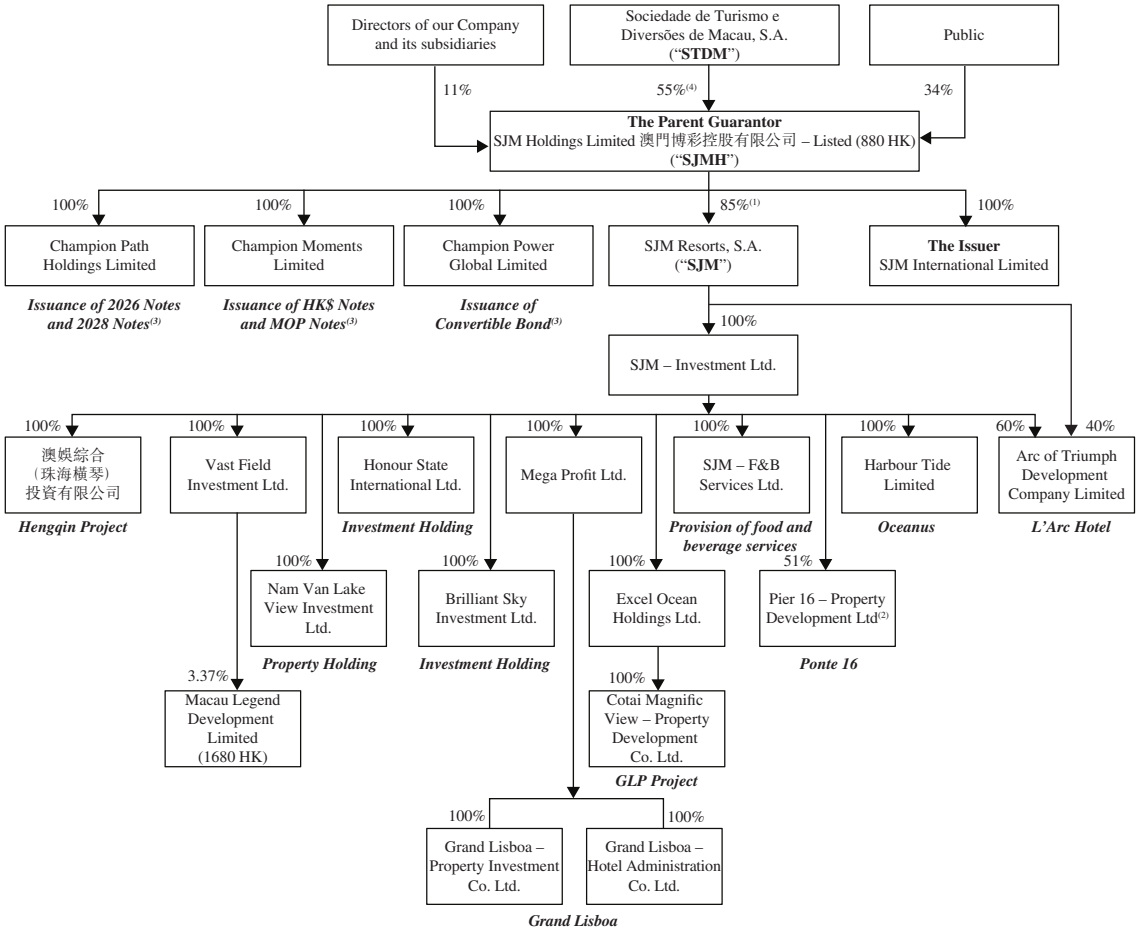
Casino L'Arc Macau

Originally operated as one of the satellite casinos, Casino L'Arc Macau was opened in 2009, known for its majestic external design and magnificent interior decoration. The L'Arc Hotel, where the Casino L'Arc Macau is located, features serviced apartments, an international five-star hotel, entertainment and dining facilities in a single complex. As of September 30, 2025, the L'Arc Hotel offered 283 five-star hotel rooms and suites, and Casino L'Arc Macau operated 45 mass market gaming tables.

On November 20, 2025, we entered into an acquisition agreement to acquire the L'Arc Hotel, where Casino L'Arc Macau is located, through an acquisition of the entire issued share capital in Arc of Triumph Development Company Limited subject to customary conditions precedent. The acquisition allows us to consolidate and focus resources on locations that offer long-term value and synergies. See "*Recent Development — The Restructuring of Our Satellite Casinos*".

Corporate Structure

The following sets out our simplified corporate structure, including our principal subsidiaries and affiliates, as of the date of this offering memorandum:



(1) Pursuant to the relevant requirements under Macau SAR law, 15% of the equity interests in SJM is represented by Type B shares which are held by the managing director of SJM. As Type B shares have restricted rights and only entitle the holder of Type B shares to an aggregate amount of MOP1 of dividend payable, SJMH has effectively a 100% economic interest in SJM.

(2) On November 20, 2025, we announced that despite our earlier intention to acquire the property where Casino Ponte 16 is located, following a comprehensive business review and a thorough assessment of long-term business planning, commercial considerations, and resource prioritization across our portfolio, we will not proceed with the acquisition. Accordingly, on November 20, 2025, SJM and Pier 16 mutually agreed and entered into the Ponte 16 Termination Agreement. Pursuant to the Ponte 16 Termination Agreement, the agreement for provision of services dated December 30, 2022 (as amended by the Addendum dated March 30, 2023) between the same parties was terminated with effect from November 29, 2025. As a result, Pier 16 ceased to provide services to SJM at Casino Ponte 16 and Casino Ponte 16 officially ceased operations on November 28, 2025. See "*Recent Development — The Restructuring of Our Satellite Casinos*".

(3) See "*Description of Other Material Indebtedness*" for further details.

(4) The percentage excluded approximately 7.1% interest in underlying shares of Convertible Bond and approximately 2.2% interest in the 156,232,258 shares in the Company beneficially owned by Ms. Leong charged in favor of SJM as security for a loan in the principal amount of HK$177,525,000, based on the loan-to-value ratio of 50%, pursuant to the Charge Over Shares dated December 16, 2025 signed by Deputada Leong as chargor and SJM as chargee. See "*Principal Shareholders*" for further details.

Recent Development

Concurrent Offer to Purchase

On January 5, 2026, Champion Path Holdings Limited, a wholly-owned subsidiary of our Company, commenced an offer to purchase for cash any and all the outstanding 4.500% senior notes due 2026 issued by Champion Path Holdings Limited and guaranteed by our Company (ISIN: XS2289202587) (the "**Concurrent Offer to Purchase**"). The Concurrent Offer to Purchase is conducted pursuant to a separate offer to purchase memorandum. The Concurrent offer to Purchase is subject to certain conditions, including, among others, that this offering shall have been successfully consummated. We intend to finance the Concurrent Offer to Purchase from the net proceeds from this offering and internal funding.

The Restructuring of Our Satellite Casinos

Acquisition of Casino L'Arc Macau

Subsequent to the revision of the Macau gaming law in 2022, we were allowed to operate nine satellite casinos under the previous profit-sharing model for a transition period of three years, which ended on December 31, 2025. Under the previous profit-sharing model, where service agreements were entered into between SJM and the relevant service providers of our satellite casinos, the relevant service providers were entitled to a monthly service fee calculated based on a certain percentage of the gross gaming revenue of the respective satellite casino during the same period, net of all associated operating expenses. Upon expiry of the transition period, such satellite casinos must be directly owned by SJM or transition to a management agreement structure with no profit-sharing arrangement in order to continue to operate beyond 2025.

Prior to the restructuring, we operated nine satellite casinos, namely, Casino Casa Real, Casino Emperor Palace, Casino Fortuna, Casino Grandview, Casino Kam Pek Paradise, Casino Landmark, Casino L'Arc Macau, Casino Legend Palace and Casino Ponte 16.

After in-depth analysis and evaluation, taking into consideration factors such as alignment with our long-term objectives and our overall competitiveness and strategic locations of the satellite casinos, on November 20, 2025, SJM entered into an acquisition agreement (the "**Acquisition Agreement**") with Goldarch Holdings Limited, Solar King Investments Limited and Deputada Leong to acquire (the "**Acquisition**") the entire issued share capital of Arc of Triumph Development Company Limited (the "**Target Company**", and collectively with Arc of Triumph Hotel Management Company Limited and Le Royal Arc Property Management Company Limited, the "**Target Group**") for a nominal purchase price of MOP180,000 (approximately HK$174,757). As part of the transaction, SJM also procured the repayment of the Target Company's bank loan up to an amount of HK$1,749,825,243, resulting in a total consideration of HK$1,750,000,000.

In connection with the Acquisition, on December 16, 2025, SJM entered into a loan agreement with Deputada Leong to advance a loan of HK$177,525,000 with a term of three years to finance her portion of the repayment of the Target Company's bank loan. The loan bears interest at the same rate determined under the Group's credit facilities and is secured by a share charge over shares entered into by Deputada Leong as chargor and SJM as chargee in respect of the shares of the Company owned by Deputada Leong based on a loan-to-value ratio of 50%.

The principal asset of the Target Group is the L'Arc Hotel. Casino L'Arc Macau is located on the ground and first floors of the L'Arc Hotel. Casino L'Arc Macau was previously operated by SJM under the service agreement entered into between SJM and L'Arc Entertainment Group Company Limited dated December 30, 2022 (as amended from time to time) (the "**L'Arc Services Agreement**"). As a result of the Acquisition, on the same date of the execution of the Acquisition Agreement, a termination agreement was entered into pursuant to which (i) services under the L'Arc Services Agreement will cease from the date of completion of the Acquisition; and (ii) the L'Arc Services Agreement will be terminated in its entirety at the earlier of (a) date of receiving the requisite approval from DICJ to operate casino games of fortune at Casino L'Arc Macau as a self-owned, self-managed and self-operated casino (the "**DICJ Approval**"); or (b) December 31, 2025.

We completed the Acquisition pursuant to the terms and conditions of the Acquisition Agreement on December 17, 2025 and obtained the DICJ Approval on December 26, 2025 for SJM to operate casino games of fortune at Casino L'Arc Macau as a directly managed and operated casino from December 30, 2025.

The Acquisition aligns with SJM's strategic objective to consolidate and focus resources on locations that offer long-term value and synergies. Through the Acquisition, the Group will benefit from the synergies of operating the entire L'Arc Hotel with hotel accommodation and food and beverage operations. The Acquisition is also expected to offer synergy with the existing operations of the Group given the proximity of the L'Arc Hotel to the Group's existing casinos such as Casino Lisboa, which will further strengthen the Group's foundation for sustainable growth and reinforce SJM's market positioning in the Macau Peninsula. The L'Arc Hotel's central location and established operations make it an attractive asset, which is expected to enhance operational efficiency.

Termination of Gaming Operations at Casino Ponte 16 and Other Satellite Casinos

On November 20, 2025, we announced that despite our earlier intention to acquire the property where Casino Ponte 16 is located, after a comprehensive business review and a thorough assessment of long-term business planning, commercial considerations, and resource prioritization across the Group's portfolio, SJM will not proceed with the acquisition. This decision reflects the Group's disciplined approach to capital deployment and its focus on strengthening core operations in line with market developments and the Group's long-term development strategy.

Accordingly, on November 20, 2025, SJM and Pier 16 — Entertainment Group Corporation Limited ("**Pier 16**", a 51%-owned subsidiary of SJM), mutually agreed and entered into a termination agreement ("**Ponte 16 Termination Agreement**"). Pursuant to the Ponte 16 Termination Agreement, the agreement for provision of services dated December 30, 2022 (as amended by the Addendum dated March 30, 2023) between the same parties was terminated with effect from November 29, 2025 (the "**Ponte 16 Termination**"). As a result, Pier 16 ceased to provide services to SJM at Casino Ponte 16 and Casino Ponte 16 officially ceased operations on November 28, 2025.

All gaming tables and gaming machines previously operating at the location have been redeployed to other casinos of SJM. Furthermore, all local employees employed by SJM remain employed and have been reassigned to other casinos of SJM to undertake gaming-related roles according to operational needs.

Other satellite casinos all ceased operations by the end of 2025, with Casino Grandview ceasing operations on July 30, 2025, Casino Emperor Palace ceasing operations on October 30, 2025, Casino Legend Palace ceasing operations on November 12, 2025, Casino Casa Real ceasing operations on November 21, 2025, Casino Ponte 16 ceasing operations on November 28, 2025, Casino Kam Pek Paradise ceasing operations on December 1, 2025, Casino Fortuna ceasing operations on December 9, 2025 and Casino Landmark ceasing operations on December 30, 2025, in line with overall business planning and commercial considerations. As of the date of this offering memorandum, the gaming tables and slot machines previously allocated to these satellite casinos have been re-allocated and deployed at our self-promoted casinos. For the nine months ended on September 30, 2025, Adjusted Property EBITDA of satellite casinos amounted to approximately HK$206 million (US$26.5 million), representing 8.2% of our Adjusted EBITDA for the same period.

As a result of the restructuring of our satellite casinos, as of the date of this offering memorandum, we operate five casinos in Macau, namely Casino Grand Lisboa Palace, Casino Grand Lisboa, Casino Lisboa, Casino Oceanus at Jai Alai and Casino L'Arc Macau.

Supplemental Agreement to Syndicated Credit Facilities

On November 14, 2025, SJM entered into a supplemental agreement in respect of the Syndicated Credit Facilities with, among others, the original lenders, the security agent and the facility agent each named therein, pursuant to which SJM has been granted an additional term loan facility of up to a principal amount of HK$1,620,000,000 (subject to further increase to up to HK$3,500,000,000 pursuant to the terms set out therein), an additional revolving loan facility of up to a principal amount of HK$1,500,000,000, and the total commitment under the Syndicated Credit Facilities has been increased from HK$19,000 million to up to HK$22,425 million. As of the date of this offering memorandum, we have fully drawn down the additional revolving loan facility to fund the Acquisition of Casino L'Arc Macau.

Our Competitive Strengths

We believe that the following strengths contribute to our success:

- We are the longest established and the second largest gaming operator by gaming tables in Macau;
- We strategically focus on mass market growth, key beneficiary of satellite casino conclusion;
- We have strong cash flow generation and a prudent balance sheet with ample liquidity; and
- We have an experienced management team with a proven track record in operating gaming and gaming-related activities in Macau.

Our Business Strategies

We intend to pursue the following strategies to further develop our business:

- We will continue to build, own and manage or invest in casinos and related businesses in Macau, as permitted by Government regulation;
- We will continue to improve and enhance the efficiency of our existing properties and diversify our offerings to cater for different customers;
- We will remain focused principally in Macau, while selectively considering opportunities for future expansion in the Asian region; and
- We will maintain a stable financial position, with a view to long-term growth.

THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete and it is subject to important limitations and exceptions. You should read the full text and more specific details contained elsewhere in this offering memorandum. For a more detailed description of the Notes, see "*Description of the Notes*". The information contained in "Description of the Notes" shall prevail to the extent of any inconsistency with the information set forth in this section. Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of Notes".

Issuer	SJM International Limited.
Parent Guarantor	SJM Holdings Limited 澳門博彩控股有限公司.
Notes Offered	US$540,000,000 6.500% senior notes due 2031.
Issue Price	100% of the principal amount of the Notes.
Issue Date	January 15, 2026.
Maturity Date	January 15, 2031.
Interest Rate	The Notes will bear interest at 6.500% per annum from and including January 15, 2026, payable semi-annually in arrears.
Interest Payment Dates	January 15 and July 15 of each year. The first interest payment will be on July 15, 2026. Interest will accrue from the Issue Date.
Ranking of the Notes	The Notes are: • general obligations of the Issuer; • senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • at least pari passu in right of payment with all other unsecured and unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); • guaranteed by the Parent Guarantor on a senior basis, subject to the limitations described under "Description of Notes — The Parent Guarantee" and in "Risk Factors — Risks Relating to the Notes and the Parent Guarantee"; • subordinated to the secured obligations (if any) of the Issuer and the Parent Guarantor, to the extent of the value of the assets serving as security therefor; and • structurally subordinated to all existing and future obligations of the Subsidiaries of the Parent Guarantor (other than the Issuer).

Use of Proceeds . . . . . Subject to compliance with applicable laws and regulations, we intend to use the net proceeds from this offering for refinancing the Group's existing indebtedness and general corporate purposes. See "*Use of Proceeds*" for details.

Optional Redemption . . . . . At any time prior to January 15, 2028, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to January 15, 2028, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Parent Guarantor in an Equity Offering at a redemption price of 106.500% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Issue Date remains outstanding after each such redemption and any such redemption takes place within 45 days after the closing of the related Equity Offering.

At any time and from time to time on or after January 15, 2028, the Issuer may on any one or more occasions redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on January 15 of the years indicated below:

Year	Percentage
2028	103.250%
2029	101.625%
2030 and thereafter	100.000%

See "*Description of Notes — Optional Redemption*".

Gaming Redemption . . . . . The Issuer may, at its option, redeem the Notes if the gaming authority of any jurisdiction in which the Parent Guarantor or any of its Subsidiaries conducts, or proposes to conduct, gaming requires that a person who is a holder or the beneficial owner of Notes be licensed, qualified or found suitable under applicable gaming laws and such holder or beneficial owner, as the case may be, fails to apply or become licensed or qualified within the required time period or is found unsuitable. See "*Description of Notes — Gaming Redemption*".

Redemption for Taxation Reasons	Subject to certain exceptions and as more fully described herein, the Notes may be redeemed, at the option of the Issuer, the Parent Guarantor or a Surviving Person, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, for redemption, if the Issuer, the Parent Guarantor or a Surviving Person would become obliged to pay certain Additional Amounts as a result of changes in certain tax laws. See "*Description of Notes — Redemption for Taxation Reasons*".
Repurchase of Notes Upon a Change of Control Triggering Event	Not later than 20 days following a Change of Control Triggering Event, the Issuer and the Parent Guarantor will make an Offer to Purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See "*Description of Notes — Repurchase of Notes at the Option of Holders — Change of Control Triggering Event*".
Special Put Option	Upon the occurrence of (1) any event after which none of the Parent Guarantor or any of its Subsidiaries has such licenses, concessions, sub-concessions or other permits or authorizations as are necessary for the Parent Guarantor and its Subsidiaries to own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as the Parent Guarantor and its Subsidiaries are entitled to at the Issue Date, for a period of 20 consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Parent Guarantor and its Subsidiaries, taken as a whole; or (2) the termination, rescission, revocation or modification of any Gaming License which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Parent Guarantor and its Subsidiaries, taken as a whole, the Issuer and the Parent Guarantor will make an Offer to Purchase all outstanding Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but not including) the Offer to Purchase Payment Date. See "*Description of Notes — Repurchase of Notes at the Option of Holders — Special Put Option*".

STDM Loan Put Option	Not later than ten days after the Parent Guarantor or any of its subsidiaries (whether through a single transaction or a series of transactions) using its or their internal funds repays, prepays, or otherwise reduces the aggregate principal amount of the STDM Loan (such principal amount so repaid, prepaid or reduced, the "**STDM Loan Repayment Amount**") by US$5,000,000 or more, the Issuer and the Parent Guarantor will make an Offer to Purchase the Notes in principal amount equal to the STDM Loan Repayment Amount at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest. See "*Description of Notes — Repurchase of Notes at the Option of Holders — STDM Loan Put Option*".
Covenants	The Indenture will include certain limitations on the Issuer to engage in businesses other than those permitted under the Indenture, and the Parent Guarantor's ability to merge or consolidate with another company. The Indenture will also require the Parent Guarantor to provide certain information to the holders of Notes. See "*Risks relating to the Notes and the Parent Guarantee — The limited covenants in the Indenture may not protect against developments that may impair the trading price for the Notes or our ability to repay the Notes or service our obligations under the Parent Guarantee*".
Additional Amounts	All payments of principal of, and premium (if any) and interest on the Notes or under the Parent Guarantee will be made by or on behalf of the Issuer or the Parent Guarantor without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within the British Virgin Islands or any jurisdiction in which the Issuer, a Surviving Person or the Parent Guarantor is organized or resident for tax purposes or any political subdivision or taxing authority thereof or therein or any jurisdiction through which payment is made by or on behalf of the Issuer, a Surviving Person or the Parent Guarantor, as the case may be, or any political subdivision or taxing authority thereof or therein, unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, a Surviving Person or the Parent Guarantor, as the case may be, will pay such additional amounts, subject to certain exceptions, as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required. See "*Description of Notes — Additional Amounts*."
Transfer Restrictions	The Notes and the Parent Guarantee will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Transfer Restrictions*".

Form, Denomination and Registration	Each series of the Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 of principal amount and integral multiples of US$1,000 in excess thereof and will be initially represented by one global note registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.
Further Issues	The Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Parent Guarantee) in all respects (or in all respects except for the issue date, issue price and the first interest period and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes. See "*Description of Notes — Further Issues*".
Concurrent Offer to Purchase	On January 5, 2026, Champion Path Holdings Limited, a wholly-owned subsidiary of our Company, commenced the Concurrent Offer to Purchase. The Concurrent Offer to Purchase is conducted pursuant to a separate offer to purchase memorandum. The Concurrent offer to Purchase is subject to certain conditions, including, among others, that this offering shall have been successfully consummated. We intend to finance the Concurrent Offer to Purchase from the net proceeds from this offering and internal funding.
Book-Entry Only	Each series of the Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see "*Description of the Notes — Book-Entry; Delivery and Form*".
Delivery of the Notes	The Issuer expects to make delivery of the Notes against payment in same-day funds on or about January 15, 2026, which will be the fifth business day following the date of this offering memorandum referred to as "T+5". You should note that initial trading of the Notes may be affected by the T+5 settlement. See "*Plan of Distribution*".
Trustee	DB Trustees (Hong Kong) Limited
Paying Agent, Registrar and Transfer Agent	Deutsche Bank AG, Hong Kong Branch
Listing	Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. A confirmation of the eligibility of the listing of the Notes has been received from the SEHK.

Governing Law	The Notes, the Parent Guarantee, and the Indentures are governed by and will be construed in accordance with the laws of the State of New York.	
Security Codes	**ISIN** XS3267117995	**Common Code** 326711799
Issuer's Legal Entity Identifier . .	254900D15HMHW0MJ6N62	
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "*Risk Factors*".	

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

The following tables present our summary financial information. The summary financial information as of and for the years ended December 31, 2022, 2023 and 2024 set forth below have been derived from our consolidated financial statements as of and for the years ended December 31, 2023 and 2024, which are audited by Deloitte. The summary financial information as of and for the nine months ended September 30, 2024 and 2025 set forth below have been derived from our condensed consolidated financial statements as of and for the nine months ended September 30, 2025, which are reviewed by Deloitte. See "*Presentation of Financial Information*".

The summary financial information below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum. The results for any historical period are not necessarily indicative of the results of operations to be expected in any future period. Our unaudited summary financial information as of and for the nine months ended September 30, 2024 and 2025 may not provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. None of the Initial Purchasers nor any of their directors, officers, employees, representatives, agents, advisers or affiliates makes any representation or warranty, express or implied, regarding the sufficiency of such financial information for an assessment of our financial condition and results of operations, and potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Our unaudited summary financial information as of and for the nine months ended September 30, 2024 and 2025 should not be taken as an indication of our expected financial condition or results of operations for the full financial year ending December 31, 2025 and they are not comparable to the financial information for the years ended December 31, 2022, 2023 and 2024.

Consolidated Statement of Comprehensive Income

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$ (in millions)	HK$	HK$	US$
Total net revenue	**6,678.6**	**21,623.2**	**28,768.9**	**3,697.4**	**21,300.3**	**21,673.6**	**2,785.5**
Net gaming revenue	6,092.0	20,059.2	26,846.1	3,450.3	19,892.1	20,164.7	2,591.6
Special gaming tax and special levy	(2,680.6)	(8,486.6)	(11,528.3)	(1,481.6)	(8,515.7)	(8,785.1)	(1,129.1)
	3,411.4	11,572.6	15,317.8	1,968.7	11,376.4	11,379.6	1,462.5
Hotel, catering, retail, leasing and related services income	586.6	1,564.0	1,922.8	247.1	1,408.2	1,508.9	193.9
Cost of sales and services on hotel, catering, retail, leasing and related services	(401.9)	(632.0)	(741.0)	(95.2)	(545.9)	(575.1)	(73.9)
Other income, gains and losses	36.2	250.9	263.2	33.8	217.1	212.2	27.3
Impairment loss on financial assets	(143.7)	—	—	—	—	—	—
Impairment loss on property and equipment	(1,214.9)	—	—	—	—	—	—
Marketing and promotional expenses	(462.5)	(3,825.4)	(5,071.8)	(651.8)	(3,728.8)	(3,718.8)	(477.9)
Operating and administrative expenses	(8,476.5)	(8,837.6)	(9,654.7)	(1,240.8)	(7,240.2)	(7,660.2)	(984.5)
Finance costs	(1,122.6)	(1,930.1)	(1,892.6)	(243.3)	(1,438.5)	(1,213.9)	(156.0)
Share of profit (loss) of an associate	(3.2)	(7.8)	7.0	0.9	2.1	(1.1)	(0.2)
Share of profit of a joint venture	3.6	6.5	8.1	1.0	6.3	5.9	0.8
Profit (loss) before taxation	(7,787.5)	(1,838.9)	158.8	20.4	56.7	(62.5)	(8.0)
Taxation	(61.1)	(36.1)	(52.3)	(6.7)	(36.2)	(46.1)	(6.0)
Profit (loss) for the year/period	(7,848.6)	(1,875.0)	106.5	13.7	20.5	(108.6)	(14.0)
Other comprehensive (expense) income:							
Item that will not be reclassified to profit or loss:							
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income	(57.0)	(53.2)	(14.7)	(1.9)	(21.3)	(20.6)	(2.6)
Total comprehensive income (expense) for the year/period	**(7,905.6)**	**(1,928.2)**	**91.8**	**11.8**	**(0.8)**	**(129.2)**	**(16.6)**
Profit (loss) for the year/period attributable to:							
Owners of the Company	(7,798.4)	(2,009.8)	3.2	0.4	(61.1)	(173.3)	(22.3)
Non-controlling interests	(50.2)	134.8	103.3	13.3	81.6	64.7	8.3
	(7,848.6)	(1,875.0)	106.5	13.7	20.5	(108.6)	(14.0)
Total comprehensive income (expense) for the year/period attributable to:							
Owners of the Company	(7,855.4)	(2,063.0)	(11.5)	(1.5)	(82.4)	(193.9)	(24.9)
Non-controlling interests	(50.2)	134.8	103.3	13.3	81.6	64.7	8.3
	(7,905.6)	(1,928.2)	91.8	11.8	(0.8)	(129.2)	(16.6)

Consolidated Statement of Financial Position

	As of December 31				As of September 30	
	2022	2023	2024		2025	
	HK$	HK$	HK$	US$	HK$	US$
			(in millions)			
Non-current assets						
Property and equipment	40,049.7	38,353.9	37,566.4	4,828.0	37,828.2	4,861.7
Right-of-use assets	2,599.0	2,483.5	2,507.7	322.3	2,419.3	310.9
Gaming concession right	—	2,297.1	2,097.7	269.6	1,843.1	236.9
Art works and diamonds	281.3	281.3	281.3	36.1	281.7	36.2
Interest in an associate	41.8	32.9	39.4	5.1	38.3	4.9
Interest in a joint venture	43.8	50.3	58.4	7.5	64.3	8.3
Investments in equity instruments designated at fair value through other comprehensive income	424.1	370.9	357.0	45.9	336.4	43.2
Pledged bank deposit	970.9	970.9	970.9	124.8	970.9	124.8
Other assets	357.1	465.1	1,584.6	203.6	1,353.8	174.0
	44,767.7	**45,305.9**	**45,463.4**	**5,842.9**	**45,136.0**	**5,800.9**
Current assets						
Inventories	146.7	147.9	148.1	19.0	142.9	18.4
Trade and other receivables	694.7	706.5	867.6	111.6	1,155.3	148.5
Pledged bank deposits	183.1	37.7	37.9	4.9	38.1	4.9
Financial asset at fair value through profit or loss	—	—	—	—	39.5	5.1
Short-term bank deposits	572.6	452.6	215.0	27.6	225.9	29.0
Bank balances and cash	6,282.9	3,089.1	1,992.9	256.1	2,213.2	284.4
	7,880.0	**4,433.8**	**3,261.5**	**419.2**	**3,814.9**	**490.3**
Current liabilities						
Trade and other payables	3,735.1	4,231.2	4,743.5	609.7	4,578.7	588.4
Taxation payable	50.5	36.1	50.1	6.4	37.9	4.9
Bank loans — due within one year	707.0	970.7	1,729.5	222.3	3,242.3	416.7
Lease liabilities	46.4	37.5	77.0	9.9	72.6	9.3
Amount due to non-controlling interests of a subsidiary	—	—	333.3	42.8	339.7	43.7
Unsecured notes	—	—	—	—	5,466.8	702.6
	4,539.0	**5,275.5**	**6,933.4**	**891.1**	**13,738.0**	**1,765.6**
Net current assets (liabilities)	3,341.0	(841.7)	(3,671.9)	(471.9)	(9,923.1)	(1,275.3)
Total assets less current liabilities	**48,108.7**	**44,464.2**	**41,791.5**	**5,371.0**	**35,212.9**	**4,525.6**
Non-current liabilities						
Other payables	71.4	2,283.2	2,278.7	292.9	1,980.7	254.6
Bank loans — due after one year	18,268.3	14,265.2	11,769.7	1,512.6	11,138.4	1,431.5
Unsecured notes	9,400.6	9,413.7	9,349.9	1,201.6	3,755.9	482.7
Lease liabilities	603.9	558.0	595.4	76.5	561.3	72.1
Amounts due to non-controlling interests of a subsidiary	339.5	348.2	—	—	—	—
Loan from ultimate holding company	2,006.8	2,006.8	2,006.8	257.9	2,026.7	260.5
Deferred taxation	10.5	10.5	12.7	1.7	21.4	2.8
Convertible bond	1,394.3	1,493.4	1,602.3	205.9	1,681.7	216.1
	32,095.3	**30,379.0**	**27,615.5**	**3,549.1**	**21,166.1**	**2,720.3**
Net assets	**16,013.4**	**14,085.2**	**14,176.0**	**1,821.9**	**14,046.8**	**1,805.3**
Capital and reserves						
Share capital	14,415.1	14,415.1	14,415.1	1,852.6	14,415.1	1,852.6
Reserves	1,583.5	(479.5)	(491.0)	(63.1)	(684.9)	(88.0)
Equity attributable to owners of the Company	15,998.6	13,935.6	13,924.1	1,789.5	13,730.2	1,764.6
Non-controlling interests	14.8	149.6	251.9	32.4	316.6	40.7
Total equity	**16,013.4**	**14,085.2**	**14,176.0**	**1,821.9**	**14,046.8**	**1,805.3**

Other Financial Data

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Adjusted EBITDA[(1)(2)]	(3,095.4)	1,727.3	3,764.2	483.8	2,771.2	2,527.1	324.8
Adjusted EBITDA margin[(3)]	(46.3%)	8.0%	13.1%	13.1%	13.0%	11.7%	11.7%

(1) Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortization, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, dividend income, sub-concession fee income and pre-opening expenses.

(2) Adjusted EBITDA may not be directly comparable to other similarly titled measures of other companies, since adjusted EBITDA is not uniformly defined, and has limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results reported under HKFRS. Adjusted EBITDA and other adjusted EBITDA-based data are not measurements of our performance under HKFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with HKFRS or any other GAAP.

(3) Adjusted EBITDA margin is Adjusted EBITDA divided by total net revenue.

The following tables presents our operating statistics by property:

Grand Lisboa Palace Resort Statistics	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Revenues:							
Casino (GGR)	346	2,690	5,238	673	3,748	4,516	580
Hotel	66	472	731	94	537	558	72
Food and Beverage, Mall and Other	275	508	611	79	448	463	60
Total Revenue	687	3,670	6,580	846	4,733	5,537	712
Adjusted Property EBITDA[(1)]	**(969)**	**(317)**	**499**	**64**	**357**	**194**	**25**
Gaming Statistics							
Rolling Chip Volume	—	25,464	40,791	5,242	27,791	37,172	4,777
Rolling Revenue	—	860	1,554	200	1,134	1,156	149
Rolling Chip Win %	—	3.4%	3.8%	3.8%	4.1%	3.1%	3.1%
Non-Rolling Volume	2,017	9,094	17,190	2,209	12,469	14,911	1,916
Non-Rolling Revenue	304	1,487	3,101	399	2,176	2,757	354
Non-Rolling Chip Win %	15.1%	16.4%	18.0%	18.0%	17.5%	18.5%	18.5%
Electronic Game Handle	1,122	10,987	21,086	2,710	15,298	20,892	2,685
Electronic Game Revenue	42	343	583	75	438	603	78
Electronic Game Hold %	3.7%	3.1%	2.8%	2.8%	2.9%	2.9%	2.9%
Hotel Statistics [(2)]	HK$	HK$	HK$	US$	HK$	HK$	US$
Occupancy %	32.2%	82.6%	97.0%	97.0%	96.2%	97.0%	97.0%
Average Daily Rate (ADR)	916	1,322	1,191	153	1,166	1,229	158
Revenue per Available Room (RevPAR)	295	1,092	1,155	148	1,121	1,193	153

(1) Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortization, 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, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, 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 which grand opened in the second quarter of 2023 and the Palazzo Versace Macau which grand opened in the first quarter of 2024.

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
Grand Lisboa Statistics	(in millions, except for percentages)						
Revenues:							
Casino (GGR)	1,067	5,439	7,548	970	5,603	5,490	706
Hotel	49	160	169	22	124	149	19
Food and Beverage, Mall and Other	83	147	122	16	90	123	16
Total Revenue	1,199	5,746	7,839	1,008	5,817	5,762	741
Adjusted Property EBITDA[(1)]	**(758)**	**1,325**	**2,094**	**269**	**1,555**	**1,334**	**171**
Gaming Statistics							
Rolling Chip Volume	7,227	19,324	26,291	3,379	20,550	18,420	2,367
Rolling Revenue	252	574	1,051	135	760	597	77
Rolling Chip Win %	3.5%	3.0%	4.0%	4.0%	3.7%	3.2%	3.2%
Non-Rolling Volume	3,256	22,482	28,387	3,648	21,151	22,366	2,875
Non-Rolling Revenue	700	4,461	6,038	776	4,503	4,448	572
Non-Rolling Chip Win %	21.5%	19.8%	21.3%	21.3%	21.3%	19.9%	19.9%
Electronic Game Handle	2,503	8,255	10,017	1,287	7,269	12,026	1,546
Electronic Game Revenue	115	404	459	59	340	445	57
Electronic Game Hold %	4.6%	4.9%	4.6%	4.6%	4.7%	3.7%	3.7%
Hotel Statistics	**HK$**	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
Occupancy %	46.2%	93.0%	98.7%	98.7%	98.6%	98.4%	98.4%
Average Daily Rate (ADR)	634	1,121	1,226	158	1,211	1,393	179
Revenue per Available Room (RevPAR)	293	1,043	1,210	156	1,194	1,371	176

(1) Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortization, 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, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, sub-concession fee income, pre-opening expenses and corporate costs attributable to such property, and before elimination of inter-company consumption.

Other self-promoted casinos, Jai Alai Hotel, Kam Pek Market and Sofitel at Ponte 16 Statistics	**Year ended December 31**				**Nine months ended September 30**		
	2022	**2023**	**2024**		**2024**	**2025**	
	HK$	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
			(in millions, except for percentages)				
Revenues:							
Casino (GGR)	1,254	4,428	5,241	674	3,904	3,961	509
Hotel	42	155	154	20	111	110	14
Food and Beverage, Mall and Other	72	122	135	17	99	107	14
Total Revenue	1,368	4,705	5,530	711	4,114	4,178	537
Adjusted Property EBITDA[(1)(2)]	**(497)**	**1,258**	**1,323**	**170**	**992**	**952**	**122**
Gaming Statistics							
Non-Rolling Volume	8,219	28,528	32,980	4,239	24,965	24,295	3,122
Non-Rolling Revenue	1,116	4,142	4,926	633	3,685	3,656	470
Non-Rolling Chip Win %	13.6%	14.5%	14.9%	14.9%	14.8%	15.1%	15.1%
Electronic Game Handle	2,865	6,589	7,429	955	4,709	8,945	1,150
Electronic Game Revenue	138	286	315	41	219	305	39
Electronic Game Hold %	4.8%	4.3%	4.2%	4.2%	4.7%	3.4%	3.4%
Hotel Statistics	**HK$**	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
Jai Alai Hotel:							
Occupancy %	72.4%	97.6%	99.8%	99.8%	99.8%	98.5%	98.5%
Average Daily Rate (ADR)	178	196	205	26	205	242	31
Revenue per Available Room (RevPAR)	129	191	204	26	205	238	31
Sofitel at Ponte 16: Occupancy %	48.4%	83.0%	88.1%	88.1%	86.9%	86.8%	86.8%
Average Daily Rate (ADR)	495	1,230	1,075	138	1,043	1,034	133
Revenue per Available Room (RevPAR)	240	1,021	947	122	906	897	115

(1) Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortization, 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, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, sub-concession fee income, pre-opening expenses and corporate costs, and before elimination of inter-company consumption.

(2) Casino Lisboa, Casino Oceanus at Jai Alai (including the gaming area in the Jai Alai Building), and Jai Alai Hotel, Kam Pek Market (which opened in December 2024), share of Ponte 16 and other non-gaming area.

The following table presents the reconciliation of profit (loss) before taxation to the Adjusted EBITDA for the periods indicated.

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$ (in millions)	HK$	HK$	US$
Profit (loss) before taxation	(7,787.5)	(1,838.9)	158.8	20.4	56.7	(62.5)	(8.0)
Interest income[3]	(45.9)	(121.5)	(97.4)	(12.5)	(78.9)	(41.0)	(5.3)
Interest expenses[3]	1,109.4	1,913.6	1,876.8	241.2	1,427.6	1,200.1	154.2
Loss (profit) before taxation attributable to non-controlling interest[3]	50.2	(134.8)	(108.4)	(13.9)	(81.6)	(69.0)	(8.9)
Depreciation and Amortization[3]	1,881.1	1,826.5	1,875.4	241.0	1,406.8	1,491.1	191.7
Donations[3]	3.3	2.6	1.9	0.3	1.5	1.7	0.2
Loss (gain) on disposal/write-off of property and equipment[3]	2.1	6.4	10.7	1.4	10.3	1.7	0.2
Impairment loss on property and equipment[3]	1,214.9	—	—	—	—	—	—
Bank charges for bank loans [3]	10.8	16.7	19.7	2.5	14.1	22.6	2.9
Loss (gain) on modification on bank loans[3]	19.6	58.8	25.6	3.3	16.1	(21.3)	(2.7)
Gain on early termination of lease contracts[3]	(1.7)	(3.3)	—	—	—	—	—
Gain on early repurchase of unsecured notes[3]	—	—	(4.1)	(0.5)	—	(2.4)	(0.3)
Gain on fair value changes of financial asset at fair value through profit or loss[3]	—	—	—	—	—	(0.8)	(0.1)
Dividend income [3]	—	—	(1.4)	(0.2)	(1.4)	—	—
Sub-concession fee income[3]	(4.3)	—	—	—	—	—	—
Pre-opening expenses[3]	452.6	1.2	6.6	0.8	—	6.9	0.9
Adjusted EBITDA[1][2]	(3,095.4)	1,727.3	3,764.2	483.8	2,771.2	2,527.1	324.8

(1) Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortization, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, dividend income, sub-concession fee income and pre-opening expenses. The above reconciliation items are after adjustments for corresponding amounts attributable to non-controlling interests.

(2) Adjusted EBITDA may not be directly comparable to other similarly titled measures of other companies, since adjusted EBITDA is not uniformly defined, and has limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results reported under HKFRS. Adjusted EBITDA and other adjusted EBITDA-based data are not measurements of our performance under HKFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with HKFRS or any other GAAP.

(3) The above reconciliation items are after adjustments for corresponding amounts attributable to non-controlling interests.

Selected Operating Data

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, the following table presents the key operational performance indicators:

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Rolling Chip Volume	13,768	46,249	67,810	8,715	48,913	55,882	7,182
Rolling Revenue	486	1,557	2,688	345	1,956	1,812	233
Rolling Chip Win %	3.5%	3.4%	4.0%	4.0%	4.0%	3.2%	3.2%
Non-Rolling Volume	41,175	112,920	147,727	18,986	109,808	115,740	14,875
Non-Rolling Revenue	5,263	17,874	23,762	3,054	17,589	18,044	2,319
Non-Rolling Chip Win %	12.8%	15.8%	16.1%	16.1%	16.0%	15.6%	15.6%
Electronic Game Handle	28,326	69,454	96,943	12,459	70,210	85,229	10,954
Electronic Game Revenue	706	1,773	2,374	305	1,744	2,107	271
Electronic Game Hold %	2.5%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%

RISK FACTORS

You should carefully consider the risks and uncertainties described below and other information contained in this offering memorandum before making an investment decision in relation to the Notes. The risks and uncertainties described below may not be the only ones that exist. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also materially and adversely affect our business, prospects, financial condition and results of operations. If any of the possible events described below occur, our business, prospects, financial condition or results of operations could be materially and adversely affected and the market price of the Notes may decline. In such case, we may not be able to satisfy our obligations under the Notes, and you could lose all or part of your investment.

Risks Relating to Our Business and Operations

We generate substantially all of our cash flow from our properties in Macau and, as a result, we are subject to greater risks than a gaming company which operates in more geographical regions.

Substantially all of our operations are in Macau and our revenues may be materially affected by any disruption or downturns in the Macau gaming market. The dividends and distributions that our direct and indirect subsidiaries pay to us serve as our primary sources of cash and are derived from the earnings and cash flow generated by our operating properties in Macau.

Due to the COVID-19 pandemic and various containment and restrictions measures, the gross revenues from games of fortune in Macau suffered a drastic decline from 2021 to 2022. Over the course of December 2022 and January 2023, Macau authorities relaxed and eliminated most COVID-19 related protective measures, which led to a sharp bounce-back of gross revenue from games of fortune in Macau since 2023. According to the DICJ, the accumulative gross gaming revenues from games of fortune in Macau increased by 333.8% in 2023 as compared to 2022. In the first half of 2024, gross revenues from games of fortune increased 41.9% compared to the first half of 2023. However, the recovery of games of fortune in Macau slowed down in the second half of 2024, which was largely attributable to China's economic slowdown and weakening consumer spending. According to DICJ, the accumulative gross gaming revenue from games of fortune in Macau in the second half of 2024 only increased 9.8% compared to the second half of 2023, and totaled MOP181.3 billion in the nine months of 2025, representing an increase of 7.1% compared to the nine months of 2024. Overall, the new economic cycle, consumption patterns and class changes have slowed down the recovery from the COVID-19 pandemic.

Because our operations are and will be conducted based on our properties in Macau and Chinese Mainland, we are and will be subject to greater risks resulting from limited diversification of our businesses and sources of revenues as compared to gaming companies with operating properties in more geographic regions. These risks include, but are not limited to:

- dependence on the gaming, tourism and leisure market in Macau;
- limited diversification of businesses and sources of revenues;
- a decline in air, land or ferry passenger traffic to Macau from China or other countries or areas due to higher ticket costs, fears concerning travel, travel restrictions or otherwise;
- a decline in economic and political conditions in Macau, China or Asia, or an increase in competition within the gaming industry in Macau or generally in Asia;
- inaccessibility to Macau due to inclement weather, road construction or closure of primary access routes;

- austerity measures imposed now or in the future by the Governments in China or other countries in Asia;

- tightened control of cross-border fund transfers and/or foreign exchange regulations or policies effected by the Chinese or Macau SAR Governments;

- any enforcement or legal measures taken by the Chinese Government to deter gaming activities and/or marketing of gaming activities;

- changes in Macau laws and regulations, including gaming laws and regulations, anti-smoking legislation or interpretations thereof, as well as China travel and visa policies;

- natural and other disasters, including typhoons, outbreaks of infectious diseases, terrorism or violent criminal activities, affecting Macau;

- relaxation of regulations on gaming laws in other regional economies that could compete with the Macau market;

- Government restrictions on growth of gaming markets, including policies on gaming table allocation; and

- a decrease in gaming activities and other spending at our properties.

Any of these developments or events could have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

The Macau SAR Government may unilaterally terminate the New Gaming Concession Contract (i) due to threat to national or Macau security, (ii) due to reasons of public interest, or (iii) for cause without compensation if we fail to comply with the New Gaming Concession Contract, which would have a material adverse effect on our business and financial condition.

The Macau SAR Government originally granted SJM one of the three Gaming Concession Contracts on March 28, 2002, with amendments and supplements made under a supplemental agreement dated April 19, 2005. This Gaming Concession Contract expired on December 31, 2022. On December 16, 2022, the Macau SAR Government awarded SJM the New Gaming Concession Contract for a 10-year period to operate games of fortune and chance in Macau, commencing on January 1, 2023, and expiring on December 31, 2032. Under the New Gaming Concession Contract, SJM is required, among other things, to pay the Macau SAR Government the Annual Premium consisting of a fixed and a variable portion. In addition, SJM has committed to certain investments in gaming and non-gaming projects. Furthermore, the New Gaming Concession Contract contains various general covenants and other provisions, with which we are required to comply. These include obligations to submit periodic information to the Macau SAR Government, operate casinos in a fair and honest manner, and maintain certain levels of insurance. See "*Regulation — SJM New Gaming Concession Contract*".

Our failure to comply with the terms and conditions of the New Gaming Concession Contract in a manner satisfactory to the Macau SAR Government could ultimately result in the termination of the New Gaming Concession Contract. The occurrence of any such event of default may require us to compensate the Macau SAR Government in accordance with applicable law and any termination of the New Gaming Concession Contract will cause all of our casinos, gaming assets and equipment and ownership rights to the casino properties to be automatically transferred to the Macau SAR Government without compensation to us. If this occurs, we will cease to generate any revenue from our gaming operations, which would materially and adversely affect its business, cash flow, results of operations, financial condition and prospects.

We face intense competition in Macau and elsewhere in Asia and may not be able to compete successfully.

The gaming and gaming-related businesses in Macau are highly competitive and we face intense and increasing competition as other developers and operators are expected to complete new projects in the near future. Under the law in Macau, current concessionaires can open additional casinos, subject to governmental approval. See "*— The Government in Macau could grant additional rights to conduct gaming in the future, which could significantly increase competition and cause us to lose or be unable to gain market share*". The other concessionaires have announced expansion plans to develop, or are in the process of developing, additional gaming-related facilities, including mixed-use properties in Macau as part of, or in addition to, their investment obligations under the concessions. As of the date of this offering memorandum, there are 20 casinos in Macau, according to DICJ. The completion of these gaming-related services and facilities will increase the number of hotels, other entertainment and convention center facilities, services and amenities, which will further intensify competition in Macau's gaming industry and may saturate the gaming industry in Macau. In addition, the opening of these gaming-related facilities is likely to increase the competition for senior management and trained employees. Competition may further increase in the future should additional concessions be granted or the current concessionaires open casinos with the approval of the Macau SAR Government. There is no assurance that demand in Macau's gaming industry will increase in line with or outpace any potential increase in competition in the future. There is no assurance that any eventual increase or expansion of our casinos and casino resorts will lead to a corresponding increase in our revenue or that we will be able to maintain or grow our market share in the future or otherwise compete effectively.

A number of our competitors have extensive experience and a well-established presence in the management and operation of mixed-use developments, particularly in mass market casino gaming operations. In addition, some of our competitors may have access to greater financial resources than us or provide services and gaming products that we do not provide. There is no assurance that our development strategy and mixed-use properties will enable us to compete successfully with other mixed-use properties in Macau. If we do not compete effectively with our competitors, our business, cash flow, financial condition, results of operations and prospects may be materially and adversely affected.

Currently, Macau is the only region in the Greater China area offering legal casino gaming. Although the Chinese Government has strictly enforced its regulations prohibiting domestic gaming operations, there may be casinos in parts of China that are operated illegally and without licenses. In addition, there is no assurance that China will not in the future permit domestic gaming operations. Competition from casinos in China, legal or illegal, could materially and adversely affect our business, results of operations, financial condition, cash flows and prospects.

We also face competition from casinos throughout the world, including Singapore, South Korea, the Philippines, Malaysia, Vietnam, Cambodia, Australia, Las Vegas, cruise ships in Asia that offer gaming and other casinos throughout Asia. Additionally, certain Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan and Thailand, which could increase competition for our gaming operations.

All our current and future construction projects are and will be subject to significant development and construction risks, which could have a material adverse impact on related project timetables, costs and our ability to complete the projects.

All our current and future construction projects are and will be subject to a number of risks, including:

- changes to plans and specifications;
- engineering problems, including defective plans and specifications;

- disruptions to key supply markets, including shortages of, and price increases in, energy, materials and skilled and unskilled labor, and inflation;
- delays in obtaining or inability to obtain necessary permits, licenses and approvals;
- lack of sufficient, or delays in availability of, financing;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming, leisure, residential, real estate development or construction projects;
- labor disputes or work stoppages;
- shortage of qualified contractors and suppliers or the inability to enter into definitive contracts with contractors with sufficient skills, financial resources and experience on commercially reasonable terms, or at all;
- disputes with, and defaults by, contractors and subcontractors and other counterparties;
- personal injuries to workers and other persons;
- environmental, health and safety issues, including site accidents and the spread or outbreak of infectious diseases;
- weather interferences or delays;
- fires, typhoons and other natural disasters;
- geological, construction, excavation, regulatory and equipment problems; and
- other unanticipated circumstances or cost increases.

The occurrence of any of these events could increase the total costs, delay or prevent the construction or opening or otherwise affect the design and features of any existing or future construction projects which we might undertake. We cannot guarantee that our construction costs or total project costs for existing or future projects will not increase beyond amounts initially budgeted.

We could encounter substantial cost increases in the development of our projects and our new projects may not be successful.

We have certain projects under development, or intended to be developed pursuant to our expansion plan. For example, we, through our wholly-owned subsidiary, SJM - Investment Limited, has signed a Sale and Purchase Agreement with Zhuhai Hengqin Shun Tak Property Development Company Limited, a wholly-owned subsidiary of Shun Tak Holdings Limited ("**Shun Tak**"), for the proposed acquisition of selected office properties at Xin De Kou An Shang Wu Zhong Xin (信德口岸商務中心) located in Hengqin New District. We plan to transform the property into a 3-star hotel with approximately 250 rooms and suites, thereby diversifying SJM's hotel portfolio. The completion of these projects is subject to a number of contingencies, including adverse developments in applicable legislation, delays or failures in obtaining necessary Government licenses, permits or approvals, disruptions to key supply markets, including shortages of, and price increases in energy, materials and skilled and unskilled labor, and inflation. For more information, see "*Related Party Transactions — Acquisition of Property in Hengqin*". In addition, construction costs, particularly labor costs, are increasing in Macau, and we believe that they are likely to continue to increase due to the significant increase in building activity and the ongoing labor shortage in Macau. There is no assurance that the actual construction costs related to our projects will not

exceed the costs we have projected and budgeted. Contingencies that have been set aside by us to cover potential cost overruns or potential delays may be insufficient to cover the full amount of such overruns or delays. If these contingencies are not sufficient to cover these costs, or if we are not able to recover damages for these delays and contingencies, we may not have the funds required to pay the excess costs and our projects may not be completed.

Our current configuration projects and any other construction projects we undertake will entail significant risks. Configuration activity requires us to obtain qualified contractors and subcontractors, the availability of which may be uncertain. Configuration projects are subject to cost overruns and delays caused by events outside of our control or, in certain cases, our contractors' control, such as shortages of materials or skilled labor, unforeseen engineering, environmental and/or geological problems, work stoppages, weather interference, unanticipated cost increases and unavailability of construction materials or equipment. Construction, equipment or staffing problems or difficulties in obtaining any of the requisite materials, licenses, permits, allocations and authorizations from governmental or regulatory authorities could increase the total cost, delay, jeopardize, prevent the construction or opening of our projects, or otherwise affect the design and features. Configuration contractors or counterparties for our current projects may be required to bear certain cost overruns for which they are contractually liable, and if such counterparties are unable to meet their obligations, we may incur increased costs for such developments. The occurrence of any of these developments, including the failure to complete our projects in a timely manner, or at all, may negatively affect our financial condition, our results of operations and our ability to pay our debts.

In addition to the construction and regulatory risks associated with our current and future construction projects, we cannot assure you that the level of consumer demand for our casino resorts or for the type of luxury amenities that we offer will meet our expectations. The operating results of our new projects may be materially different than the operating results of our current integrated resorts due to, among other reasons, differences in consumer and corporate spending and preferences in new geographic areas, increased competition from other markets or other developments that may be beyond our control. In addition, our new projects may be more sensitive to certain risks, including risks associated with downturns in the economy, than our current operations. The demands imposed by new developments on our managerial, operational and other resources may impact the operation of our existing operations. If any of these issues were to occur, it could adversely affect our prospects, financial condition, or results of operations.

Construction is subject to hazards that may cause personal injury or loss of life, thereby subjecting us to liabilities and possible losses, which may not be covered by insurance.

The construction of large-scale properties, including the types of projects we are or may be involved in, can be dangerous. Construction workers at such sites are subject to hazards that may cause personal injury or loss of life, thereby subjecting the contractors and us to liabilities, possible losses, delays in completion of the projects and negative publicity. We require our contractors and subcontractors to take safety precautions that are consistent with industry practice, but these safety precautions may not be adequate to prevent serious personal injuries or loss of life, damage to property or delays. If accidents occur during the construction of any of our projects, we may be subject to delays, including delays imposed by regulators, liabilities and possible losses, which may not be covered by insurance, and our business, prospects and reputation may be materially and adversely affected.

Our business in Macau is subject to certain regional and global political, social and economic risks that may significantly affect visitation to our properties and have a material adverse effect on our results of operations.

The strength and profitability of our business will depend on consumer demand for integrated resorts and leisure travel in general. Terrorist and violent criminal activities, military conflicts, social events and

natural disasters have and may continue to negatively affect travel and leisure expenditures, including lodging, gaming and tourism in Macau. We cannot predict the extent to which such acts or events may affect us, directly or indirectly, in the future.

All of our properties are located in Macau and a significant number of our gaming customers come from, and are expected to continue to come from, Chinese mainland. Accordingly, our business development plans, results of operations and financial condition may be materially and adversely affected by significant political, social and economic developments in Macau and China and our business is sensitive to the willingness of our customers to travel. In particular, our operating results may be adversely affected by:

- changes in Macau's and China's political, economic and social conditions, including any slowdown in economic growth in China;

- measures that may be introduced to control inflation, such as interest rate increases or bank account withdrawal controls; and

- changes in the tax laws and regulations.

For example, our business and operations are affected by the travel or visa restrictions imposed by China on its citizens from time to time. A significant number of the gaming customers of our properties come from, and are expected to continue to come from, China. Any travel restrictions imposed by China could negatively affect the number of patrons visiting our properties from China. The Chinese Government imposes restrictions on exit visas granted to resident citizens of Chinese mainland for travel to Macau. The Government further restricts the number of days that resident citizens of Chinese mainland may spend in Macau for certain types of travel. Such travel and visa restrictions, and any changes imposed by the Chinese Government from time to time, could disrupt the number of visitors from Chinese mainland to our properties.

In addition, certain policies and campaigns implemented by the Chinese Government may lead to a decline in the number of patrons visiting our properties in Macau and the amount of spending by such patrons. The strength and profitability of the gaming business depends on consumer demand for integrated resorts in general and for the type of luxury amenities that a gaming operator offers. Initiatives and campaigns undertaken by the Chinese Government in recent years have resulted in an overall dampening effect on the behavior of Chinese consumers and a decrease in their spending, particularly in luxury good sales and other discretionary spending. For example, the Chinese Government's ongoing anti-corruption campaign has had an overall dampening effect on the behavior of Chinese consumers and their spending patterns both domestically and abroad. In addition, the number of patrons visiting our properties may be affected by the Chinese Government's focus on deterring marketing of gaming to Chinese mainland residents by casinos and its initiatives to tighten monetary transfer regulations, increase monitoring of various transactions, including bank or credit card transactions, and reduce the amount that China-issued ATM cardholders can withdraw in each withdrawal and impose a limit on the annual aggregate amount that may be withdrawn. Prior convictions of staff of a foreign casino in China in relation to gaming-related activities in China have also created regulatory uncertainty on marketing activities in China.

Our operations in Macau are also exposed to the risk of changes in laws and policies that govern operations of Macau-based companies. Tax laws and regulations may also be subject to amendment or different interpretation and implementation, thereby adversely affecting our profitability after tax. Further, certain terms of our gaming concession may be subject to renegotiations with the Macau SAR Government in the future, including amounts we will be obligated to pay the Macau SAR Government in order to continue operations. The results of any renegotiations could have a material adverse effect on our results of operations and financial condition.

Our business growth depends on discretionary consumer spending and is susceptible to global and regional economic downturns.

The demand for gaming activities and related services and luxury amenities that we provide through our operations is dependent on discretionary consumer spending and, as with other forms of entertainment, is susceptible to downturns in global and regional economic conditions. An economic downturn may reduce consumers' willingness to travel and reduce their spending overseas, which would adversely impact us as we depend on visitors from Chinese mainland and other countries to generate a substantial portion of our revenues. Changes in discretionary consumer spending or consumer preferences could be driven by factors such as perceived or actual general economic conditions, high energy and food prices, the increased cost of travel, weak segments of the job market, perceived or actual disposable consumer income and wealth, fears of recession and changes in consumer confidence in the economy or fears of armed conflict or future acts of terrorism. An extended period of reduced discretionary spending and/or disruptions or declines in airline travel could materially and adversely affect our business, results of operations and financial condition.

In addition, our business and results of operations may be materially and adversely affected by any changes in China's economy, including the decrease in the pace of economic growth. Real estate property crisis, rising unemployment and contraction in key industries have contributed to the slowdown of China's economy in recent years. Although the Chinese Government has rolled out a number of measures aimed at supporting growth, it remains uncertain if this will significantly boost the pace of economic growth of China's economy. Any slowdown in China's future growth may have an adverse impact on financial markets, currency exchange rates and other economies, as well as the spending of visitors in Macau and our properties. There is no guarantee that economic downturns, whether actual or perceived, any further decrease in economic growth rates or an otherwise uncertain economic outlook in China will not occur or persist in the future, that they will not be protracted or that Governments will respond adequately to control and reverse such conditions, any of which could materially and adversely affect our business, financial condition and results of operations.

In addition, the global macroeconomic environment is facing significant challenges, including the higher prospect of a global recession caused by geopolitical tensions, trade war or restrictions, inflation and dampened business sentiment and outlook. These recent events have also caused significant declines as well as volatility in global equity and debt capital markets, further elevating the risk of an extended global economic downturn or even a global recession that could in turn trigger a severe contraction of liquidity in the global credit markets. For example, in September 2024, the United States implemented tariff increases on certain goods and technologies imported from China, including electric vehicles, chips, battery technologies, solar panels, certain medical equipment and other goods. In addition, since February 2025, the U.S. government has imposed a number of different tariffs on Chinese imports under several different legal authorities, some of which apply broadly to all Chinese imports and others of which are product- or industry-specific. In response, China imposed retaliatory tariffs on U.S. imports and other countermeasures. Currently, consistent with the Joint Statement on China-US Economic and Trade Meeting in Geneva issued on May 12, 2025 and subsequent discussions, certain of the tariffs and counter-measures have been suspended at least through November 10, 2025. On October 10, 2025, the U.S. government announced that it intends to impose an additional 100% tariff on Chinese origin products effective November 1, 2025. On November 5, 2025, the U.S. and China reached a trade deal which averted the additional 100% tariff on Chinese-origin products that the U.S. had originally announced on October 10, 2025. The progress of trade talks between China and the United States is subject to uncertainties, and there can be no assurance as to whether the United States will further reduce tariffs, or impose additional tariffs on Chinese products in the near future. Additionally, certain of the U.S. tariffs are subject to ongoing legal challenges that create further uncertainty as to whether the tariffs will remain in place or may be removed or modified. Changes to national trade or investment policies, treaties and tariffs, fluctuations in exchange rates could adversely affect the financial and economic conditions in the jurisdictions in which we operate, as well as our financial condition and results of operations.

In addition, other factors affecting discretionary consumer spending, including amounts of disposable consumer income, fears of recession, lack of consumer confidence in the economy, change in consumer preferences, high energy, fuel and other commodity costs and increased cost of travel may negatively impact our business. An extended period of reduced discretionary spending and/or disruptions or declines in airline travel could materially adversely affect our business, results of operations and financial condition.

Furthermore, considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, remains. There have been concerns over conflicts, unrest and terrorist threats in the Middle East, Europe and Africa, including the ongoing conflict between Russia and Ukraine and in the Middle East region. Any severe or prolonged slowdown in the global economy or increase in international trade or political conflicts may materially and adversely affect our business, results of operations and financial condition. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs.

We may suffer substantial losses in the event of a natural or man-made disaster, such as an earthquake, typhoon, a pandemic, terrorist attack, military conflict or other casualty event in Macau.

The strength and profitability of our business will depend on consumer demand for integrated resorts and leisure travel in general. Terrorist and violent criminal activities in Europe, the United States, Southeast Asia and elsewhere, military conflicts in the Middle East, social events, natural disasters such as typhoons, tsunamis and earthquakes, have and may continue to negatively affect travel and leisure expenditures, including lodging, gaming and tourism. We cannot predict the extent to which such acts or events may affect us, directly or indirectly, in the future.

The subtropical climate and location of Macau renders it susceptible to typhoons, heavy rainstorms and other natural disasters. In the event of a major typhoon, such as Typhoon Hato and Typhoon Mangkhut in Macau in 2017 and 2018, respectively, or more recently, Typhoon Wipha in July 2025 and Super Typhoon Ragasa in September 2025, or other natural disasters in Macau, our properties may be damaged, our operations may be materially and adversely affected and our properties may even be required to temporarily cease operations by regulatory authorities. Any flooding, unscheduled interruption in the technology or transportation services or interruption in the supply of public utilities is likely to result in an immediate and possibly substantial loss of revenues due to a shutdown of any of our properties and material adverse effect on our business operations and financial condition.

Any simultaneous planning, design, construction and development of any projects may stretch our management's time and resources, which could lead to delays, increased costs and other inefficiencies in the development of these projects.

There may be overlap in the planning, design, development and construction periods of our projects. Members of our senior management will be involved in planning and developing our projects at the same time, in addition to overseeing our day-to-day operations. Our management may be unable to devote sufficient time and attention to such projects, as well as our operating properties, which may result in delays in the construction or opening of any of our current or future projects, cause construction cost overruns or cause the performance of our operating properties to be lower than expected, which could have a material adverse effect on our business, financial condition and results of operations.

Our business depends substantially on the continuing efforts of our senior management, and our business may be severely disrupted if we lose their services.

We place substantial reliance on the gaming, project development and hospitality industry experience and knowledge of the Macau market possessed by members of our board of directors, our senior management

team, as well as other management personnel. We may experience changes in our key management in the future, including for reasons beyond our control. The loss of the services of any of our executive or key management personnel could hinder our ability to effectively manage our business and implement our growth and development strategies. Finding suitable replacements for members of our board of directors or key management personnel could be difficult, and competition for personnel of similar experience could be intense in Macau. In addition, we do not currently carry key person insurance on any members of our senior management team.

The success of our business depends on our ability to attract and retain an adequate number of qualified personnel. A limited labor supply, increased competition and any increase in demands from our employees could cause labor costs to increase.

The pool of experienced gaming and other skilled and unskilled personnel in Macau is limited. Our demand remains high for personnel occupying sensitive positions that require qualifications sufficient to meet gaming regulations and other requirements or skills and knowledge that would need substantial training and experience. Competitive demand for qualified gaming and other personnel is expected to be intensified by the increased number of properties recently opened and expected to open in close proximity to our properties in Macau. The limited supply and increased competition in the labor market could cause our labor costs to increase.

Macau SAR Government policy prohibits us from hiring non-Macau resident dealers and supervisors. In addition, the Macau SAR Government announced it will continue to monitor the proportion of management positions held by Macau residents and implement measures to ensure such proportion remains no less than 85% of senior and mid-management positions. Due to the increased competition in the labor market and the relevant regulatory restrictions, we cannot assure you that we will be able to attract and retain a sufficient number of qualified individuals to operate our properties, or that costs to recruit and retain such personnel will not increase significantly. In addition, we have recently been subject to certain labor demands in Macau. The inability to attract, retain and motivate qualified employees and management personnel could have a material adverse effect on our business.

Furthermore, the Macau SAR Government is currently enforcing a labor policy pursuant to which the ratio of local to foreign workers that may be recruited is determined on a case-by-case basis and, in relation to construction works, must be at least 1:1 unless otherwise authorized by the Macau SAR Government. Such a policy could have a material adverse effect on our ability to complete future works on our properties. Moreover, if the Macau SAR Government enforces similar restrictive ratios in other areas, such as the gaming, hotel and entertainment sectors, or imposes additional restrictions on the hiring of foreign workers generally, this could have a material adverse effect on the operation of our properties.

Moreover, casino resort employers may also contest the hiring of their former employees by us. There can be no assurance that any such claim will not be successful or other similar claims will not be brought against us or any of our affiliates in the future. In the event any such claim is found to be valid, we could suffer losses and face difficulties in recruiting from competing operators. If found to have basis by courts, these allegations could also result in possible civil liabilities on us or our relevant officers if such officers are shown to have deliberately and willfully condoned a patently unlawful act.

Our insurance coverage may not be adequate to cover all losses that we may suffer from our operations. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.

We currently have various insurance policies providing certain coverage typically required by gaming and hospitality operations in Macau. These insurance policies provide coverage that is subject to policy terms, conditions and limits. There is no assurance that we will be able to renew such insurance coverage

on equivalent premium costs, terms, conditions and limits upon their expiration. Certain events, such as typhoons and fires, may increase and have increased our premium costs. The cost of coverage may in the future become so high that we may be unable to obtain the insurance policies we deem necessary for the operation of our projects on commercially practicable terms, or at all, or we may need to reduce our policy limits or agree to certain exclusions from our coverage.

We cannot assure you that any such insurance policies we have obtained or may obtain will be adequate to protect us from material losses. Certain acts and events, including any pandemic, epidemic of infectious diseases, earthquakes, hurricanes and floods, or terrorist acts, could expose us to significant uninsured losses that may be, or are, uninsurable or too expensive to justify obtaining insurance. As a result, we may not be successful in obtaining insurance without increases in cost or decreases in coverage levels. In addition, in the event of a substantial loss, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of our lost investment or in some cases could result in certain losses being totally uninsured. In addition to the damages caused directly by a casualty loss (such as fire or natural disasters), infectious disease outbreaks or terrorist acts, we may suffer a disruption of our business as a result of these events or be subject to claims by third parties who may be injured or harmed. While we intend to continue carrying business interruption insurance and general liability insurance, such insurance may not be available on commercially reasonable terms, or at all, and, in any event, may not be adequate to cover any losses that may result from such events.

Gaming inherently involves elements of chance that are beyond our control, and as a result our revenues may be volatile and the winnings of our patrons could exceed our casino winnings at particular times during our operations.

The gaming industry is characterized by the element of chance. In addition to the element of chance, theoretical expected win rates are also affected by other factors, including players' skills and experience, the mix of games played, the financial resources of players, the spread of table limits, the volume and mix of bets placed by our players, the amount of time players spend on gambling and the number of our players. As a result, our actual win rates may differ greatly over short time periods, such as from quarter to quarter, and could cause our quarterly results to be volatile. Each of these factors, alone or in combination, have the potential to negatively impact our win rates, and our business, financial condition and results of operations could be materially and adversely affected.

Our revenues are mainly derived from the difference between our casino winnings and the winnings of our casino patrons. Since there is an inherent element of chance in the gaming industry, we do not have full control over our winnings or the winnings of our casino patrons. If the winnings of our patrons exceed our casino winnings, we may record a loss from our gaming operations, and our business, financial condition and results of operations could be materially and adversely affected.

Our gaming business is subject to the risk of fraud, cheating and counterfeiting.

Acts of fraud or cheating through the use of counterfeit chips, covert schemes and other tactics, possibly in collusion with our employees, may be attempted or committed by our gaming customers with the aim of increasing their winnings. All gaming activities at our table games are conducted exclusively with gaming chips which, like real currency, are subject to the risk of alteration and counterfeiting.

We incorporate a variety of security and anti-counterfeit features to detect altered or counterfeit gaming chips. Despite such security features, unauthorized parties may try to copy our gaming chips and introduce, use and cash in altered or counterfeit gaming chips in our gaming areas. Any negative publicity arising from such incidents could also tarnish our reputation and may result in a decline in our business, financial condition and results of operation.

Gaming customers may attempt or commit fraud or cheat in order to increase their winnings, including in collusion with the casino's staff. Internal acts of cheating could also be conducted by staff through collusion with dealers, surveillance staff, floor managers or other gaming area staff.

We have taken measures to safeguard our interests including the implementation of systems, processes and technologies to mitigate against these risks, extensive employee training, surveillance, security and investigation operations and adoption of appropriate security features. Despite our efforts, we may not be successful in preventing or detecting such fraudulent behavior in time or at all, particularly if patrons collude with our employees. In addition, our gaming promoters or other persons could, without our knowledge, enter into betting arrangements directly with our casino patrons on the outcomes of our games of chance, thus depriving us of revenues. Cheating may give rise to negative publicity and such action may materially affect our business, financial condition, operations and cash flows.

Any failure or alleged failure to comply with anti-corruption laws could result in penalties, which could harm our reputation and have an adverse effect on our business, results of operations and financial condition.

We are subject to a number of anti-corruption laws. Breach of these anti-corruption laws carries severe criminal and civil sanctions as well as other penalties and reputational harm.

We and our affiliated companies have adopted and implemented an anti-corruption compliance program covering both commercial bribery and public corruption which includes internal policies, procedures and training aimed to prevent and detect anti-corruption compliance issues and risks, and procedures to take remedial action when compliance issues are identified. However, we cannot assure you that our employees, consultants, contractors and agents, and those of our affiliates, will adhere to the anti-corruption compliance program, or that any action taken to comply with, or address compliance issues, will be considered adequate by the regulatory bodies with jurisdiction over us and our affiliates. Any violation of our compliance program or applicable law by us or our affiliates could subject us or our affiliates to investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions, any of which may result in a material adverse effect on our reputation, cause us to lose customer relationships or lead to other adverse consequences on our business, prospects, results of operations and financial condition. We also deal in significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws or regulations by us could have a negative effect on our results of operations.

We may undertake mergers, acquisitions, strategic transactions or investments that could result in operating difficulties, distractions from our current businesses or adverse effect on our business and financial condition and subject us to regulatory and legal inquiries and proceedings or investigations.

We have made, and may in the future make, acquisitions, investments, divestment or strategic transactions in companies or projects to expand or complement our existing operations. From time to time, we may engage in discussions and negotiations with companies regarding acquisitions, investments, divestment or strategic transactions which may be material or significant, in such companies or projects. We may, from time to time, receive inquiries from regulatory and legal authorities and become subject to regulatory and legal proceedings in connection with such acquisitions, investments, divestment or strategic transactions in companies or projects, which may delay or materially impact the completion of such acquisitions, investments, divestment or strategic transactions.

In addition, if we acquire or invest in another company or project, the integration process following the completion of such acquisition, investment or strategic transaction may prove more difficult than anticipated. We may be subject to liabilities or claims that we are not aware of at the time of the investment or acquisition, and we may not realize the benefits anticipated at the time of the investment or acquisition. Any benefits anticipated at the time of the investment or acquisition may also not be realized, or may be impacted, due to factors beyond our control. These difficulties could disrupt our ongoing business, distract our management and employees, increase our expenses and liabilities, result in losses, including in material amounts, and adversely affect our businesses, financial condition and operating

results. Even if we do identify suitable opportunities, we may not be able to make such acquisitions or investments on commercially acceptable terms or adequate financing may not be available on commercially acceptable terms, if at all, and we may not be able to consummate a proposed acquisition or investment.

In addition, any expansion of our operations and our entry into new markets through mergers, acquisitions, strategic transactions or investments may subject us to:

- additional costs for complying with local laws, rules, regulations and policies as well as other local practices and customs in new markets, including establishing business and regulatory compliance programs;
- currency exchange rate fluctuations or currency restructurings;
- limitations or penalties on the repatriation of earnings;
- unforeseen changes in regulatory requirements;
- uncertainties as to local laws and enforcement of contract and intellectual property rights; and
- changes in Government, economic and political policies and conditions, political or civil unrest, acts of terrorism or the threat of international boycotts.

These factors and the impact of these factors on our business and operations are difficult to predict and may have material adverse effect on our business and prospects, financial condition and results of operations.

We are subject to risks relating to litigation, disputes and regulatory investigations which may adversely affect our profitability, financial condition and prospects.

We are, and may in the future be, subject to legal actions, disputes and regulatory investigations in the ordinary course of our business. See "*Business — Legal and Administrative Proceedings*". We are also subject to risks relating to legal and regulatory proceedings and investigations which we or our affiliates are or may be a party to from time to time, or which could develop in the future, as well as fines or other penalties which may be imposed on us in connection with any requisite permit, license or other approval for our business and operations. Litigation and regulatory proceedings can be costly and time consuming and may divert management's attention and resources from our operations. We could incur significant defense costs and, in the event of an adverse outcome, be required to pay damages and interest to the prevailing party and, depending on the jurisdiction of the litigation, be held responsible for the costs of the prevailing party. Our reputation may also be adversely affected by our involvement or the involvement of our affiliates in litigation and regulatory proceedings. In addition, we and our affiliates operate or have interests in a number of jurisdictions in which regulatory and government authorities have wide discretion to take procedural actions in support of their investigations and regulatory proceedings, including seizures and freezing of assets and other properties that are perceived to be connected or related to such investigations or regulatory proceedings. Given such wide discretion, regulatory or government authorities may take procedural actions that may affect our assets and properties in connection with any investigation or legal or regulatory proceeding involving us or any of our affiliates, which may materially affect our business, financial condition or results of operations.

In addition, claims and proceedings against us, including but not limited to any claims alleging that we received, misappropriated or misapplied funds or violated any anti-corruption law or regulation, may result in our business operations being subject to greater scrutiny from relevant regulatory authorities and requiring us to make further improvements to our existing systems, controls and business operations, all

of which may increase our compliance costs. No assurance can be provided that any provisions we have made for such matters will be sufficient. Litigation and regulatory proceedings and investigation are inherently unpredictable and our results of operations or cash flows may be adversely affected by an unfavorable resolution of any pending or future litigation, disputes and regulatory investigation.

We extend credit to certain of our individual patrons, and we may not be able to collect gaming receivables from individual patrons.

Consistent with customary practice in the Macau gaming market, we grant credit to certain of our individual players. Such credit would be extended, including on an unsecured basis, to players whose level of play and financial resources in our opinion warrant such an extension.

We may not be able to collect all of our gaming receivables from these players. We expect that we will be able to enforce our gaming receivables only in a limited number of jurisdictions, including Macau and under certain circumstances, Hong Kong. Therefore, we may not have access to a forum in which we will be able to collect all of our gaming receivables because, among other reasons, courts in many jurisdictions do not enforce gaming debts. Furthermore, we may be unable to locate assets in other jurisdictions against which recovery of gaming debts can be sought. The collectability of receivables from our credit customers, could be negatively affected by future business or economic trends or by significant events in the jurisdictions in which these customers reside, or in which their assets are located. We may also, in certain cases, have to determine whether aggressive enforcement actions against a customer will unduly alienate the customer and cause the customer to cease playing at our casinos. We could suffer a material adverse impact on our operating results if our gaming receivables are deemed uncollectible.

Our business and financial plans may be negatively impacted by any contraction in the availability of credit.

Our business and financing plans may be dependent upon the completion of future financings. Any severe contraction of liquidity in the global credit markets may make it difficult and costly to obtain new lines of credit or to refinance existing debt, and may place broad limitations on the availability of credit from credit sources as well as lengthen the recovery cycle of extended credit. Any deterioration in the credit environment may cause us to have difficulty in obtaining additional financing on acceptable terms, or at all, which could adversely affect our ability to complete current and future projects. Tightening of liquidity conditions in credit markets may also constrain revenue generation and growth and could have a material adverse effect on our business, financial condition and results of operations.

Rolling gaming customers may cause significant volatility in our revenues and cash flows.

A significant proportion of our casino revenues in Macau is generated from the rolling segment of the gaming market. The loss or a reduction in the play of the most significant of these rolling gaming customers could have an adverse effect on our business. In addition, revenues and cash flows derived from high-end gaming of this type are typically more volatile than those from other forms of gaming primarily due to high bets and the resulting high winnings and losses. As a result, our business and results of operations and cash flows from operations may be more volatile from quarter to quarter than that of our competitors and may require higher levels of cash in reserve to manage this volatility.

We also rely on gaming promoters to market our businesses and attract gaming patrons.

We rely on gaming promoters to promote our Premium Pits. Under existing Macau gaming laws and regulations, a gaming promoter must be licensed by the Macau SAR Government and must register and enter into an agreement with one of the concessionaires. Gaming promoters are required to renew their licenses on an annual basis. There can be no assurance that our gaming promoters will successfully obtain

and renew their licenses with the Macau SAR Government as required. If a significant number of our existing gaming promoters fail to do so, they will be prohibited from conducting gaming-promotion activities, including promotional activities for our Premium Pits. In this event, our business, financial condition and results of operations could be materially and adversely affected.

In addition, it has been reported that in December 2020, the Standing Committee of the China's National People's Congress amended China's criminal laws such that anyone that organizes trips for mainland Chinese for the purpose of gambling outside Chinese mainland, including Macau, may be deemed to have conducted a criminal act, and such amendment took effect on March 1, 2021. We do not believe that this amendment has adversely impacted the operations of our gaming promoters or our ability to derive customers through our relationships with gaming promoters in the future.

Under the terms of the gaming promoter agreements entered into by us, the gaming promoters provide marketing and promotional services to us on an exclusive basis. We monitor the activities and performance of our gaming promoters in order to enforce our rights under these agreements, however there can be no assurance that our gaming promoters will comply with these agreements or that we would be able to effectively enforce our rights against them in the event of their noncompliance. Moreover, there can be no assurance that affiliates of our gaming promoters will not work with our competitors. In addition, we may lose the services of our gaming promoters to other concessionaires in the future. If we lose a significant number of our gaming promoters to other concessionaires, or if, as a result of increased competition, we are obliged to increase the fees and/or commissions that we pay to our gaming promoters to retain their services, our business, cash flow, financial condition, results of operations and prospects could be materially and adversely affected.

We are impacted by the reputation and integrity of the parties with whom we engage in business activities, including gaming promoters and we cannot assure you that these parties will always maintain high standards or suitability throughout the term of our association with them.

The reputation and integrity of the parties with whom we engage in business activities are important to our own reputation and our ability to continue to operate in compliance with the permits and licenses required for our businesses. These parties include, but are not limited to, those who are engaged in gaming-related activities, such as gaming promoters, developers and hotel, restaurant and night club operators with whom we have or may enter into services or other types of agreements. Under the Macau Gaming Law, we have an obligation to supervise our gaming promoters to ensure compliance with applicable laws and regulations and serious breaches or repeated misconduct by our gaming promoters could result in the termination of our concession. For parties we deal with in gaming-related activities, where relevant, the gaming regulators also undertake their own probity checks and will reach their own suitability findings in respect of the activities and parties with which we intend to associate. In addition, we also conduct our internal due diligence and evaluation process prior to engaging such parties. Notwithstanding such regulatory probity checks and our own due diligence, we cannot assure you that the parties with whom we are associated will always maintain the high standards that gaming regulators and we require or that such parties will maintain their suitability throughout the term of our association with them. In addition, if any of our gaming promoters violate gaming laws while on our premises, the government may, in its discretion, take enforcement action against the gaming promoters and may find us jointly liable for such gaming promoter's violations. Also, if a party associated with us falls below the gaming regulator's suitability standard or if their probity is in doubt, this may be negatively perceived when assessed by the gaming regulators. As a result, we and our shareholders may suffer reputational harm, as well as impaired relationships with, and possibly sanctions or other measures or actions from, the relevant gaming regulators with authority over our operations.

Health and safety or food safety incidents at our properties may lead to reputational damage and financial exposures.

We provide goods and services to a significant number of customers on a daily basis at our properties in Macau. In particular, with attractions, entertainment and food and beverage offerings at our properties,

there are risks of health and safety incidents or adverse food safety events. While we have a number of measures and controls in place aimed at managing such risks, we cannot guarantee that our insurance is adequate to cover all losses, which may result in us incurring additional costs or damages, and negatively impact our financial performance. Such incidents may also lead to reduced customer flow and reputational damage to our properties. See "— *We are subject to risks relating to litigation, disputes and regulatory investigations which may adversely affect our profitability, financial condition and prospects*".

Unfavorable fluctuations in the currency exchange rates of the Hong Kong dollar, U.S. dollar or the Macau pataca and other risks related to foreign exchange and currencies, including restrictions on conversions and/or repatriation of foreign currencies, could adversely affect our indebtedness, expenses, profitability and financial condition.

Our exposure to foreign exchange rate risk is associated with the currency of our operations and our indebtedness and as a result of the presentation of our financial statements in Hong Kong dollars. The majority of our current revenues are denominated in Hong Kong dollars, given the Hong Kong dollar is the predominant currency used in gaming transactions in Macau and is often used interchangeably with the Macau pataca. Our current expenses are denominated predominantly in Macau patacas, and Hong Kong dollars. In addition, a certain portion of our indebtedness and the Notes being offered hereby, and certain expenses, are or will be denominated in U.S. dollars, and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars.

The value of the Hong Kong dollar and the Macau pataca against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. While the Hong Kong dollar is pegged to the U.S. dollar within a narrow range and the Macau pataca is in turn pegged to the Hong Kong dollar, and the exchange rates between these currencies has remained relatively stable over the past several years, we cannot assure you that the current peg or linkages among the U.S. dollar, Hong Kong dollar and Macau pataca will not be de-pegged, de-linked or otherwise modified and subject to fluctuations. Any significant fluctuations in exchange rates between the Hong Kong dollar, or the Macau pataca to the U.S. dollar may have a material adverse effect on our revenues and financial condition. For example, to the extent that we are required to convert U.S. dollar financings into Hong Kong dollars or Macau patacas for our operations, fluctuations in exchange rates between the Hong Kong dollar or Macau pataca against the U.S. dollar could have an adverse effect on the amounts we receive from the conversion.

While we maintained a certain amount of our operating funds in the same currencies in which we have obligations in order to reduce our exposure to currency fluctuations, we did not engage in hedging transactions with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025. In addition, we may face regulatory, legal and other risks in connection with our assets and operations in certain jurisdictions that may impose limitations, restrictions or approval requirements on conversions and/or repatriation of foreign currencies. We will consider our overall procedure for managing our foreign exchange risk from time to time, but we cannot assure you that any such procedures will enable us to obtain and achieve effective hedging of our foreign exchange risk, which could materially and adversely affect our financial condition and operating results.

Furthermore, China has tightened currency exchange controls and restrictions on the export and conversion of the Renminbi, the currency of Chinese mainland, in recent years. Restrictions on the export of the Renminbi, as well as the increased effectiveness of such restrictions, may impede the flow of gaming patrons from Chinese mainland to Macau, inhibit the growth of gaming in Macau and negatively impact our gaming operations. See "— *Our gaming operations in Macau could be adversely affected by restrictions on the export of the Renminbi and any unfavorable fluctuations in the currency exchange rates of the Renminbi*".

A failure to establish and protect our intellectual property rights could have an adverse effect on our business, financial condition and results of operations.

SJM has registered and we have the right to use various trademarks in Hong Kong, Macau and/or other jurisdictions. We endeavor to establish and protect our intellectual property rights through trademarks, service marks, domain names, licenses and other contractual provisions. The brands we use in connection with our properties have gained recognition. Failure to possess, obtain or maintain adequate protection of our intellectual property rights could negatively impact our brands and have a material adverse effect on our business, financial condition and results of operations. For example, third parties may misappropriate or infringe our intellectual property, which may include but not be limited to the use of our intellectual property by offshore gaming websites, including those that may attempt to defraud members of the public. While we may take legal or other appropriate actions against these unauthorized offshore websites, such as by reporting the sites to the appropriate governmental or regulatory authorities, such actions may not be effective or significant expenses could be incurred, and such unauthorized activities may draw businesses away from our operations and/or tarnish our reputation, all of which may adversely affect our business, financial condition and results of operations.

Our business may be adversely affected by fraudulent websites.

There has been a substantial increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. These fraudulent websites mainly target PRC citizens and often falsely represent affiliates of one or more Macau casinos and even the Macau SAR Government. These fraudulent websites can appear highly professional and will often feature false statements on their websites in an attempt to pass off as a legitimate business or purport to be in association with, or be accredited by, a legitimate business or governmental authority. Such websites may also wrongfully display logos and trademarks owned by legitimate businesses or governmental authorities, or use deceptively similar logos and imagery, to appear legitimate. We do not offer online gambling or investment accounts of any kind. Websites offering these or similar activities and opportunities that use our names, including our marks or images in likeness to ours, are doing so without our authorization and possibly unlawfully and with criminal intent. We are not responsible for the contents of such websites.

The Group engages in reporting these websites to the appropriate authorities (where applicable, including for possible criminal prosecution) and engages third party consultants with the purpose of identifying and taking down such websites. The Group acquires and protects our intellectual property rights with the registration of the relevant trademarks in the region, however the registration of trademarks against unauthorized use throughout the rest of the world may be costly and may not be successful in protecting and preserving the status and value of our intellectual property assets.

The infringement or alleged infringement of intellectual property rights belonging to third parties could adversely affect our business.

We face the potential risk of claims that we have infringed upon the intellectual property rights of third parties, which could be expensive and time consuming to defend. In addition, we may be required to cease using certain intellectual property rights or selling or providing certain products or services, pay significant damages or enter into costly royalty or licensing agreements in order to obtain the right to use a third party's intellectual property rights (if available at all), any of which could have a negative impact on our business, financial condition and future prospects. Furthermore, if litigation were to result from such claims, our business could be interrupted.

We cannot assure you that anti-money laundering policies that we have implemented, and compliance with applicable anti-money laundering laws, will be effective to prevent our casino operations from being exploited for money laundering purposes.

Macau's free port, offshore financial services and free movement of capital have created an environment whereby Macau's casinos could be exploited for money laundering purposes. We also deal with

significant amounts of cash in our regular casino operations in Macau. As our Macau operations are subject to various reporting and anti-money laundering regulations and increased audits and inspections from regulators, we have implemented anti-money laundering policies to address those requirements. Any further changes to anti-money laundering laws and regulations in Macau may require us to adopt changes to our own anti-money laundering policies.

We cannot assure you that our contractors, agents or employees will continually adhere to any such current or future policies or these policies will be effective in preventing our casino operations from being exploited for money laundering purposes, including from jurisdictions outside Macau.

There can be no assurance that, despite the anti-money laundering measures we have adopted and undertaken, we would not be subject to any accusation or investigation related to any possible money laundering activities. In addition, we expect to be required by relevant regulatory authorities from Macau and other jurisdictions that regulate our business activities to attend meetings and interviews from time to time to discuss our operations as they relate to anti-money laundering laws and regulations during which regulatory authorities may make inquiries and take other actions at their discretion. Any incident of money laundering, accusation of money laundering or regulatory investigations into possible money laundering activities involving us, our employees, our gaming promoters, our customers or others with whom we are associated could have a material adverse impact on our reputation, business, cash flow, financial condition, prospects and results of operations. Any serious incident of, or repeated violation of, laws related to money laundering or any regulatory investigation into money laundering activities may cause a revocation or suspension of our gaming concession. For more information regarding anti-money laundering regulations in Macau, see "*Regulation — Anti-Money Laundering and Terrorism Financing Regulations*".

Our information technology and other systems are subject to cybersecurity risks, including misappropriation of customer information, other breaches of information security or other cybercrimes, as well as regulatory and other risks.

We rely on information technology and other systems (including those maintained by third parties with whom we contract to provide data services) to maintain and transmit large volumes of customer information, credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The systems and processes we have implemented to protect customers, employees and company information are subject to the rapidly changing risks of compromised security and may therefore become outdated. Despite our preventive efforts, we are subject to the risks of compromised security, including cyber and physical security breaches, system failure, computer viruses, technical malfunction, inadequate system capacity, power outages, natural disasters and inadvertent, negligent or intentional misuse, disclosure or dissemination of information or data by customers, company employees or employees of third-party vendors, ransomware attacks that encrypt, exfiltrate or otherwise render data unusable or unavailable or other forms of cybercrimes that include fraud or extortion. These risks can also be manifested in a variety of other ways, including through methods which may not yet be known to the cyber security community, and have become increasingly difficult to anticipate and prevent.

The steps we take to deter and mitigate these risks may not be successful, and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Our third-party information system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such service providers' information security operations. A significant theft, loss or fraudulent use of customer or company data maintained by us or by a third-party service provider could have an adverse effect on our reputation, cause a material disruption to our operations and management team, and result in remediation expenses, regulatory penalties and litigation by customers and other parties whose information was subject to such attacks, all of which could have a material adverse effect on our business, prospects,

results of operations and cash flows. If our information technology systems become damaged or otherwise cease to function properly, our sales and results of operations may be adversely affected, and we may have to make significant investments to repair or replace them. Furthermore, any extended downtime from power supply disruptions or information technology system outages which may be caused by cybersecurity attacks or other reasons at our properties may lead to an adverse impact on our operating results if we are unable to deliver services to customers for an extended period of time.

Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, phishing attacks, computer viruses, misplaced or lost data, programming or human errors, other cybercrimes and other events. Cyberattacks are becoming increasingly more difficult to anticipate and prevent due to their rapidly evolving nature and, as a result, the technology we use to protect our systems could become outdated. The occurrence of any of the cyber incidents described above could have a material adverse effect on our business, results of operations and cash flows.

Any perceived or actual electronic or physical security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential or personally identifiable information, whether by us or by a third party, could disrupt our business, damage our reputation and relationships with our customers and employees, expose us to risks of litigation, significant fines and penalties and liability, result in the deterioration of our customers' and employees' confidence in us, and adversely affect our business, results of operations and financial condition.

Any perceived or actual unauthorized disclosure of personally identifiable information of our employees, customers or website visitors could harm our reputation and credibility and reduce our ability to attract and retain employees and customers. We are also subject to enactment of new laws, or amendments to existing laws with more stringent requirements, in relation to cybersecurity. For example, a new Cybersecurity Law was introduced in Macau in 2019 which also applies to our businesses in Macau. As any of the above cybersecurity threats develop and grow and our obligations under cybersecurity regulations increase, we may find it necessary to make significant further investments to protect our data and infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of personnel. Failure to protect the integrity and security of company employee and customer information and comply with applicable privacy regulations may result in damage to our reputation and/or subject us to fines, penalties, lawsuits, restrictions on our use or transfer of data and other risks.

Our businesses collect, use and transmit large volumes of data, including credit card numbers and personal data in various information systems relating to our customers and employees, and such personal data may be collected and/or used in, and transmitted to or from, multiple jurisdictions. Our customers and employees have a high expectation that we will adequately protect their personal information. Such collection, use and/or transmission of personal data are governed by privacy laws and regulations and such laws and regulations change often, vary significantly by jurisdiction and often are newly enacted. In addition, we must also comply with other industry standards such as those for the credit card industry and other applicable data security standards.

Compliance with applicable privacy regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our customers and guests. For example, these laws and regulations may restrict information sharing in ways that make it more difficult to obtain or share information concerning at risk individuals. In addition, noncompliance with applicable privacy regulations by us (or in some circumstances noncompliance by third parties engaged by us) may result in damage of reputation and/or subject us to fines, penalties, payment of damages, lawsuits, criminal liability or restrictions on our use or transfer of data.

Negative press or publicity about us or our directors, officers or affiliates may lead to Government investigations, result in harm to our business, brand or reputation and have a material and adverse effect on our business.

Unfavorable publicity regarding us, or our directors, officers or affiliates, whether substantiated or not, may have a material and adverse effect on our business, brand and reputation. Such negative publicity may require us to engage in a defensive media campaign, which may divert our management's attention, result in an increase in our expenses and adversely impact our results of operations, financial condition, prospects and strategies. The continued expansion in the use of social media over recent years has compounded the potential scope of the negative publicity that could be generated. Any negative press or publicity could also lead to Government or other regulatory investigations, including causing regulators with jurisdiction over our gaming operations in Macau to take action against us or our related licensees, including actions that could affect the ability or terms upon which our subsidiaries hold their gaming licenses and/or gaming concession, our suitability to continue as a shareholder of those subsidiaries and/or the suitability of key personnel to remain with us. If any of these events were to occur, it would cause a material adverse effect on our business and prospects, financial condition and results of operations.

The smoking control legislation in Macau could have an adverse effect on our business, financial condition, results of operations and cash flows.

Under the Macau Smoking Prevention and Tobacco Control Law, as of January 1, 2019, smoking on casino premises is only permitted in authorized segregated smoking lounges with no gaming activities, and such lounges are required to comply with conditions and standards set by the Macau SAR Government. From time to time, the Macau SAR Government may enforce anti-smoking regulations by imposing fines or other penalties on patrons or gaming operators for violations. The existing smoking legislation, as well as any future legislation that may fully ban smoking in casinos, could deter potential gaming patrons who are smokers from frequenting casinos in Macau, disrupt the number of patrons visiting or the amount of time they spend at our property, and consequently have an adverse effect on our business, financial condition, results of operations, and cash flows. See "*Regulation — Smoking Regulations*".

Risks Relating to Operating in the Gaming Industry in Macau

Gaming is a highly regulated industry in Macau and adverse changes or developments in gaming laws or other regulations that affect our operations could be difficult to comply with or may significantly increase our costs, which could cause our projects to be unsuccessful.

Gaming is a highly regulated industry in Macau. Our Macau gaming business is subject to various laws, such as those relating to licensing, tax rates and other regulatory obligations, such as anti-money laundering measures, which may change or become more stringent. Changes in laws may result in additional regulations being imposed on our gaming operations in Macau and our future projects. For example, the Macau SAR Government imposed regulations and restrictions that affect the minimum age required for entrance into casinos in Macau, location requirements for sites with gaming machine lounges, data privacy and other matters. Any such legislation, regulation or restriction imposed by the Macau SAR Government may have material adverse impact on our operations, business and financial performance. Furthermore, our inability to address any of these requirements or restrictions imposed by the Macau SAR Government could adversely affect our reputation and result in criminal or administrative penalties, in addition to any civil liability and other expenses.

Recently, the Macau Legislative Assembly approved the new Law no. 20/2024, entitled "Law Against Crimes of Illegal Gambling" (English translation). The new law replaces the previous law in force (Law no. 8/96/M), dated from 1996, and became effective on October 29, 2024. The fundamental objectives of

the new law are the improvement of: (i) the definitions of illegal gambling activities, (ii) its penalty framework and (iii) the means of criminal investigation. The new law not only refines the previous definitions of criminal and administrative offences, but also creates new types of criminal offences, such as "illegal online gambling" and "operation of illegal foreign exchange for gambling". The new law further prohibits several types of conduct which, although not directly consisting of illegal gaming activities, are gaming-related and express a wrongdoing that is found to require respective criminalization, including illegal lending for gambling and illegal foreign exchange for gambling. Our operations in Macau are also exposed to the risk of changes in laws and policies that govern operations of Macau-based companies and the Macau SAR Government's interpretation of, or amendments to, our gaming concession. Current laws in Macau, such as licensing requirements, tax rates and other regulatory obligations, including those for anti-money laundering, could change or become more stringent, resulting in additional regulations being imposed upon gaming operations in Macau. In addition, current laws and regulations in Macau concerning gaming and gaming concessions and licenses are, for the most part, fairly recent and there are limited precedents on the interpretation of these laws and regulations. These laws and regulations are complex, and a court or administrative or regulatory body may in the future render an interpretation of these laws and regulations, or issue new or modified regulations, that differ from our interpretation. For instance, the new Law no. 16/2022 entitled "Rules governing the operation of games of chance in casinos" (free translation) stipulated an interpretative rule that became effective on December 20, 2022, to expressly regulate the long disputed question on the liability of the gaming operator for the refund of patron funds deposited with that gaming promoter — pursuant to this rule, the gaming operator shall only be deemed liable in case those funds are used for gaming or were earned in the casino games. The uncertainty caused by these different interpretations or changes in law and regulations could have a material adverse effect on our business, financial condition and results of operations.

Recent changes to the gaming law effected by Law no. 7/2022, effective from June 23, 2022, require that all casinos must be located at properties that belong to the concessionaire, and satellite casinos would be allowed a transition period of three years, expiring December 31, 2025, to restructure their casino operations. After this transition period, satellite casinos must be directly owned by the concessionaire or transition to a management agreement structure with no profit-sharing arrangement in order to continue to operate subsequent to December 31, 2025.

After in-depth analysis and evaluation, taking into consideration factors such as alignment with our long-term objectives and our overall competitiveness and strategic locations of the satellite casinos, we have effected a restructuring on the operations of our satellite casinos, whereby we acquired Casino L'Arc Macau and terminated our operations at all other satellite casinos. On November 20, 2025, we announced that we had entered into an acquisition agreement in relation to the acquisition of the L'Arc Hotel, where Casino L'Arc Macau is located, and the termination of gaming operations at Casino Ponte 16. We completed the acquisition of Casino L'Arc Macau on December 17, 2025 and obtained the requisite approval from DICJ on December 26, 2025 for SJM to operate casino games of fortune at Casino L'Arc Macau as a directly managed and operated casino from December 30, 2025. Other satellite casinos all ceased operations by the end of 2025, with Casino Grandview ceasing operations on July 30, 2025, Casino Emperor Palace ceasing operations on October 30, 2025, Casino Legend Palace ceasing operations on November 12, 2025, Casino Casa Real ceasing operations on November 21, 2025, Casino Ponte 16 ceasing operations on November 28, 2025, Casino Kam Pek Paradise ceasing operations on December 1, 2025, Casino Fortuna ceasing operations on December 9, 2025 and Casino Landmark ceasing operations on December 30, 2025, in line with overall business planning and commercial considerations. The operating results of the satellite casino acquired may be materially different from its past operating results or operating results of our current integrated resorts due to, among other reasons, differences in consumer and corporate spending, preferences in geographic areas, increased competition from other operators or other developments that may be beyond our control. The demands imposed by the casino acquired on our managerial, operational and other resources may also impact our existing operations. If any of these issues were to occur, it could adversely affect our prospects, financial condition, or results of operations. We have incurred significant expenses associated with the

restructuring of the satellite casinos operations, including the consideration paid for the acquisition of Casino L'Arc Macau and the closure expenses for the other satellite casinos. The closure of all satellite casinos may have certain negative impact on our operations. We cannot guarantee that our marketing programs and efforts will be successful in retaining patrons from our satellite casinos. There is no assurance that our market shares and GGR will not be negatively impacted by the restructuring of our satellite casinos, and the gaming tables and slot machines reallocated to our self-promoted casinos will generate revenue and profits at the same level as they were at the satellite casinos. See "*Business — Recent Development —The Restructuring of Our Satellite Casinos*".

Furthermore, SJM and its directors, key employees and shareholders who own 5% or more of SJM's shares must be found suitable and are subject to the continuous monitoring and supervision of the Macau SAR Government for the term of the New Gaming Concession Contract to ensure that they are suitable to conduct a gaming business in Macau. The objectives of the Macau SAR Government's supervision are to preserve the conduct of gaming in Macau in a fair and honest manner and to safeguard and protect the interests of Macau in receiving taxes from the operation of casinos in the jurisdiction. Our activities are also subject to administrative review and approval by various agencies of the Macau SAR Government, including DICJ, Health Bureau, Labour Affairs Bureau, Land, Public Works and Transport Bureau, Fire Services Bureau, Financial Services Bureau (including the Tax Department), Monetary Authority of Macau, Financial Intelligence Office and Macau SAR Government Tourism Office.

We cannot assure you that we will be able to maintain all necessary approvals and licenses, and our failure to do so may materially affect our business and operations. Failure to comply with the terms of the New Gaming Concession Contract and adapt to the regulatory and gaming requirements in Macau could result in the revocation of the New Gaming Concession Contract or otherwise negatively affect our operations in Macau. Developments in the regulation of the gaming industry could be difficult to comply with and significantly increase our costs, which could adversely affect our business.

Our gaming operations in Macau could be adversely affected by restrictions on the export of the Renminbi and any unfavorable fluctuations in the currency exchange rates of the Renminbi.

Gaming operators in Macau are currently prohibited from accepting wagers in Renminbi (RMB), the currency of China. There are currently restrictions on the export of the Renminbi outside of Chinese mainland, including to Macau. Under China's foreign exchange regulations, a Chinese citizen traveling abroad may carry a maximum of RMB20,000 in cash and up to US$5,000 (or equivalent) in foreign currency without declaration. Amounts exceeding these thresholds require approval from authorities. Additionally, an annual aggregate limit of RMB100,000 applies to overseas cash withdrawals from Chinese bank accounts, according to State Administration of Foreign Exchange's 2015 Announcement No. 38 enforced by the Chinese Government and effective since January 1, 2016. In addition, the Chinese Government's ongoing anti-corruption campaign has led to tighter monetary transfer regulations, including real-time monitoring of certain financial channels, reducing the amount that China-issued ATM cardholders can withdraw in each withdrawal, imposing a limit on the annual aggregate amount that may be withdrawn and the launch of facial recognition and identity card checks with respect to certain ATM users, which could disrupt the amount of money visitors can bring from Chinese mainland to Macau. Furthermore, a law with respect to the control of cross-border transportation of cash and other negotiable instruments to the bearer was enacted and came into effect on November 1, 2017. In accordance with such law, all individuals entering Macau with an amount in cash or negotiable instrument to the bearer equal to or higher than the amount of MOP120,000 are required to declare such amount to the customs authorities. Restrictions on the export of the Renminbi may impede the flow of gaming customers from China to Macau, inhibit the growth of gaming in Macau and negatively impact our operations.

The value of the Renminbi against the U.S. dollar and other currencies remains subject to volatility, influenced by shifts in global political and economic conditions, as well as foreign exchange controls enacted by the PRC Government. For instance, in 2023, the Renminbi depreciated approximately 3.1%

against the U.S. dollar, reflecting pressures from divergent monetary policies (e.g. U.S. interest rate hikes and China's economic stimulus measures). Predicting future fluctuations remains challenging due to uncertainties in market dynamics, geopolitical tensions, and evolving bilateral policies between the PRC and the United States, including technology restrictions and investment controls. Given that we derive substantially all of our revenues from Macau and a significant number of our gaming customers come from, and are expected to continue to come from, Chinese mainland, any further devaluation of the Renminbi against the U.S. dollar and other currencies may affect the visitation and level of spending of these gaming customers and could in turn have a material adverse effect on our revenues and financial condition.

The Macau SAR Government has established a maximum number of gaming tables that may be operated in Macau and may limit the number of new gaming tables at new gaming areas in Macau.

The Macau SAR Government has implemented a cap on the number of gaming tables and restricts their operation within the region. It has also announced the allocation of gaming tables and slot machines for the new concession period, which began on January 1, 2023. Previously, the Macau SAR Government stated that the total number of gaming tables and slot machines under the new concessions would be reduced to 6,000 and 12,000, respectively. The Macau SAR Government has reiterated further that it does not intend to authorize the operation of any new casino or gaming area that was not previously authorized by the government, or permit tables authorized for mass market gaming operations to be utilized for rolling gaming operations or authorize the expansion of existing casinos or gaming areas. Given such announcements by the Macau SAR Government, we may not be able to obtain Macau SAR Government's approval to expand our existing casinos or gaming areas or operate a sufficient number of gaming tables at our properties in Macau. These restrictions may impact on our gaming revenues, overall business and operations and may affect our development projects and the future expansion of our business.

Risks Relating to the Notes and the Parent Guarantee

The Notes and the Parent Guarantee are unsecured obligations.

The Notes and the Parent Guarantee are unsecured obligations of the Issuer and the Parent Guarantor, respectively, and will be effectively subordinated to all future secured indebtedness of the Issuer and the Parent Guarantor, respectively, with respect to the assets securing the related obligations. As a result, upon any distribution to creditors in a bankruptcy, liquidation, or similar proceeding relating to the Issuer or the Parent Guarantor, the holders of secured indebtedness will be entitled to be paid to the extent of the value of such secured assets before any payment may be made with respect to the Notes or the Parent Guarantee.

We have incurred substantial secured indebtedness, and our obligations under the Notes are subordinated with respect to such secured indebtedness.

As of September 30, 2025, the Syndicated Credit Facilities and the Ponte 16 Credit Facilities had outstanding amounts of HK$14,006.1 million (US$1,800.1 million) and HK$374.6 million (US$48.1 million), respectively. The Syndicated Credit Facilities are secured by certain property and equipment and right-of-use assets of our Group with carrying values of HK$33,340.4 million (US$4,284.9 million) and HK$1,584.5 million (US$203.6 million), respectively as of September 30, 2025 and other pledged assets including certain receivables, certain bank accounts and shares of our subsidiaries including some of our principal subsidiaries, and a legal promissory note for HK$20,900.0 million (US$2,686.1 million). The Ponte 16 Credit Facilities are secured by certain property and equipment and right-of-use assets of our Group with carrying values of HK$364.3 million (US$46.8 million) and HK$66.3 million (US$8.5 million), respectively as of September 30, 2025 and other pledged assets including financial guarantees with promissory notes by certain subsidiaries and the non-controlling shareholders amounting to approximately HK$1,000 million (US$128.5 million) and HK$490 million (US$63.0 million),

respectively as of the same date and certain bank accounts and shares of our subsidiaries including some of our principal subsidiaries. See "*Description of Other Material Indebtedness*".

The claims of the secured creditors of the Issuer or the Parent Guarantor will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the Notes will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer, the Parent Guarantor and their respective subsidiaries to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Issuer, the Parent Guarantor or any of their respective subsidiaries that has secured obligations, holders of secured indebtedness will have prior claims to the assets of the Issuer, the Parent Guarantor or such subsidiary that constitute their collateral.

The holders of the Notes will participate ratably with all holders of the unsecured indebtedness of the Issuer or the Parent Guarantor and potentially with all of its other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer or the Parent Guarantor.

In the event that any of the secured indebtedness of the Issuer or the Parent Guarantor becomes due or the creditors thereunder proceed against the operating assets that secure such indebtedness, the assets of the Issuer or the Parent Guarantor remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes. As a result, holders of the Notes may receive less, ratably, than holders of secured indebtedness of the Issuer or the Parent Guarantor.

The Notes will be structurally subordinated to the liabilities of the subsidiaries of the Parent Guarantor.

The subsidiaries of the Parent Guarantor (other than the Issuer) will not have any obligations to pay amounts due under the Notes or the Parent Guarantee or to make funds available for that purpose. None of the subsidiaries of the Parent Guarantor will be guarantors of the Notes and the Indenture does not require any of the Parent Guarantor's existing or future subsidiaries to guarantee the Notes. In the event that any of the Parent Guarantor's subsidiaries (other than the Issuer) becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as a part of a solvent transaction:

- the creditors of the Parent Guarantor (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary; and

- creditors of such subsidiary, including trade creditors, and any preferred shareholders of such subsidiary will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Parent Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

The limited covenants in the Indenture may not protect against developments that may impair the trading price for the Notes or the Issuer's ability to repay the Notes or service the Parent Guarantor's obligations under the Parent Guarantee.

The Indenture does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow, liquidity or leverage and, accordingly, does not protect holders of the Notes if we experience significant adverse changes in our financial condition or results of operations;

- limit our ability to incur indebtedness, including secured indebtedness, that is senior or equal in right of payment to the Notes;

- restrict our ability to make investments or to repurchase, or pay dividends or make other payments in respect of our shares or other securities ranking junior to the Notes; or

- limit us from entering into transactions with shareholders or affiliates or selling our assets.

In the future, we may obtain additional financing or refinance any of our existing debt, which will increase our level of indebtedness (including debt which is structurally senior to the Notes). An increase in the level of our indebtedness, or other events that could adversely affect our business, financial condition, results of operations or prospects, may cause rating agencies to downgrade any credit ratings on the Notes, which could adversely affect their trading price and liquidity, and downgrade our corporate rating generally, which could increase our cost of borrowing, limit our access to the capital markets and result in more restrictive covenants in future debt agreements.

We will have a substantial amount of indebtedness, which could have important consequences for holders of the Notes and significant effects on our business and future operations.

We will have a substantial amount of debt in relation to our equity. As of September 30, 2025, we would have total indebtedness of HK$27,311.8 million (US$3,508.4 million), comprising primarily the Syndicated Credit Facilities, the Ponte 16 Credit Facilities, the 2026 Notes, the 2028 Notes, the HK$ Notes, the MOP Notes, the Convertible Bond and the STDM loan, which would require significant interest and principal payments. See "*Capitalization and Indebtedness*" for further details.

Our level of indebtedness may make it more difficult for us to satisfy our obligations with respect to the Notes, increase our vulnerability to general adverse economic and industry conditions, impair our ability to obtain additional financing in the future for working capital needs, capital expenditure, acquisitions or general corporate purposes, require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available to us for our operations or expansion of our existing operations, limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, place us at a competitive disadvantage as compared to our competitors, to the extent that they are not as leveraged, subject us to higher interest expense in the event of increases in interest rates to the extent a portion of our debt bears interest at variable rates, which would reduce the funds available for our operations; and in the event we or one of our subsidiaries were to default, result in the loss of all or a substantial portion of our and our subsidiaries' assets, over which our lenders have taken or will take security. Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes, as well as on our business and future operations.

If we are unable to comply with the restrictions and covenants in our debt agreements, including the Indenture, there could be a default under the terms of these agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in our current or future debt and other agreements, or the Indenture, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of debt or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to obtain alternative financing on reasonable terms or at all.

We may not be able to generate sufficient cash flow to meet our debt service obligations.

Our ability to make scheduled payments due on our existing and anticipated indebtedness obligations, including our bank loans, and the Notes, to refinance and to fund working capital needs, planned capital expenditures and development efforts will depend on our ability to generate cash. We will require generation of sufficient operating cash flow from our operations to service our current and future projected indebtedness. Our ability to obtain cash to service our existing and projected debt is subject to a range of economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control, including:

- our future operating performance;
- the demand for services that we provide;
- general economic conditions and economic conditions affecting Macau or the gaming industry in particular;
- our ability to hire and retain employees and management at a reasonable cost;
- competition; and
- legislative and regulatory factors affecting our operations and business.

If our business does not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness, including the Notes, on or before the maturity date, sell assets, reduce or delay capital investments or seek to raise additional capital, any of which could have a material adverse effect on our operations. In addition, we may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. Our ability to sell assets or restructure or refinance our indebtedness, including the Notes, will depend on the condition of the financing and capital markets, our financial condition and our ability to obtain requisite governmental approvals at such time.

Any refinancing of any of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our operations. The terms of existing or future debt instruments, including the Indenture, may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in downgrades of any credit ratings we or the Notes may have at such time, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, could materially adversely affect our business, prospects, financial condition and results of operations, as well as our ability to satisfy our obligations with respect to the Notes.

The Issuer currently does not have operating activities or revenue, and payments with respect to the Notes are dependent upon cash flow from other members of our Group.

The Issuer currently does not have any operating activities or revenue. The Issuer's primary assets will be intergroup loans to other subsidiaries of the Parent Guarantor. Accordingly, the Issuer's ability to pay principal and interest on the Notes will depend upon its receipt of principal and interest payments on the intergroup loans from such borrowing subsidiaries and the ability of the Parent Guarantor to honor its obligations under the Parent Guarantee. The borrowing subsidiaries and the Parent Guarantor may not have material operations or assets, and therefore depend upon the receipt of sufficient funds through

intergroup loans from other Group members and distributions of dividends from its subsidiaries to meet their obligations. Certain covenants under our existing indebtedness impose limitations on our subsidiaries, including SJM, to pay dividends or distributions to the Parent Guarantor. See "*Description of Other Material Indebtedness*". Our failure to make payments to the Issuer in amounts necessary to service our obligations under the Notes could lead to a payment default under the indenture governing the Notes.

The Parent Guarantor is a holding company which will depend on payments from its subsidiaries to provide it with funds to meet its obligation under the Parent Guarantee.

The Parent Guarantor is a holding company with no material business operations of its own or significant assets. The Parent Guarantor depends, and will depend in the future, on the receipt of the interest or principal payments on intercompany loans or advances and dividends from its operating subsidiaries to satisfy its obligations, including the obligations under the Parent Guarantee. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their respective shareholders is dependent upon, among other things, their distributable earnings and cash flow conditions and may be affected by restrictions contained in their articles of association and restrictions contained in relevant loan agreements or debt instruments. See "*Description of Other Material Indebtedness*". These restrictions could reduce the amounts that the Parent Guarantor receives from its subsidiaries, which in turn would restrict its ability to satisfy its obligations under the Parent Guarantee.

We may elect to redeem the Notes prior to their maturity.

Pursuant to terms of the Notes, we may elect to redeem such Notes prior to their maturity in whole or in part at the redemption prices specified in the section entitled "Description of Notes — Optional Redemption". The date on which we elect to redeem such Notes may not accord with the preference of particular holders of such Notes. In addition, a Noteholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of such Notes.

We may not be able to repurchase the Notes upon a Change of Control Triggering Event or a Special Put Option Triggering Event or a STDM Loan Put Option Triggering Event.

Upon the occurrence of specified change of control events and a ratings decline, we will be required to offer to purchase all the outstanding Notes at a purchase price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest, if any, and additional amounts, if any. See "*Description of Notes — Repurchase of Notes at the Option of Holders — Change of Control Triggering Event*". In addition, upon the occurrence of specified special put option triggering events (which relate to certain events of loss, termination, rescission, revocation or modification of our gaming license), we will be required to offer to purchase all the outstanding Notes at a purchase price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest, if any, and additional amounts, if any. See "*Description of Notes — Repurchase of Notes at the Option of Holders — Special Put Option*". In addition, upon the occurrence of specified repayment events regarding the STDM Loan, we will be required to offer to purchase Notes in principal amount equal to the STDM Loan repayment amount at a purchase price equal to 100% of the principal amount of such Notes, plus accrued and unpaid interest, if any, and additional amounts, if any. See "*Description of Notes — Repurchase of Notes at the Option of Holders — STDM Loan Put Option*". Furthermore, we may redeem the Notes if certain changes in tax law impose withholding taxes on amounts payable on the Notes, and, as a result, we are required to pay additional amounts with respect to such withholding taxes.

The source of funds for any such repurchases would be our available cash or third-party financing. However, we may not have enough available funds at the time of the occurrence of any change of control triggering events or special put option triggering events to make purchases of outstanding Notes. Our failure to make a required offer to purchase or to purchase the outstanding Notes would constitute an event of default under the Notes. The event of default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of "Change of Control" for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of certain highly-leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of change of control for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of our assets. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes, and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

We may, in our discretion, require holders and beneficial owners of Notes to dispose of their Notes, or we may redeem the Notes, due to regulatory considerations.

We may redeem the Notes due to regulatory considerations, either as required by gaming authorities or in our discretion. The Indenture grants us the power to redeem the relevant series of the Notes if the gaming authority of any jurisdiction in which the Parent Guarantor or any of its subsidiaries conducts, or proposes to conduct, gaming requires that a person who is a holder or the beneficial owner of Notes be licensed, qualified or found suitable under applicable gaming laws and such holder or beneficial owner, as the case may be, fails to apply or become licensed or qualified within the required time period or is found unsuitable.

Under the foregoing circumstances, pursuant to the Indenture, if such person fails to apply or become licensed or qualified or is found unsuitable, the Issuer shall have the right, at its option:

(1) to require such person to dispose of its Notes or beneficial interest therein within 30 days of receipt of notice of the Issuer's election or such earlier date as may be requested or prescribed by such gaming authority; or

(2) to redeem such Notes, which redemption may be less than ten days following the notice of redemption if so requested or prescribed by the applicable gaming authority, at a redemption price equal to:

    (a) the lesser of:

        (i) the person's cost, plus accrued and unpaid interest, if any, to the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; and

        (ii) 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and additional amounts, if any, to but excluding the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; or

    (b) such other amount as may be required by applicable law or order of the applicable gaming authority.

See "*Description of Notes — Gaming Redemption*".

The Notes may not be a suitable investment for all investors.

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Investors should not invest in the Notes unless they have the expertise (either alone or with the help of a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact of this investment will have on their overall investment portfolio.

Each investor of the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this information memorandum or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A subsidiary of STDM agreed to subscribe a certain amount of the Notes in this Offering and we may purchase the Notes in the secondary market. This may constrain the trading price and liquidity of the Notes.

A subsidiary of STDM agreed to subscribe a certain amount of the Notes in this Offering. STDM is our controlling shareholder. Given such affiliate investor may not be regarded as an independent investor, circumstances may occur in which the interest of such affiliate investor may not align with the interest of other investors of the Notes. This may impact the initial offering price or the secondary market trading price of the Notes should such circumstances arise. Such affiliate investor may also purchase the Notes in the secondary market. The Notes so purchased are not required to be surrendered for cancellation according to the terms of the Notes and may be resold in the secondary market. However, the trading price and the liquidity of the Notes may be negatively affected by the investment of such affiliate investor. For example, if such affiliate investor sells a material portion of the Notes in the secondary market, it may materially and adversely affect the trading price of the Notes. The negative effect of such sales on the prices of the Notes could be more pronounced if secondary trading in the Notes is limited or illiquid. Investors should take the foregoing into account when making an investment decision in the Notes.

Certain investors may own a significant percentage of the Notes and may therefore be able to exercise certain rights and powers on behalf of all holders of the Notes.

Certain investors may purchase and own a significant percentage of the Notes and thus may be able to exercise certain rights and powers and have significant influence on matters voted on by holders of the

Notes. For example, holders of at least 25% in aggregate principal amount of the Notes may declare all of the Notes to be immediately due and payable if certain types of Events of Default have occurred and are continuing. Additionally, the existence of any such significant holder may reduce the liquidity of the Notes in the secondary trading market. If such holder sells a material portion of the Notes at any one time, it may materially and adversely affect the trading price of the Notes.

A trading market for the Notes may not develop, and there are restrictions on resale of the Notes.

The Notes are a new issue of securities for which there is currently no trading market. The Issuer will seek a listing of the Notes on the SEHK. We do not intend to apply for listing of the Notes on any U.S. securities exchange or for quotation through an automated dealer quotation system. We have been advised that the Initial Purchasers intend to make a market in the Notes, but they are not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See "*Transfer Restrictions*". No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for any series of the Notes. If an active trading market for the Notes does not develop or is not continued, the market price and liquidity of the Notes could be adversely affected.

The ratings assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future.

The Notes are expected to be "B1" by Moody's and "BB-" by Fitch. The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. In addition, we have been assigned corporate family ratings of "Ba3" with a negative outlook by Moody's and a long-term foreign currency issuer default rating of "BB-" with a negative outlook by Fitch, respectively. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the ratings assigned to the Notes may adversely affect the market price of the Notes.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our turnovers, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. We cannot assure you that these developments will not occur in the future.

Investment in the Notes is subject to exchange rate risks.

The Issuer will pay principal of, and interest on, the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the

Investor's Currency equivalent market value of the Notes. Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

We may issue additional Notes in the future.

We may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see "*Description of Notes — Further Issues*".) or otherwise raise additional capital through such means and in such manner as we may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

The Notes do not contain restrictive operating covenants.

The indenture governing the Notes will contain operating covenants intended to benefit the interests of holders of such Notes and that limit our ability to, among other things, consolidate or merge with or into another person. The indenture governing the Notes, however, does not contain other restrictive operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness, the incurrence of liens or the issuance or repurchase of securities by us. In addition, the indenture governing the Notes does not contain any other covenants or provisions designed to afford holders of such Notes protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating or the rating of the Notes as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders. Subject to the terms of our existing corporate debt and other credit facilities, we may incur substantial additional indebtedness in the future.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global form and held through Euroclear and Clearstream. Interests in the Notes represented by the Global Notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the Paying Agent who will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the Global Notes representing the Notes and credited by such participants to indirect participants. After payment to the nominee of the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a Noteholder under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

We may make amendments to and seek waivers from certain provisions of the Indenture, and seek waivers to any default or Event of Default occurred under the Indenture.

Under certain circumstances as described under "*Description of Notes — Amendments and Waivers — Amendments Without Consent of Holders*", we may, from time to time, and without prior consultation with the holders of the Notes, make certain amendments to the Indenture. Further, under certain circumstances as described under "*Description of Notes — Amendments and Waivers — Amendments With Consent of Holders*", we may, from time to time, and with the consent of the holders of the Notes of more than 50% in aggregate principal amount of the outstanding Notes, make certain amendments to the Indenture or waive future compliance by us and the Parent Guarantor, with certain provisions of the Indenture. If the requisite consents are obtained (if required) and/or the relevant conditions are satisfied (or waived) and such amendments or waivers become operative, all holders of a series of the Notes will be bound by the terms of the Indenture as amended, whether or not a holder of such Notes delivered a consent. Such amendments or waivers could materially increase the credit risks faced by holders of the Notes or could otherwise be materially adverse to the interests of the holders of the Notes.

In addition, under certain circumstances as described under "*Description of Notes — Events of Default*", the holders of more than 50% in aggregate principal amount of the outstanding Notes may, on behalf of all holders, waive all past defaults and rescind and annul a declaration of acceleration and its consequences. Upon such waiver, the relevant Default will cease to exist and any related Event of Default will be deemed to be cured. Such waiver, once effective, will be binding on all holders of the Notes, regardless of whether a holder of Notes consents to such waiver, which could be materially adverse to the interest of the holders of the Notes.

The Trustee may request holders of the Notes to provide an indemnity, security and/or pre-funding to its satisfaction.

Under certain circumstances, including without limitation giving notice to us upon an event of default and taking enforcement steps pursuant to the terms of the Indenture, the Trustee may, at its sole discretion, request holders of the Notes to provide an indemnity, security and/or pre-funding to its satisfaction before it takes actions on behalf of holders of the Notes. The Trustee shall not be obliged to take any such actions if not indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity, security and/or pre-funding to it, in breach of the terms of the Indenture and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

We will follow the applicable corporate disclosure standards for debt securities listed on the SEHK, which standards may be different from those applicable to debt securities listed in certain other countries.

We will be subject to reporting obligations in respect of the Notes to be listed on the SEHK. The disclosure standards imposed by the SEHK may be different than those imposed by securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

There may be less publicly available information about us than is typically available about public companies in certain other jurisdictions.

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, the financial information in

this offering memorandum has been prepared in accordance with HKFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions, or other GAAPs, which might be material to the financial information contained in this offering memorandum. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between HKFRS and other GAAPs. In making an investment decision, you must rely upon your own examination of us, the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between HKFRS and other GAAPs and how those differences might affect the financial information contained in this offering memorandum.

The insolvency laws of the British Virgin Islands, Hong Kong, Macau and other local insolvency laws may differ from United States bankruptcy law or those of other jurisdictions with which Holders of the Notes are familiar.

As the Issuer is incorporated under the laws of the British Virgin Islands and the Parent Guarantor is incorporated under the laws of Hong Kong, and all of our current operations and administrative and corporate functions are conducted in Macau and Hong Kong, an insolvency proceeding relating to the Issuer or the Parent Guarantor, even if brought in the United States, would likely involve the insolvency laws of the BVI or Hong Kong or Macau, as the case may be, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law or those of other jurisdictions with which Holders of the Notes are familiar.

You may have difficulty enforcing judgments obtained against us.

All of our assets are located outside of the United States. All of our current operations and administrative and corporate functions are conducted in Macau and Hong Kong. In addition, substantially all of our directors and officers are nationals and/or residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in the British Virgin Islands, Hong Kong, and Macau courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors. In addition, there is uncertainty as to whether the courts of the British Virgin Islands, Hong Kong or Macau would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. In addition, it is uncertain whether such British Virgin Islands, Hong Kong or Macau courts would be competent to hear original actions brought in the British Virgin Islands, Hong Kong or Macau against us or such persons predicated upon the securities laws of the United States or any state.

Certain facts and statistics are derived from publications not independently verified by us, the Initial Purchasers or our respective advisers.

Market data, industry forecasts and gaming industry statistics in this offering memorandum are derived from public sources, including publicly available information and industry publications. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources and believe this information to be reliable, they have not been independently verified by us or the Initial Purchasers or our or their respective directors and advisers, and neither we, the Initial Purchasers nor our or their respective directors and advisers make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecasts and gaming industry statistics.

USE OF PROCEEDS

We estimate that the gross proceeds from the offering of the Notes will be US$540 million, before deducting underwriting discounts and commissions of the Initial Purchasers and other estimated offering expenses payable by us. Subject to compliance with applicable laws and regulations, we intend to use the net proceeds from this offering, after deducting underwriting discounts and commissions of the Initial Purchasers and other estimated offering expenses payable by us, for refinancing the Group's existing indebtedness and general corporate purposes.

EXCHANGE RATE INFORMATION

Unless otherwise noted, all translations from Hong Kong dollars to U.S. dollars and from U.S. dollars to Hong Kong dollars in this offering memorandum(other than in the financial pages) were made at a rate of HK$7.7809 to US$1.00. We make no representation that any Hong Kong dollar or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Hong Kong dollars, as the case may be, at any particular rate or at all.

The Hong Kong dollar is freely convertible into other currencies (including the U.S. dollar). Since October 17, 1983, the Hong Kong dollar has been officially linked to the U.S. dollar at the rate of HK$7.80 to US$1.00. The market exchange rate has not deviated materially from the level of HK$7.80 to US$1.00 since the link was first established. However, in May 2005, the Hong Kong Monetary Authority broadened the trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar. The Hong Kong Government has stated its intention to maintain the link at that rate and, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. However, no assurance can be given that the Hong Kong Government will maintain the link at HK$7.75 to HK$7.85 per U.S. dollar or at all.

The Macau pataca is pegged to the Hong Kong dollar at a rate of HK$1.00 = MOP1.03. All translations from Macau patacas to U.S. dollars in this offering memorandum(unless otherwise stated) were made at the exchange rate of MOP8.0007 = US$1.00. The Federal Reserve Bank of New York does not certify for customs purposes a noon buying rate for cable transfers in Macau patacas.

The following table sets forth the noon buying rate for U.S. dollars in The City of New York for cable transfers in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York.

	Hong Kong dollar per U.S. Dollar Noon Buying Rate			
	Low	**Average**	**High**	**End**
		(HK$ per U.S.$1.00)		
2020	7.7498	7.7562	7.7951	7.7534
2021	7.7515	7.7740	7.8034	7.7996
2022	7.7693	7.8324	7.8499	7.8015
2023	7.7920	7.8309	7.8499	7.8109
2024	7.7617	7.8018	7.8368	7.7677
2025				
July	7.8467	7.8496	7.8499	7.8499
August	7.7858	7.8260	7.8499	7.7949
September	7.7696	7.7847	7.8052	7.7809
October	7.7670	7.7745	7.7834	7.7717
November	7.7698	7.7774	7.7892	7.7848
December	7.7710	7.7801	7.7843	7.7710

Note:

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalization and indebtedness of the Company as of September 30, 2025:

- on an actual basis;
- on an adjusted basis to give effect to the drawdown of existing revolving credit facility of HK$500,000,000 and additional revolving credit facility of HK$1,500,000,000 in principal amount under the Syndicated Credit Facilities to support the Acquisition; and
- on a further adjusted basis to give effect to the issuance of the Notes and receipt of the gross proceeds from this offering before deducting the underwriting discounts and commissions and other estimated expenses relating to this offering payable by us.

You should read this table in conjunction with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this offering memorandum.

	As of September 30, 2025					
	(in millions of HK$)			(in millions of US$)		
	Actual	As Adjusted	As Further Adjusted	Actual	As Adjusted	As Further Adjusted
Cash and cash equivalents[(1)]	2,213.2	2,285.7	6,487.4	284.4	293.8	833.8
Bank and other borrowings						
Syndicated Credit Facilities[(2)]	14,006.1	16,006.1	16,006.1	1,800.1	2,057.1	2,057.1
Ponte 16 Credit Facilities	374.6	374.6	374.6	48.1	48.1	48.1
2026 Notes[(3)]	3,903.7	3,903.7	3,903.7	500.0	500.0	500.0
2028 Notes	3,755.9	3,755.9	3,755.9	482.0	482.0	482.0
HK$ Notes	1,267.6	1,267.6	1,267.6	162.9	162.9	162.9
MOP Notes	295.5	295.5	295.5	38.0	38.0	38.0
Convertible Bond	1,681.7	1,681.7	1,681.7	216.1	216.1	216.1
STDM Loan	2,026.7	2,026.7	2,026.7	260.5	260.5	260.5
Notes to be issued	–	–	4,201.7	–	–	540.0
Total indebtedness	**27,311.8**	**29,311.8**	**33,513.5**	**3,507.7**	**3,764.7**	**4,304.7**
Shareholder's Equity:						
Share capital	14,415.1	14,415.1	14,415.1	1,852.6	1,852.6	1,852.6
Reserves	(684.9)	(684.9)	(684.9)	(88.0)	(88.0)	(88.0)
Non-controlling interests	316.6	316.6	316.6	40.7	40.7	40.7
Total shareholder's equity	**14,046.8**	**14,046.8**	**14,046.8**	**1,805.3**	**1,805.3**	**1,805.3**
Total capitalization[(4)]	**41,358.6**	**43,358.6**	**47,560.3**	**5,313.0**	**5,570.0**	**6,110.0**

(1) Reflects (i) the drawdown of HK$2,000,000,000 in principal amount under the Syndicated Credit Facilities, which consists of the drawdown of existing revolving credit facility of HK$500,000,000 and the drawdown of additional revolving credit facility of HK$1,500,000,000 in principal amount under the Syndicated Credit Facilities on December 12, 2025, to support the Acquisition, among which HK$1,927,525,000 was paid for the settlement of the Acquisition and HK$72.5 million outstanding in cash; and (ii) the gross amount to be received by the Issuer from this Offering and the application of such amount and together with cash on hand.

(2) on December 12, 2025, we drew an existing revolving loan facility of HK$500,000,000 and an additional revolving loan facility of HK$1,500,000,000 in principal amount under the Syndicated Credit Facilities to support the Acquisition. See "*Business – Recent Development – The Restructuring of Our Satellite Casinos*".

(3) On January 5, 2026, Champion Path Holdings Limited, our wholly-owned subsidiary company incorporated in the British Virgin Islands with limited liability commenced the Concurrent Offer to Purchase any and all of the outstanding 2026 Notes. The Concurrent Offer to Purchase is expected to be completed on or about January 16, 2026. For the avoidance of doubt, the as adjusted information in the table above does not give effect to the Concurrent Offers to Purchase. We intend to finance the Concurrent Offers to Purchase with proceeds from proceeds from this offering and internal funding. As a result, if the Concurrent Offers to Purchase is consummated, our cash and cash equivalent and Bank and other borrowings will decrease.

(4) Total capitalization equals total indebtedness plus total shareholder's equity.

We have incurred and will continue to incur additional indebtedness in our ordinary course of business. Other than as disclosed in this offering memorandum, there has been no material change in our capitalization since September 30, 2025. For more information about our material indebtedness, see "*Description of Other Material Indebtedness*".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present our selected financial information. The selected financial information as of and for the years ended December 31, 2022, 2023 and 2024 set forth below have been derived from our consolidated financial statements as of and for the years ended December 31, 2023 and 2024, as audited by Deloitte, independent certified public accountants. The selected financial information as of and for the nine months ended September 30, 2024 and 2025 set forth below have been derived from our condensed consolidated financial statements as of and for the nine months ended September 30, 2025, as reviewed by Deloitte, independent certified public accountants. See "Presentation of Financial Information".

The summary financial information below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum. The results for any historical period are not necessarily indicative of the results of operations to be expected in any future period. Our unaudited summary financial information as of and for the nine months ended September 30, 2024 and 2025 may not provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. None of the Initial Purchasers nor any of their directors, officers, employees, representatives, agents, advisers or affiliates makes any representation or warranty, express or implied, regarding the sufficiency of such financial information for an assessment of our financial condition and results of operations, and potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Our unaudited summary financial information as of and for the nine months ended September 30, 2024 and 2025 should not be taken as an indication of our expected financial condition or results of operations for the full financial year ending December 31, 2025 and they are not comparable to the financial information for the years ended December 31, 2022, 2023 and 2024.

Consolidated Statement of Comprehensive Income

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$ (in millions)	HK$	HK$	US$
Total net revenue	**6,678.6**	**21,623.2**	**28,768.9**	**3,697.4**	**21,300.3**	**21,673.6**	**2,785.5**
Net gaming revenue	6,092.0	20,059.2	26,846.1	3,450.3	19,892.1	20,164.7	2,591.6
Special gaming tax and special levy	(2,680.6)	(8,486.6)	(11,528.3)	(1,481.6)	(8,515.7)	(8,785.1)	(1,129.1)
	3,411.4	11,572.6	15,317.8	1,968.7	11,376.4	11,379.6	1,462.5
Hotel, catering, retail, leasing and related services income	586.6	1,564.0	1,922.8	247.1	1,408.2	1,508.9	193.9
Cost of sales and services on hotel, catering, retail, leasing and related services	(401.9)	(632.0)	(741.0)	(95.2)	(545.9)	(575.1)	(73.9)
Other income, gains and losses	36.2	250.9	263.2	33.8	217.1	212.2	27.3
Impairment loss on financial assets	(143.7)	—	—	—	—	—	—
Impairment loss on property and equipment	(1,214.9)	—	—	—	—	—	—
Marketing and promotional expenses	(462.5)	(3,825.4)	(5,071.8)	(651.8)	(3,728.8)	(3,718.8)	(477.9)
Operating and administrative expenses	(8,476.5)	(8,837.6)	(9,654.7)	(1,240.8)	(7,240.2)	(7,660.2)	(984.5)
Finance costs	(1,122.6)	(1,930.1)	(1,892.6)	(243.3)	(1,438.5)	(1,213.9)	(156.0)
Share of profit (loss) of an associate	(3.2)	(7.8)	7.0	0.9	2.1	(1.1)	(0.2)
Share of profit of a joint venture	3.6	6.5	8.1	1.0	6.3	5.9	0.8
Profit (loss) before taxation	(7,787.5)	(1,838.9)	158.8	20.4	56.7	(62.5)	(8.0)
Taxation	(61.1)	(36.1)	(52.3)	(6.7)	(36.2)	(46.1)	(6.0)
Profit (loss) for the year/period	(7,848.6)	(1,875.0)	106.5	13.7	20.5	(108.6)	(14.0)
Other comprehensive (expense) income:							
Item that will not be reclassified to profit or loss:							
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income	(57.0)	(53.2)	(14.7)	(1.9)	(21.3)	(20.6)	(2.6)
Total comprehensive income (expense) for the year/period	**(7,905.6)**	**(1,928.2)**	**91.8**	**11.8**	**(0.8)**	**(129.2)**	**(16.6)**
Profit (loss) for the year/period attributable to:							
Owners of the Company	(7,798.4)	(2,009.8)	3.2	0.4	(61.1)	(173.3)	(22.3)
Non-controlling interests	(50.2)	134.8	103.3	13.3	81.6	64.7	8.3
	(7,848.6)	(1,875.0)	106.5	13.7	20.5	(108.6)	(14.0)
Total comprehensive income (expense) for the year/period attributable to:							
Owners of the Company	(7,855.4)	(2,063.0)	(11.5)	(1.5)	(82.4)	(193.9)	(24.9)
Non-controlling interests	(50.2)	134.8	103.3	13.3	81.6	64.7	8.3
	(7,905.6)	(1,928.2)	91.8	11.8	(0.8)	(129.2)	(16.6)

Consolidated Statement of Financial Position

	As of December 31				As of September 30	
	2022	2023	2024		2025	
	HK$	HK$	HK$	US$	HK$	US$
			(in millions)			
Non-current assets						
Property and equipment	40,049.7	38,353.9	37,566.4	4,828.0	37,828.2	4,861.7
Right-of-use assets	2,599.0	2,483.5	2,507.7	322.3	2,419.3	310.9
Gaming concession right	—	2,297.1	2,097.7	269.6	1,843.1	236.9
Art works and diamonds	281.3	281.3	281.3	36.1	281.7	36.2
Interest in an associate	41.8	32.9	39.4	5.1	38.3	4.9
Interest in a joint venture	43.8	50.3	58.4	7.5	64.3	8.3
Investments in equity instruments designated at fair value through other comprehensive income	424.1	370.9	357.0	45.9	336.4	43.2
Pledged bank deposit	970.9	970.9	970.9	124.8	970.9	124.8
Other assets	357.1	465.1	1,584.6	203.6	1,353.8	174.0
	44,767.7	**45,305.9**	**45,463.4**	**5,842.9**	**45,136.0**	**5,800.9**
Current assets						
Inventories	146.7	147.9	148.1	19.0	142.9	18.4
Trade and other receivables	694.7	706.5	867.6	111.6	1,155.3	148.5
Pledged bank deposits	183.1	37.7	37.9	4.9	38.1	4.9
Financial asset at fair value through profit or loss	—	—	—	—	39.5	5.1
Short-term bank deposits	572.6	452.6	215.0	27.6	225.9	29.0
Bank balances and cash	6,282.9	3,089.1	1,992.9	256.1	2,213.2	284.4
	7,880.0	**4,433.8**	**3,261.5**	**419.2**	**3,814.9**	**490.3**
Current liabilities						
Trade and other payables	3,735.1	4,231.2	4,743.5	609.7	4,578.7	588.4
Taxation payable	50.5	36.1	50.1	6.4	37.9	4.9
Bank loans — due within one year	707.0	970.7	1,729.5	222.3	3,242.3	416.7
Lease liabilities	46.4	37.5	77.0	9.9	72.6	9.3
Amount due to non-controlling interests of a subsidiary	—	—	333.3	42.8	339.7	43.7
Unsecured notes	—	—	—	—	5,466.8	702.6
	4,539.0	**5,275.5**	**6,933.4**	**891.1**	**13,738.0**	**1,765.6**
Net current assets (liabilities)	3,341.0	(841.7)	(3,671.9)	(471.9)	(9,923.1)	(1,275.3)
Total assets less current liabilities	**48,108.7**	**44,464.2**	**41,791.5**	**5,371.0**	**35,212.9**	**4,525.6**
Non-current liabilities						
Other payables	71.4	2,283.2	2,278.7	292.9	1,980.7	254.6
Bank loans — due after one year	18,268.3	14,265.2	11,769.7	1,512.6	11,138.4	1,431.5
Unsecured notes	9,400.6	9,413.7	9,349.9	1,201.6	3,755.9	482.7
Lease liabilities	603.9	558.0	595.4	76.5	561.3	72.1
Amounts due to non-controlling interests of a subsidiary	339.5	348.2	—	—	—	—
Loan from ultimate holding company	2,006.8	2,006.8	2,006.8	257.9	2,026.7	260.5
Deferred taxation	10.5	10.5	12.7	1.7	21.4	2.8
Convertible bond	1,394.3	1,493.4	1,602.3	205.9	1,681.7	216.1
	32,095.3	**30,379.0**	**27,615.5**	**3,549.1**	**21,166.1**	**2,720.3**
Net assets	**16,013.4**	**14,085.2**	**14,176.0**	**1,821.9**	**14,046.8**	**1,805.3**
Capital and reserves						
Share capital	14,415.1	14,415.1	14,415.1	1,852.6	14,415.1	1,852.6
Reserves	1,583.5	(479.5)	(491.0)	(63.1)	(684.9)	(88.0)
Equity attributable to owners of the Company	15,998.6	13,935.6	13,924.1	1,789.5	13,730.2	1,764.6
Non-controlling interests	14.8	149.6	251.9	32.4	316.6	40.7
Total equity	**16,013.4**	**14,085.2**	**14,176.0**	**1,821.9**	**14,046.8**	**1,805.3**

Other Financial Data

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Adjusted EBITDA[(1)(2)]	(3,095.4)	1,727.3	3,764.2	483.8	2,771.2	2,527.1	324.8
Adjusted EBITDA margin[(3)]	(46.3%)	8.0%	13.1%	13.1%	13.0%	11.7%	11.7%

(1) Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortization, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, dividend income, sub-concession fee income and pre-opening expenses.

(2) Adjusted EBITDA may not be directly comparable to other similarly titled measures of other companies, since adjusted EBITDA is not uniformly defined, and has limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results reported under HKFRS. Adjusted EBITDA and other adjusted EBITDA-based data are not measurements of our performance under HKFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with HKFRS or any other GAAP. Investors should be aware that the Adjusted EBITDA as presented here may be calculated differently from Consolidated Adjusted EBITDA as defined and used in the Indenture. See "*Description of Notes*" for a description of the manner in which Consolidated Adjusted EBITDA is defined for the purposes of the Indenture.

(3) Adjusted EBITDA margin is Adjusted EBITDA divided by total net revenue.

The following tables presents our operating statistics by property:

Grand Lisboa Palace Resort Statistics	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Revenues:							
Casino (GGR)	346	2,690	5,238	673	3,748	4,516	580
Hotel	66	472	731	94	537	558	72
Food and Beverage, Mall and Other	275	508	611	79	448	463	60
Total Revenue	687	3,670	6,580	846	4,733	5,537	712
Adjusted Property EBITDA[(1)]	**(969)**	**(317)**	**499**	**64**	**357**	**194**	**25**
Gaming Statistics							
Rolling Chip Volume	—	25,464	40,791	5,242	27,791	37,172	4,777
Rolling Revenue	—	860	1,554	200	1,134	1,156	149
Rolling Chip Win %	—	3.4%	3.8%	3.8%	4.1%	3.1%	3.1%
Non-Rolling Volume	2,017	9,094	17,190	2,209	12,469	14,911	1,916
Non-Rolling Revenue	304	1,487	3,101	399	2,176	2,757	354
Non-Rolling Chip Win %	15.1%	16.4%	18.0%	18.0%	17.5%	18.5%	18.5%
Electronic Game Handle	1,122	10,987	21,086	2,710	15,298	20,892	2,685
Electronic Game Revenue	42	343	583	75	438	603	78
Electronic Game Hold %	3.7%	3.1%	2.8%	2.8%	2.9%	2.9%	2.9%
Hotel Statistics [(2)]	**HK$**	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
Occupancy %	32.2%	82.6%	97.0%	97.0%	96.2%	97.0%	97.0%
Average Daily Rate (ADR)	916	1,322	1,191	153	1,166	1,229	158
Revenue per Available Room (RevPAR)	295	1,092	1,155	148	1,121	1,193	153

(1) Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortization, 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, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, sub-concession fee income, pre-opening expenses and corporate costs attributable to such property, and before elimination of inter-company consumption.

(2) Grand Lisboa Palace Resort included three hotel towers — the Grand Lisboa Palace Macau, THE KARL LAGERFELD which grand opened in the second quarter of 2023 and the Palazzo Versace Macau which grand opened in the first quarter of 2024.

	Year ended December 31				Nine months ended September 30		
Grand Lisboa Statistics	**2022**	**2023**	**2024**		**2024**	**2025**	
	HK$	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
			(in millions, except for percentages)				
Revenues:							
Casino (GGR)	1,067	5,439	7,548	970	5,603	5,490	706
Hotel	49	160	169	22	124	149	19
Food and Beverage, Mall and Other	83	147	122	16	90	123	16
Total Revenue	1,199	5,746	7,839	1,008	5,817	5,762	741
Adjusted Property EBITDA[(1)]	**(758)**	**1,325**	**2,094**	**269**	**1,555**	**1,334**	**171**
Gaming Statistics							
Rolling Chip Volume	7,227	19,324	26,291	3,379	20,550	18,420	2,367
Rolling Revenue	252	574	1,051	135	760	597	77
Rolling Chip Win %	3.5%	3.0%	4.0%	4.0%	3.7%	3.2%	3.2%
Non-Rolling Volume	3,256	22,482	28,387	3,648	21,151	22,366	2,875
Non-Rolling Revenue	700	4,461	6,038	776	4,503	4,448	572
Non-Rolling Chip Win %	21.5%	19.8%	21.3%	21.3%	21.3%	19.9%	19.9%
Electronic Game Handle	2,503	8,255	10,017	1,287	7,269	12,026	1,546
Electronic Game Revenue	115	404	459	59	340	445	57
Electronic Game Hold %	4.6%	4.9%	4.6%	4.6%	4.7%	3.7%	3.7%
Hotel Statistics	**HK$**	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
Occupancy %	46.2%	93.0%	98.7%	98.7%	98.6%	98.4%	98.4%
Average Daily Rate (ADR)	634	1,121	1,226	158	1,211	1,393	179
Revenue per Available Room (RevPAR)	293	1,043	1,210	156	1,194	1,371	176

(1) Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortization, 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, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, sub-concession fee income, pre-opening expenses and corporate costs attributable to such property, and before elimination of inter-company consumption.

Other self-promoted casinos, Jai Alai Hotel, Kam Pek Market and Sofitel at Ponte 16 Statistics	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
			(in millions, except for percentages)				
Revenues:							
Casino (GGR)	1,254	4,428	5,241	674	3,904	3,961	509
Hotel	42	155	154	20	111	110	14
Food and Beverage, Mall and Other	72	122	135	17	99	107	14
Total Revenue	1,368	4,705	5,530	711	4,114	4,178	537
Adjusted Property EBITDA[(1)(2)]	**(497)**	**1,258**	**1,323**	**170**	**992**	**952**	**122**
Gaming Statistics							
Non-Rolling Volume	8,219	28,528	32,980	4,239	24,965	24,295	3,122
Non-Rolling Revenue	1,116	4,142	4,926	633	3,685	3,656	470
Non-Rolling Chip Win %	13.6%	14.5%	14.9%	14.9%	14.8%	15.1%	15.1%
Electronic Game Handle	2,865	6,589	7,429	955	4,709	8,945	1,150
Electronic Game Revenue	138	286	315	41	219	305	39
Electronic Game Hold %	4.8%	4.3%	4.2%	4.2%	4.7%	3.4%	3.4%
Hotel Statistics	**HK$**	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
Jai Alai Hotel:							
Occupancy %	72.4%	97.6%	99.8%	99.8%	99.8%	98.5%	98.5%
Average Daily Rate (ADR)	178	196	205	26	205	242	31
Revenue per Available Room (RevPAR)	129	191	204	26	205	238	31
Sofitel at Ponte 16:							
Occupancy %	48.4%	83.0%	88.1%	88.1%	86.9%	86.8%	86.8%
Average Daily Rate (ADR)	495	1,230	1,075	138	1,043	1,034	133
Revenue per Available Room (RevPAR)	240	1,021	947	122	906	897	115

(1) Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortization, 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, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, sub-concession fee income, pre-opening expenses and corporate costs, and before elimination of inter-company consumption.

(2) Casino Lisboa, Casino Oceanus at Jai Alai (including the gaming area in the Jai Alai Building), and Jai Alai Hotel, Kam Pek Market (which opened in December 2024), share of Ponte 16 and other non-gaming area.

The following table presents the reconciliation of profit (loss) before taxation to the Adjusted EBITDA for the periods indicated.

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$ (in millions)	HK$	HK$	US$
Profit (loss) before taxation	(7,787.5)	(1,838.9)	158.8	20.4	56.7	(62.5)	(8.0)
Interest income[3]	(45.9)	(121.5)	(97.4)	(12.5)	(78.9)	(41.0)	(5.3)
Interest expenses[3]	1,109.4	1,913.6	1,876.8	241.2	1,427.6	1,200.1	154.2
Loss (profit) before taxation attributable to non-controlling interest[3]	50.2	(134.8)	(108.4)	(13.9)	(81.6)	(69.0)	(8.9)
Depreciation and Amortization[3]	1,881.1	1,826.5	1,875.4	241.0	1,406.8	1,491.1	191.7
Donations[3]	3.3	2.6	1.9	0.3	1.5	1.7	0.2
Loss (gain) on disposal/write-off of property and equipment[3]	2.1	6.4	10.7	1.4	10.3	1.7	0.2
Impairment loss on property and equipment[3]	1,214.9	—	—	—	—	—	—
Bank charges for bank loans[3]	10.8	16.7	19.7	2.5	14.1	22.6	2.9
Loss (gain) on modification on bank loans[3]	19.6	58.8	25.6	3.3	16.1	(21.3)	(2.7)
Gain on early termination of lease contracts[3]	(1.7)	(3.3)	—	—	—	—	—
Gain on early repurchase of unsecured notes[3]	—	—	(4.1)	(0.5)	—	(2.4)	(0.3)
Gain on fair value changes of financial asset at fair value through profit or loss[3]	—	—	—	—	—	(0.8)	(0.1)
Dividend income[3]	—	—	(1.4)	(0.2)	(1.4)	—	—
Sub-concession fee income[3]	(4.3)	—	—	—	—	—	—
Pre-opening expenses[3]	452.6	1.2	6.6	0.8	—	6.9	0.9
Adjusted EBITDA[1][2]	(3,095.4)	1,727.3	3,764.2	483.8	2,771.2	2,527.1	324.8

(1) Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortization, donations, gain/loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, dividend income, sub-concession fee income and pre-opening expenses.

(2) Adjusted EBITDA may not be directly comparable to other similarly titled measures of other companies, since adjusted EBITDA is not uniformly defined, and has limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results reported under HKFRS. Adjusted EBITDA and other adjusted EBITDA-based data are not measurements of our performance under HKFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with HKFRS or any other GAAP. Investors should be aware that the Adjusted EBITDA as presented here may be calculated differently from Consolidated Adjusted EBITDA as defined and used in the Indenture. See "*Description of Notes*" for a description of the manner in which Consolidated Adjusted EBITDA is defined for the purposes of the Indenture.

(3) The above reconciliation items are after adjustments for corresponding amounts attributable to non-controlling interests.

Selected Operating Data

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, the following table presents the key operational performance indicators:

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Rolling Chip Volume	13,768	46,249	67,810	8,715	48,913	55,882	7,182
Rolling Revenue	486	1,557	2,688	345	1,956	1,812	233
Rolling Chip Win %	3.5%	3.4%	4.0%	4.0%	4.0%	3.2%	3.2%
Non-Rolling Volume	41,175	112,920	147,727	18,986	109,808	115,740	14,875
Non-Rolling Revenue	5,263	17,874	23,762	3,054	17,589	18,044	2,319
Non-Rolling Chip Win %	12.8%	15.8%	16.1%	16.1%	16.0%	15.6%	15.6%
Electronic Game Handle	28,326	69,454	96,943	12,459	70,210	85,229	10,954
Electronic Game Revenue	706	1,773	2,374	305	1,744	2,107	271
Electronic Game Hold %	2.5%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in connection with "Selected Consolidated Financial Information" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. See "*Forward-Looking Statements*" regarding these statements.

Overview

We are an owner, operator and developer of casinos and integrated entertainment resorts in Macau. We are the only casino gaming concessionaire in Macau with local roots, and are the largest casino operator in Macau in terms of number of casinos as of the date of this offering memorandum. We are the holding company of SJM, one of the first three concessionaires authorized to operate casino games of fortune and other games of chance in casinos, under the terms of a concession granted by the Macau SAR Government in March 2002. The concession was then extended by the Macau SAR Government in March 2019, which later expired on December 31, 2022. In December 2022, SJM entered into the New Gaming Concession Contract with the Macau SAR Government, pursuant to which SJM has been granted a 10-year gaming concession on January 1, 2023 and expiring on December 31, 2032, to operate games of fortune and chance in Macau. SJM is the only casino gaming concessionaire with its roots in Macau. See "*Regulation — SJM New Gaming Concession Contract*".

Our Lisboa brand goes back to 1970, when the Hotel and Casino Lisboa started operation. Built by our founder, Dr. Ho Hung Sun, Stanley, Hotel and Casino Lisboa is Macau's first integrated casino and resort, which combined lodging, dining, shopping and entertainment with gaming. Over the succeeding decades, the Lisboa brand name established preeminent recognition throughout the region, known to Macau's many visitors as the destination for entertainment, and was named the Most Valuable Brand in 2014 Business Awards of Macau. In July 2021, we phased opening of Grand Lisboa Palace Resort, extending the SJM legacy to Cotai, Macau. We expanded Grand Lisboa Palace Resort by grand opening two hotels, namely THE KARL LAGERFELD grand opened in June 2023 and Palazzo Versace Macau grand opened in March 2024, further elevating the Lisboa brand's prestige in luxury hospitality.

We currently hold one of the six gaming concessions permitted by the Macau SAR Government to operate casinos or gaming areas in Macau, and our casino gaming and resort facilities are exclusively in Macau. As of the date of this offering memorandum, we operate five casinos in Macau, namely Casino Grand Lisboa Palace, Casino Grand Lisboa, Casino Lisboa, Casino Oceanus at Jai Alai and Casino L'Arc Macau. Our casinos are located in prime locations on the Macau Peninsula and in Cotai, and as of September 30, 2025 offered 1,250 gaming tables and 1,700 slot machines. Non-gaming operations include the Grand Lisboa Palace Resort, the Grand Lisboa Hotel, the L'Arc Hotel, the Jai Alai Hotel and the Sofitel Macau at Ponte 16. Subsequent to the revision of the Macau gaming law in 2022, we were allowed to operate nine satellite casinos for a transition period of three years, which ended on December 31, 2025. In line with the regulatory requirements and after in-depth analysis and evaluation, taking into consideration factors such as alignment with our long-term objectives and our overall competitiveness and strategic locations of the satellite casinos, we recently completed the restructuring of our satellite casinos operations. We completed the acquisition of the L'Arc Hotel, where Casino L'Arc Macau is located, on December 17, 2025 and obtained the requisite approval from DICJ on December 26, 2025 for SJM to operate casino games of fortune at Casino L'Arc Macau as a directly managed and operated casino from December 30, 2025. Prior to the acquisition, Casino L'Arc Macau was one of the nine satellite casinos. Other satellite casinos all ceased operations by the end of 2025, with Casino Grandview ceasing operations on July 30, 2025, Casino Emperor Palace ceasing operations on October 30, 2025, Casino Legend Palace ceasing operations on November 12, 2025, Casino Casa Real ceasing operations on November 21, 2025, Casino Ponte 16 ceasing operations on November 28, 2025, Casino Kam Pek

Paradise ceasing operations on December 1, 2025, Casino Fortuna ceasing operations on December 9, 2025 and Casino Landmark ceasing operations on December 30, 2025, in line with overall business planning and commercial considerations. See "*Business — Recent Development — The Restructuring of Our Satellite Casinos*" and "*Risk Factors — Risks Relating to Our Business and Operations — Gaming is a highly regulated industry in Macau and adverse changes or developments in gaming laws or other regulations that affect our operations could be difficult to comply with or may significantly increase our costs, which could cause our projects to be unsuccessful*". These changes will also support the expansion of operational scale, streamline cost structures, and strengthen our earnings quality, positioning us to compete more effectively and capture incremental non-gaming spend through tighter integration of hotel, dining and entertainment offerings.

Summary of Financial Results

For the nine months ended September 30, 2025, our total net revenue was HK$21,673.6 million (US$2,785.5 million), an increase of 1.8%, from HK$21,300.3 million for the nine months ended September 30, 2024. The increase in total net revenue was primarily attributable to the increase in non-rolling gross gaming revenue to HK$18,044.1 million (US$2,319.0 million) for the nine months ended September 30, 2025 from HK$17,589.3 million for the nine months ended September 30, 2024 and the increase in revenue from hotel, catering, retail and leasing operations to HK$1,508.9 million (US$193.9 million) for the nine months ended September 30, 2025 from HK$1,408.2 million for the nine months ended September 30, 2024.

For the year ended December 31, 2024, our total net revenue was HK$28,768.9 million (US$3,697.4 million), an increase of 33.0% from HK$21,623.2 million for the year ended December 31, 2023. The increase in total net revenue was primarily driven by an increase in gaming revenue. The profit attributable to owners of the Company for the year ended December 31, 2024 was HK$3.2 million (US$0.4 million), as compared to the loss attributable to owners of the Company of HK$2,009.8 million for the year ended December 31, 2023.

For the year ended December 31, 2023, our total net revenue was HK$21,623.2 million, an increase of 223.8% from HK$6,678.6 million for the year ended December 31, 2022. The increase in total net revenue was primarily driven by rolling revenue, non-rolling revenue and electronic game revenue. The loss attributable to owners of the Company for the year ended December 31, 2023 was HK$2,009.8 million, as compared to HK$7,798.4 million for the year ended December 31, 2022. The decrease in loss attributable to owners of the Company was primarily attributable to the increase in revenue after the relaxation of travel restriction to Macau.

The following table summarizes the results of our operations:

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Consolidated Statements of Operations Data:							
Total net revenue	6,678.6	21,623.2	28,768.9	3,697.4	21,300.3	21,673.6	2,785.5
Net gaming revenue	6,092.0	20,059.2	26,846.1	3,450.3	19,892.1	20,164.7	2,591.6
Profit (loss) attributable to owners of the Company	(7,798.4)	(2,009.8)	3.2	0.4	(61.1)	(173.3)	(22.3)
Adjusted EBITDA[(1)]	(3,095.4)	1,727.3	3,764.2	483.8	2,771.2	2,527.1	324.8
Adjusted EBITDA margin[(2)]	(46.3%)	8.0%	13.1%	13.1%	13.0%	11.7%	11.7%

(1) Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortization, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, dividend income, sub-concession fee income and pre-opening expenses.

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

The following tables present our operating statistics by property:

Grand Lisboa Palace Resort Statistics	**Year ended December 31**				**Nine months ended September 30**		
	2022	**2023**	**2024**		**2024**	**2025**	
	HK$	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
			(in millions, except for percentages)				
Revenues:							
Casino (GGR)	346	2,690	5,238	673	3,748	4,516	580
Hotel	66	472	731	94	537	558	72
Food and Beverage, Mall and Other	275	508	611	79	448	463	60
Total Revenue	687	3,670	6,580	846	4,733	5,537	712
Adjusted Property EBITDA[1]	**(969)**	**(317)**	**499**	**64**	**357**	**194**	**25**
Gaming Statistics							
Rolling Chip Volume	—	25,464	40,791	5,242	27,791	37,172	4,777
Rolling Revenue	—	860	1,554	200	1,134	1,156	149
Rolling Chip Win %	—	3.4%	3.8%	3.8%	4.1%	3.1%	3.1%
Non-Rolling Volume	2,017	9,094	17,190	2,209	12,469	14,911	1,916
Non-Rolling Revenue	304	1,487	3,101	399	2,176	2,757	354
Non-Rolling Chip Win %	15.1%	16.4%	18.0%	18.0%	17.5%	18.5%	18.5%
Electronic Game Handle	1,122	10,987	21,086	2,710	15,298	20,892	2,685
Electronic Game Revenue	42	343	583	75	438	603	78
Electronic Game Hold %	3.7%	3.1%	2.8%	2.8%	2.9%	2.9%	2.9%
Hotel Statistics[2]	**HK$**	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
Occupancy %	32.2%	82.6%	97.0%	97.0%	96.2%	97.0%	97.0%
Average Daily Rate (ADR)	916	1,322	1,191	153	1,166	1,229	158
Revenue per Available Room (RevPAR)	295	1,092	1,155	148	1,121	1,193	153

(1) Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortization, 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, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, 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 which grand opened in the second quarter of 2023 and the Palazzo Versace Macau which grand opened in the first quarter of 2024.

Grand Lisboa Statistics	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Revenues:							
Casino (GGR)	1,067	5,439	7,548	970	5,603	5,490	706
Hotel	49	160	169	22	124	149	19
Food and Beverage, Mall and Other	83	147	122	16	90	123	16
Total Revenue	1,199	5,746	7,839	1,008	5,817	5,762	741
Adjusted Property EBITDA[(1)]	**(758)**	**1,325**	**2,094**	**269**	**1,555**	**1,334**	**171**
Gaming Statistics							
Rolling Chip Volume	7,227	19,324	26,291	3,379	20,550	18,420	2,367
Rolling Revenue	252	574	1,051	135	760	597	77
Rolling Chip Win %	3.5%	3.0%	4.0%	4.0%	3.7%	3.2%	3.2%
Non-Rolling Volume	3,256	22,482	28,387	3,648	21,151	22,366	2,875
Non-Rolling Revenue	700	4,461	6,038	776	4,503	4,448	572
Non-Rolling Chip Win %	21.5%	19.8%	21.3%	21.3%	21.3%	19.9%	19.9%
Electronic Game Handle	2,503	8,255	10,017	1,287	7,269	12,026	1,546
Electronic Game Revenue	115	404	459	59	340	445	57
Electronic Game Hold %	4.6%	4.9%	4.6%	4.6%	4.7%	3.7%	3.7%
Hotel Statistics	**HK$**	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
Occupancy %	46.2%	93.0%	98.7%	98.7%	98.6%	98.4%	98.4%
Average Daily Rate (ADR)	634	1,121	1,226	158	1,211	1,393	179
Revenue per Available Room (RevPAR)	293	1,043	1,210	156	1,194	1,371	176

(1) Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortization, 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, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, sub-concession fee income, pre-opening expenses and corporate costs, and before elimination of inter-company consumption.

Other self-promoted casinos, Jai Alai Hotel, Kam Pet Market and Sofitel at Ponte 16 Statistics	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
			(in millions, except for percentages)				
Revenues:							
Casino (GGR)	1,254	4,428	5,241	674	3,904	3,961	509
Hotel	42	155	154	20	111	110	14
Food and Beverage, Mall and Other	72	122	135	17	99	107	14
Total Revenue	1,368	4,705	5,530	711	4,114	4,178	537
Adjusted Property EBITDA[(1)(2)]	**(497)**	**1,258**	**1,323**	**170**	**992**	**952**	**122**
Gaming Statistics							
Non-Rolling Volume	8,219	28,528	32,980	4,239	24,965	24,295	3,122
Non-Rolling Revenue	1,116	4,142	4,926	633	3,685	3,656	470
Non-Rolling Chip Win %	13.6%	14.5%	14.9%	14.9%	14.8%	15.1%	15.1%
Electronic Game Handle	2,865	6,589	7,429	955	4,709	8,945	1,150
Electronic Game Revenue	138	286	315	41	219	305	39
Electronic Game Hold %	4.8%	4.3%	4.2%	4.2%	4.7%	3.4%	3.4%
Hotel Statistics	**HK$**	**HK$**	**HK$**	**US$**	**HK$**	**HK$**	**US$**
Jai Alai Hotel:							
Occupancy %	72.4%	97.6%	99.8%	99.8%	99.8%	98.5%	98.5%
Average Daily Rate (ADR)	178	196	205	26	205	242	31
Revenue per Available Room (RevPAR)	129	191	204	26	205	238	31
Sofitel at Ponte 16:							
Occupancy %	48.4%	83.0%	88.1%	88.1%	86.9%	86.8%	86.8%
Average Daily Rate (ADR)	495	1,230	1,075	138	1,043	1,034	133
Revenue per Available Room (RevPAR)	240	1,021	947	122	906	897	115

(1) Adjusted Property EBITDA is earnings or losses before accounting for interest income and expense, tax, depreciation and amortization, 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, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, sub-concession fee income, pre-opening expenses and corporate costs, and before elimination of inter-company consumption.

(2) Casino Lisboa, Casino Oceanus at Jai Alai (including the gaming area in the Jai Alai Building), and Jai Alai Hotel, Kam Pek Market (which opened in December 2024), share of Ponte 16 and other non-gaming area.

The following table presents the reconciliation of profit (loss) before taxation to the Adjusted EBITDA for the periods indicated.

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$ (in millions)	HK$	HK$	US$
Profit (loss) before taxation	(7,787.5)	(1,838.9)	158.8	20.4	56.7	(62.5)	(8.0)
Interest income[3]	(45.9)	(121.5)	(97.4)	(12.5)	(78.9)	(41.0)	(5.3)
Interest expenses[3]	1,109.4	1,913.6	1,876.8	241.2	1,427.6	1,200.1	154.2
Loss (profit) before taxation attributable to non-controlling interest[3]	50.2	(134.8)	(108.4)	(13.9)	(81.6)	(69.0)	(8.9)
Depreciation and Amortization[3]	1,881.1	1,826.5	1,875.4	241.0	1,406.8	1,491.1	191.7
Donations[3]	3.3	2.6	1.9	0.3	1.5	1.7	0.2
Loss (gain) on disposal/write-off of property and equipment[3]	2.1	6.4	10.7	1.4	10.3	1.7	0.2
Impairment loss on property and equipment[3]	1,214.9	—	—	—	—	—	—
Bank charges for bank loans[3]	10.8	16.7	19.7	2.5	14.1	22.6	2.9
Loss (gain) on modification on bank loans[3]	19.6	58.8	25.6	3.3	16.1	(21.3)	(2.7)
Gain on early termination of lease contracts[3]	(1.7)	(3.3)	—	—	—	—	—
Gain on early repurchase of unsecured notes[3]	—	—	(4.1)	(0.5)	—	(2.4)	(0.3)
Gain on fair value changes of financial asset at fair value through profit or loss[3]	—	—	—	—	—	(0.8)	(0.1)
Dividend income[3]	—	—	(1.4)	(0.2)	(1.4)	—	—
Sub-concession fee income[3]	(4.3)	—	—	—	—	—	—
Pre-opening expenses[3]	452.6	1.2	6.6	0.8	—	6.9	(0.9)
Adjusted EBITDA[1][2]	(3,095.4)	1,727.3	3,764.2	483.8	2,771.2	2,527.1	324.8

(1) Adjusted EBITDA is earnings or losses after adjustment for non-controlling interests and before accounting for interest income and expense, tax, depreciation and amortization, donations, loss on disposal/write-off of property and equipment, impairment loss on property and equipment, bank charges for bank loans, gain/loss on modification on bank loans, gain on early termination of lease contracts, gain on early repurchase of unsecured notes, gain on fair value changes of financial asset at fair value through profit or loss, dividend income, sub-concession fee income and pre-opening expenses. The above reconciliation items are after adjustments for corresponding amounts attributable to non-controlling interests.

(2) Adjusted EBITDA may not be directly comparable to other similarly titled measures of other companies, since adjusted EBITDA is not uniformly defined, and has limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results reported under HKFRS. Adjusted EBITDA and other adjusted EBITDA-based data are not measurements of our performance under HKFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with HKFRS or any other GAAP. Investors should be aware that the Adjusted EBITDA as presented here may be calculated differently from Consolidated Adjusted EBITDA as defined and used in the Indenture. See "*Description of Notes*" for a description of the manner in which Consolidated Adjusted EBITDA is defined for the purposes of the Indenture.

(3) The above reconciliation items are after adjustments for corresponding amounts attributable to non-controlling interests.

Critical Accounting Policies and Estimates

Management's review and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements. Our consolidated financial statements were prepared in conformity with HKFRS. In the application of our accounting policies, our directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Property and Equipment and Other Long-Lived Assets

We depreciate property and equipment on a straight-line basis over their estimated useful lives with no residual value assumed. The estimated useful lives are based on the nature of the assets, as well as current operating strategy and legal considerations, such as contractual life. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which we use certain assets and could have an impact on the estimated useful lives of such assets.

Several key factors influenced our assessment of the estimated useful lives of our property and equipment. These factors included (1) the stabilization of the operating, regulatory and competitive environment in Macau, which includes meeting the final land concession deadlines imposed by Macau SAR Government for our properties situated on the Macau Peninsula and in Cotai and (2) consideration of the estimated useful lives assigned to buildings of our peers in the gaming and hospitality industry. Based on these factors, as well as the anticipated use and condition of the assets evaluated, we determined that changes to the useful lives of certain property and equipment were appropriate. As a result, we revised the estimated useful lives of the property and equipment to a range of 25 to 50 years to better reflect the estimated periods during which these assets are expected to remain in service.

Valuation of advances to gaming promoters and other receivables from gaming promoters and service providers

Our procedures in relation to the valuation of advances to gaming promoters and other receivables from gaming promoters and service providers include:

- Obtaining an understanding and evaluating the relevant control procedures over the management's process in respect of reviewing the financial performance of gaming promoters and service providers;

- Evaluating the appropriateness of the credit assessment policy and sufficiency of the related loss allowance by reviewing information in respect of:

  (i) the financial performance of gaming promoters and service providers;

  (ii) expected growth rate and future development of gaming industry;

  (iii) relevant commissions and service fee payables for assessing exposure to credit losses; and

- Checking the repayment history and the subsequent settlements in respect of those advances and other receivables on a sample basis.

Determination on lease term of contracts with renewal options

We apply judgment to determine the lease term for lease contracts in which it is a lessee, specifically, the leases relating to leasehold lands.

Reassessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, we consider all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);

- the extent of leasehold improvements undertaken by us; and

- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for our needs).

As of September 30, 2025, the carrying amounts of right-of-use assets and lease liabilities for the lease contracts which we were reasonably certain will be renewed were HK$2,209.3 million (US$283.9 million) and HK$471.1 million (US$60.5 million), respectively.

Revenue Recognition

Our revenue contracts with customers consist of casino, hotel rooms, food and beverage, retail, leasing and other transactions.

Gaming revenue is the aggregate net difference between gaming wins and losses. Commissions paid to gaming promoters and rebates paid to patrons are recorded as a reduction to gaming revenue. We account for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognizing net win per gaming day.

For gaming operations in which we provide complimentary catering and hotel services ("**hospitality services**") to gaming customers to incentivize gaming, we deduct the amount of hospitality services to the gaming revenue based on pre-agreed price and in return such deducted amount records as hotel, catering, retail and related services income.

For gaming operations in which we provide award points to customers under loyalty programs, we deduct the amount of award points from the gaming revenue based on pre-agreed price. Such deducted amount is deferred revenue and recognized as loyalty programs liabilities until customers redeem the award points for retail goods and hospitality service. Upon redemption, the consideration of each retail good and hospitality services is recorded as hotel, catering, retail and related services income.

The transaction price of hotel rooms, food and beverage, and retail transactions is the net amount collected from the customer for such goods and services. The transaction price for such transactions is recorded as revenue when the good or service is transferred or rendered to the customer during their stay at the hotel or when the delivery is made for the food and beverage, retail and other services.

We have other contracts that include multiple goods and services, such as packages that bundle food and beverage and other services with hotel stays. For such arrangements, we allocate revenue to each good or service based on its relative stand-alone selling price. We primarily determine the stand-alone selling price of hotel rooms, food and beverage, and retail goods and services based on the amount that we charge when each is sold separately in similar circumstances to similar customers.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because it excludes items of income or expense that are taxable or deductible in other years and it further excludes profit or loss items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and interests in a joint venture and an associate, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of our assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, we apply HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Recent Changes in Accounting Standards

See note 2 to the audited consolidated financial statements of the Guarantor as of and for the year ended December 31, 2024 included elsewhere in this offering memorandum for a discussion of recent changes in accounting standards.

Results of Operations

Nine months Ended September 30, 2025 Compared to Nine months Ended September 30, 2024

Rolling gross gaming revenue.

Rolling gross gaming revenue for the nine months ended September 30, 2025 was HK$1,811.7 million (US$232.8 million), a decrease of 7.4%, from HK$1,955.9 million for the nine months ended September 30, 2024, primarily attributable to the drop in Rolling Chip Win percentage and the decrease of Casino Grand Lisboa Rolling Chip Volume.

The following table sets forth information related to our rolling gross gaming revenue for the periods indicated:

	For the nine months ended September 30		
Rolling operations	**2024**	**2025**	**Increase/ (Decrease)**
	HK$ millions (except for percentages)	**HK$ millions (except for percentages)**	
Rolling Chip Volume.	48,913	55,882	14.2%
Rolling Revenue	1,956	1,812	(7.4%)
Rolling Chip Win %.	4.0 %	3.2%	(0.8 pts)

Non-rolling gross gaming revenue.

Non-rolling gross gaming revenue for the nine months ended September 30, 2025 was HK$18,044.1 million (US$2,319.0 million), an increase of 2.6%, from HK$17,589.3 million for the nine months ended September 30, 2024, primarily attributable to the increase of non-rolling gross revenue from Casino Grand Lisboa Palace.

The following table sets forth information related to non-rolling gaming operations for the periods indicated:

	For the nine months ended September 30		
Non-rolling gaming operations	**2024**	**2025**	**Increase/ (Decrease)**
	HK$ millions (except for percentages)	**HK$ millions (except for percentages)**	
Non-Rolling Volume.	109,808	115,740	5.4%
Non-Rolling Revenue	17,589	18,044	2.6%
Non-Rolling Chip Win %	16.0%	15.6%	(0.4 pts)

Electronic game gross gaming revenue.

Electronic game gross gaming revenue for the nine months ended September 30, 2025 was HK$2,107.0 million (US$270.8 million), an increase of 20.8%, from HK$1,744.3 million for the nine months ended September 30, 2024, primarily attributable to the increase of live-tabling gaming terminals from 2024.

The following table sets forth information related to our electronic game operations for the periods indicated:

	For the nine months ended September 30		
Electronic game operations	**2024**	**2025**	**Increase/ (Decrease)**
Electronic Game Handle	70,210	85,229	21.4%
Electronic Game Revenue.	1,744	2,107	20.8%
Electronic Game Hold %	2.5%	2.5%	(0.0pts)

Hotel, catering, retail, leasing and related services income.

Revenue from hotel, catering, retail, leasing and related services for the nine months ended September 30, 2025 was HK$1,508.9 million (US$193.9 million), an increase of 7.2%, from HK$1,408.2 million for the nine months ended September 30, 2024, primarily attributable to the business expansion in hotel, food and beverage and shopping mall.

Operating costs and expenses.

The major operating costs and expenses for the nine months ended September 30, 2025 and 2024 were:

	For the nine months ended September 30			
	2024	**2025**		**Increase/ (Decrease)**
	HK$ million	**HK$ million**	**US$ million**	
Special gaming tax and special levy.	8,515.7	8,785.1	1,129.1	3.2%
Cost of sales and services on hotel, catering, retail, leasing and related services.	545.9	575.1	73.9	5.3%
Marketing and promotional expenses	3,728.8	3,718.8	477.9	(0.3%)
Operating and administrative expenses.	7,240.2	7,660.2	984.5	5.8%
Finance costs.	1,438.5	1,213.9	156.0	(15.6%)

Special gaming tax and special levy.

Special gaming tax and special levy increased by HK$269.4 million, or 3.2%, to HK$8,785.1 million (US$1,129.1 million) for the nine months ended September 30, 2025 from HK$8,515.7 million for the nine months ended September 30, 2024, primarily due to the increase of gross gaming revenue.

Cost of sales and services on hotel, catering, retail, leasing and related services.

Cost of sales and services on hotel, catering, retail, leasing and related services increased by HK$29.2 million, or 5.3%, to HK$575.1 million (US$73.9 million) for the nine months ended September 30, 2025 from HK$545.9 million for the nine months ended September 30, 2024 primarily due to higher consumption of food and beverage and hotel supplies in response to the increase in hotel and catering revenue.

Marketing and promotional expenses.

Marketing and promotional expenses decreased by HK$10.0 million, or 0.3%, to HK$3,718.8 million (US$477.9 million) for the nine months ended September 30, 2025 from HK$3,728.8 million for the nine months ended September 30, 2024, primarily attributable to the cost control on marketing expenses.

Operating and administrative expenses.

Operating and administrative expenses increased by HK$420.0 million, or 5.8%, to HK$7,660.2 million (US$984.5 million) for the nine months ended September 30, 2025 from HK$7,240.2 million for the nine months ended September 30, 2024, primarily due to the increase in staff cost (other than those included in cost of sales and services on hotel, catering, retail, leasing and related services).

Finance costs.

Finance costs decreased by HK$224.6 million, or 15.6%, to HK$1,213.9 million (US$156.0 million) for the nine months ended September 30, 2025 from HK$1,438.5 million for the nine months ended September 30, 2024, primarily due to the decrease in interest on bank loans to HK$532.6 million (US$68.4 million) for the nine months ended September 30, 2025 from HK$749.7 million for the nine months ended September 30, 2024 due to decrease in bank interest rate.

Profit/loss.

As a result of the foregoing, we had a loss of HK$108.6 million (US$14.0 million) for the nine months ended September 30, 2025, decreased by HK$129.1 million, or 629.8%, from a profit of HK$20.5 million for the nine months ended September 30, 2024.

Loss attributable to owners of the Company.

We had loss attributable to owners of the Company of HK$173.3 million (US$22.3 million) for the nine months ended September 30, 2025, decreased by HK$112.2 million, or 183.6% from HK$61.1 million for the nine months ended September 30, 2024.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenues.

For the year ended December 31, 2024, our total net revenue was HK$28,768.9 million (US$3,697.4 million), an increase of 33.0%, from HK$21,623.2 million of total net revenue for the year ended December 31, 2023. The increase in total net revenue was primarily attributable to the increase in rolling gross gaming revenue to HK$2,687.4 million (US$345.4 million) for the year ended December 31, 2024 from HK$1,556.7 million for the year ended December 31, 2023, the increase in non-rolling gross gaming revenue to HK$23,762.1 million (US$3,053.9 million) for the year ended December 31, 2024 from HK$17,874.4 million for the year ended December 31, 2023 and the increase in electronic game gross gaming revenue to HK$2,374.2 million (US$305.1 million) for the year ended December 31, 2024 from HK$1,773.4 million for the year ended December 31, 2023. The profit attributable to owners of the Company for the year ended December 31, 2024 was HK$3.2 million (US$0.4 million), as compared to a loss attributable to owners of the Company of HK$2,009.8 million for the year ended December 31, 2023.

Rolling gross gaming revenue.

Rolling gross gaming revenue for the year ended December 31, 2024 was HK$2,687.4 million (US$345.4 million), an increase of 72.6%, from HK$1,556.7 million for the year ended December 31, 2023, primarily attributable to the increase in rolling volume due to the continued ramp up of operation after COVID-19.

The following table sets forth information related to our rolling gross gaming revenue for the periods indicated:

	For the year ended December 31		
Rolling operations	**2023**	**2024**	**Increase/ (Decrease)**
	HK$ (in millions, except for percentages)		
Rolling Chip Volume	46,249	67,810	46.6%
Rolling Revenue	1,557	2,688	72.6%
Rolling Chip Win %	3.4%	4.0%	0.6 pts

Non-rolling gross gaming revenue.

Non-rolling gross gaming revenue for the year ended December 31, 2024 was HK$23,762.1 million (US$3,053.9 million), an increase of 32.9%, from HK$17,874.4 million for the year ended December 31, 2023, primarily attributable to the increase in non-rolling volume due to the continued ramp up of operation after COVID-19.

The following table sets forth information related to non-rolling gaming operations for the periods indicated:

	For the year ended December 31		
Non-rolling gaming operations	**2023**	**2024**	**Increase/ (Decrease)**
	HK$ (in millions, except for percentages)		
Non-Rolling Volume	112,920	147,727	30.8%
Non-Rolling Revenue	17,874	23,762	32.9%
Non-Rolling Chip Win %	15.8%	16.1%	0.3 pts

Electronic game gross gaming revenue.

Electronic game gross gaming revenue for the year ended December 31, 2024 was HK$2,374.2 million (US$305.1 million), an increase of 33.9%, from HK$1,773.4 million for the year ended December 31, 2023, primarily attributable to the increase in the electronic game handle due to the continued ramp up of operations after COVID-19.

The following table sets forth information related to our electronic game operations for the periods indicated:

	For the year ended December 31		
Electronic game operations	**2023**	**2024**	**Increase/ (Decrease)**
	HK$ (in millions, except for percentages)		
Electronic Game Handle	69,454	96,943	39.6%
Electronic Game Revenue	1,773	2,374	33.9%
Electronic Game Hold %	2.6%	2.5%	(0.1 pts)

Hotel, catering, retail, leasing and related services income.

Revenue from hotel, catering, retail, leasing and related services for the year ended December 31, 2024 was HK$1,922.8 million (US$247.1 million), an increase of 22.9%, from HK$1,564.0 million for the year ended December 31, 2023, primarily attributable to the increase in occupancy rate driven by increased demand.

Operating costs and expenses

The major operating costs and expenses for the year ended December 31, 2024 and 2023 were:

	For the year ended December 31			
	2023	2024		Increase/ (Decrease)
	HK$ million	HK$ million	US$ million	
Special gaming tax and special levy	8,486.6	11,528.3	1,481.6	35.8%
Cost of sales and services on hotel, catering, retail, leasing and related services	632.0	741.0	95.2	17.2%
Marketing and promotional expenses	3,825.4	5,071.8	651.8	32.6%
Operating and administrative expenses	8,837.6	9,654.7	1,240.8	9.2%
Finance costs	1,930.1	1,892.6	243.3	(1.9%)

Special gaming tax and special levy.

Special gaming tax and special levy increased by HK$3,041.7 million, or 35.8%, to HK$11,528.3 million (US$1,481.6 million) for the year ended December 31, 2024 from HK$8,486.6 million for the year ended December 31, 2023 primarily due to the increase of gross gaming revenue.

Cost of sales and services on hotel, catering, retail, leasing and related services.

Cost of sales and services on hotel, catering, retail, leasing and related services increased by HK$109.0 million, or 17.2%, to HK$741.0 million (US$95.2 million) for the year ended December 31, 2024 from HK$632.0 million for the year ended December 31, 2023 primarily due to higher consumption of food and beverage and hotel supplies in response to increase in hotel food and beverage business activities.

Marketing and promotional expenses.

Marketing and promotional expenses increased by HK$1,246.4 million, or 32.6%, to HK$5,071.8 million (US$651.8 million) for the year ended December 31, 2024 from HK$3,825.4 million for the year ended December 31, 2023, primarily due to increased marketing and promotional activities in response to the growth of market and increased competition.

Operating and administrative expenses.

Operating and administrative expenses increased by HK$817.1 million, or 9.2%, to HK$9,654.7 million (US$1,240.8 million) for the year ended December 31, 2024 from HK$8,837.6 million for the year ended December 31, 2023, primarily due to the increase in staff cost (other than those included in cost of sales and services on hotel, catering, retail, leasing and related services). Staff cost increased by HK$559.0 million or 10.1% to HK$6,113.8 million (US$785.7 million) for the year ended December 31, 2024 from HK$5,554.8 million for the year ended December 31, 2023. The increase was primarily due to increase in additional staff in response to increased business activities.

Finance costs.

Finance costs decreased by HK$37.5 million, or 1.9%, to HK$1,892.6 million (US$243.3 million) for the year ended December 31, 2024 from HK$1,930.1 million for the year ended December 31, 2023, primarily due to the decrease in interests on bank loans to HK$971.4 million (US$124.8 million) for the year ended December 31, 2024 from HK$1,021.4 million for the year ended December 31, 2023, partially offset by an increase in interests on convertible bond to HK$147.0 million (US$18.9 million) for the year ended December 31, 2024 from HK$137.2 million for the year ended December 31, 2023 and an increase in interests on lease liabilities to HK$18.4 million (US$2.4 million) for the year ended December 31, 2024 from HK$16.3 million for the year ended December 31, 2023.

Profit/loss

As a result of the foregoing, we had a profit of HK$106.5 million (US$13.7 million) for the year ended December 31, 2024, as compared to a loss of HK$1,875.0 million for the year ended December 31, 2023.

Profit/loss attributable to owners of the Company

We had profit attributable to owners of the Company of HK$3.2 million (US$0.4 million) for the year ended December 31, 2024, compared to loss attributable to owners of the Company of HK$2,009.8 million for the year ended December 31, 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenues

For the year ended December 31, 2023, our total net revenue was HK$21,623.2 million, an increase of 223.8%, from HK$6,678.6 million of total net revenue for the year ended December 31, 2022. The increase in total net revenue was primarily attributable to the increase in revenue from gaming operations to HK$20,059.2 million for the year ended December 31, 2023 from HK$6,092.0 million for the year ended December 31, 2022 and the increase in revenue from hotel, catering, retail and leasing operations to HK$1,564.0 million for the year ended December 31, 2023 from HK$586.6 million for the year ended December 31, 2022. The loss attributable to owners of the Company for the year ended December 31, 2023 was HK$2,009.8 million, a decrease from HK$7,798.4 of loss attributable to owners of the Company for the year ended December 31, 2022. The decrease in loss was primarily attributable to the improved financial performance from the relaxation of COVID-19 travel restriction to Macau.

Rolling gross gaming revenue.

Rolling gross gaming revenue for the year ended December 31, 2023 was HK$1,556.7 million, an increase of 220.1%, from HK$486.3 million for the year ended December 31, 2022, primarily attributable to the improved performance from the relaxation of COVID-19 travel restriction to Macau.

The following table sets forth information related to our rolling operations for the periods indicated:

	For the year ended December 31		
Rolling operations	**2022**	**2023**	**Increase/ (Decrease)**
	HK$ (in millions, except for percentages)		
Rolling Chip Volume	13,768	46,249	235.9%
Rolling Revenue	486	1,557	220.1%
Rolling Chip Win %	3.5%	3.4%	(0.1 pts)

Non-rolling gross gaming revenue.

Non-rolling gross gaming revenue for the year ended December 31, 2023 was HK$17,874.4 million, an increase of 239.7%, from HK$5,262.4 million for the year ended December 31, 2022, primarily attributable to the improved performance from the relaxation of COVID-19 travel restriction to Macau.

The following table sets forth information related to non-rolling gaming operations for the periods indicated:

Non-rolling gaming operations	For the year ended December 31		
	2022	2023	Increase/ (Decrease)
	HK$ (in millions, except for percentages)		
Non-Rolling Volume	41,175	112,920	174.2%
Non-Rolling Revenue	5,263	17,874	239.7%
Non-Rolling Chip Win %	12.8%	15.8%	3.0 pts

Electronic game gross gaming revenue.

Electronic game gross gaming revenue for the year ended December 31, 2023 was HK$1,773.4 million, an increase of 151.0%, from HK$706.4 million for the year ended December 31, 2022, primarily attributable to the improved performance from the relaxation of COVID-19 travel restriction to Macau.

The following table sets forth information related to our slot machine operations for the periods indicated:

Electronic game operations	For the year ended December 31		
	2022	2023	Increase/ (Decrease)
	HK$ (in millions, except for percentages)		
Electronic Game Handle	28,326	69,454	145.2%
Electronic Game Revenue	706	1,773	151.0%
Electronic Game Hold%	2.5%	2.6%	0.1 pts

Hotel, catering, retail, leasing and related services income.

Revenue from hotel, catering, retail, leasing and related services for the year ended December 31, 2023 was HK$1,564.0 million, an increase of 166.6%, from HK$586.6 million for the year ended December 31, 2022, primarily attributable to the increase in occupancy rate driven by increased demand.

Operating costs and expenses

The major operating costs and expenses for the year ended December 31, 2023 and 2022 were:

	For the year ended December 31		
	2022	2023	Increase/ (Decrease)
	HK$ (in millions, except for percentages)		
Special gaming tax and special levy	2,680.6	8,486.6	216.6%
Cost of sales and services on hotel, catering, retail, leasing and related services	401.9	632.0	57.3%
Impairment loss on financial assets	143.7	—	(100%)
Impairment loss on property and equipment	1,214.9	—	(100%)
Marketing and promotional expenses	462.5	3,825.4	727.1%
Operating and administrative expenses	8,476.5	8,837.6	4.3%
Finance costs	1,122.6	1,930.1	71.9%

Special gaming tax and special levy.

Special gaming tax and special levy increased by HK$5,806.0 million, or 216.6%, to HK$8,486.6 million for the year ended December 31, 2023 from HK$2,680.6 million for the year ended December 31, 2022, primarily due to the increase of gross gaming revenue.

Cost of sales and services on hotel, catering, retail, leasing and related services.

Cost of sales and services on hotel, catering, retail, leasing and related services increased by HK$230.1 million, or 57.3%, to HK$632.0 million for the year ended December 31, 2023 from HK$401.9 million for the year ended December 31, 2022, primarily due to higher consumption of food and beverage and hotel supplies in response to an increase in hotel F&B business activities.

Impairment loss on financial assets

Impairment loss on financial assets decreased to nil for the year ended December 31, 2023 from HK$143.7 million for the year ended December 31, 2022, primarily attributable to the fact that no impairment on financial assets was required.

Impairment loss on property and equipment

Impairment loss on property and equipment decreased to nil for the year ended December 31, 2023 from HK$1,214.9 million for the year ended December 31, 2022, primarily attributable to the fact that no impairment on property and equipment was required.

Marketing and promotional expenses.

Marketing and promotional expenses increased by HK$3,362.9 million, or 727.1%, to HK$3,825.4 million for the year ended December 31, 2023 from HK$462.5 million for the year ended December 31, 2022, primarily due to increased marketing and promotion activities in response to the recovery of market from COVID-19 and increased competition.

Operating and administrative expenses.

Operating and administrative expenses increased by HK$361.1 million, or 4.3%, to HK$8,837.6 million for the year ended December 31, 2023 from HK$8,476.5 million for the year ended December 31, 2022, primarily due to the following.

Increase in staff cost (other than those included in cost of sales and services on hotel, catering, retail, leasing and related services): staff cost increased by HK$98.1 million or 1.8% to HK$5,554.8 million for the year ended December 31, 2023 from HK$5,456.7 million for the year ended December 31, 2022. The increase was primarily due to general annual salary increment offset by a reduction in average full-time employee.

Rental expenses: rental expenses increased by HK$124.2 million or 185.7% to HK$57.3 million for the year ended December 31, 2023 from negative HK$66.9 million for the year ended December 31, 2022. The increase was primarily due to rental concession and reduction from landlords of HK$76.1 million in 2022 (2023: nil) in accordance with HKFRS 16.

Finance costs.

Finance costs increased by HK$807.5 million, or 71.9%, to HK$1,930.1 million for the year ended December 31, 2023 from HK$1,122.6 million for the year ended December 31, 2022, primarily due to

increase in interests on bank loan as a result of the increase in HIBOR and increase in interest on financial liability related to gaming concession right.

Profit/loss

As a result of the foregoing, we had a loss of HK$1,875.0 million for the year ended December 31, 2023, decreased by HK$5,973.6 million from HK$7,848.6 million for the year ended December 31, 2022.

Profit/loss attributable to owners of the Company

As a result of the foregoing, we had loss attributable to owners of the Company of HK$2,009.8 million for the year ended December 31, 2023, decreased by HK$5,788.6 million from HK$7,798.4 million for the year ended December 31, 2022.

Liquidity and Capital Resources

Our bank balances and cash amounted to HK$2,439 million (US$313 million) (not including pledged bank deposits of HK$1,009 million (US$130 million)) as of September 30, 2025. This represented an increase of 10.5% as compared with the position as of December 31, 2024 of HK$2,208 million (US$284 million).

Total outstanding balances of bank loans drawn by us as of September 30, 2025 amounted to HK$14,381 million (US$1,848 million) (as of December 31, 2024: HK$13,499 million (US$1,735 million)). Total senior notes and convertible bond issued by us as of September 30, 2025 amounted to HK$10,904 million (US$1,401 million) (as of December 31, 2024: HK$10,952 million (US$1,408 million)). Loan from ultimate holding company as of September 30, 2025 amounted to HK$2,027 million (US$261 million) (as of December 31, 2024: HK$2,007 million (US$258 million)). The maturity of our borrowings as of September 30, 2025 is as follows:

Within 1 year	1 to 2 years	3 to 5 years	Over 5 years	Total
31.9%	11.0%	57.1%	0%	100%

Gearing ratio

Our gearing ratio (defined as the ratio of total outstanding bank loans, convertible bond and senior notes less pledged bank deposits, short-term bank deposits, bank balances and cash to total assets (excluding pledged bank deposits, short-term bank deposits, bank balances and cash)) was 53.7% as of September 30, 2025 (as of December 31, 2024: 51.1%).

Cash Flows

The following table sets forth our consolidated statements of cash flows for the periods indicated.

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$ (in millions)	HK$	HK$	US$
Net cash generated from (used in) operating activities	(4,217.2)	3,795.4	4,057.5	521.5	3,382.7	2,171.8	279.1
Net cash generated from (used in) investing activities	(2,016.7)	(1,274.7)	(1,408.8)	(181.1)	(789.9)	(1,482.8)	(190.6)
Net cash provided by (used in) financing activities	9,492.6	(5,714.5)	(3,744.9)	(481.3)	(3,014.9)	(468.7)	(60.2)
Net increase (decrease) in cash and cash equivalents	3,258.7	(3,193.8)	(1,096.2)	(140.9)	(422.1)	220.3	28.3
Cash and cash equivalents at beginning of year/period	3,024.2	6,282.9	3,089.1	397.0	3,089.1	1,992.9	256.1
Cash and cash equivalents at end of year/period	6,282.9	3,089.1	1,992.9	256.1	2,667.0	2,213.2	284.4

Operating Activities

Operating cash flows are generally affected by changes in operating income and accounts receivable related to table games play conducted on a cash and credit basis and the remainder of the business, including hotel, catering, retail, leasing and related services that are conducted primarily on a cash basis.

Net cash generated from operating activities was HK$2,171.8 million (US$279.1 million) for the nine months ended September 30, 2025, compared to HK$3,382.7 million for the nine months ended September 30, 2024. The decreased was primarily due to a decrease in operating cash flows before movements in working capital of HK$2,584.8 million (US$332.2 million) for the nine months ended September 30, 2025, as compared to HK$2,847.8 million for the nine months ended September 30, 2024 and a decrease in trade and other payables of HK$81.9 million (US$10.5 million) for the nine months ended September 30, 2025, as compared to an increase of HK$744.3 million in trade and other payables for the nine months ended September 30, 2024.

Net cash generated from operating activities was HK$4,057.5 million (US$521.5 million) for the year ended December 31, 2024, compared to HK$3,795.4 million for the year ended December 31, 2023. The increase in net cash generated from operating activities was attributable to the operating profit of HK$158.8 million (US$20.4 million) for the year ended December 31, 2024 compared to the operating loss of HK$1,838.9 million for the year ended December 31, 2023 and the change in working capital.

Net cash generated from operating activities was HK$3,795.4 million for the year ended December 31, 2023, compared to net cash used in operating activities of HK$4,217.2 million for the year ended December 31, 2022, primarily attributable to operating cash inflows before movements in working capital of HK$1,870.8 million as compared to operating cash outflows before movements in working capital of HK$3,513.6 million and the change in working capital.

Investing Activities

Net cash used in investing activities was HK$1,482.8 million (US$190.6 million) for the nine months ended September 30, 2025, as compared to HK$789.9 million for the nine months ended September 30, 2024, primarily attributable to acquisition of property and equipment of HK$1,022.5 million (US$131.4 million) and deposits paid for acquisitions of property and equipment and right-of-use assets of HK$450.9 million.

Net cash used in investing activities amounted to HK$1,408.8 million (US$181.1 million) in 2024, primarily attributable to payment for leasehold lands of HK$16.8 million (US$2.2 million), placement of short-term bank deposits of HK$215.0 million (US$27.6 million), acquisition of property and equipment of HK$439.0 million (US$56.4 million) and deposits paid for acquisitions of property and equipment and right-of-use assets of HK$1,298.3 million (US$166.9 million).

Net cash used in investing activities amounted to HK$1,274.7 million in 2023, primarily attributable to placement of short-term bank deposits of HK$813.1 million and acquisitions of property and equipment of HK$1,529.1 million.

Net cash used in investing activities amounted to HK$2,016.7 million in 2022, primarily attributable to placement of pledged bank deposits of HK$1,007.0 million, placement of short-term bank deposits of HK$632.5 million and acquisitions of property and equipment of HK$1,015.9 million.

Financing Activities

Net cash used in financing activities amounted to HK$468.7 million (US$60.2 million) for the nine months ended September 30, 2025, as compared to HK$3,014.9 million for the nine months ended September 30, 2024, primarily attributable to the repayment of bank loans of HK$1,779.7 million (US$228.7 million) and new bank loans raised of HK$2,700.0 million (US$347.0 million).

Net cash used in financing activities amounted to HK$3,744.9 million in 2024, primarily attributable to repayment of bank loans of HK$3,127.3 million (US$401.9 million) and interest paid of HK$1,756.1 million (US$225.7 million).

Net cash used in financing activities amounted to HK$5,714.5 million in 2023, primarily attributable to repayment of bank loans of HK$3,800.0 million and interest paid of HK$1,801.5 million.

Net cash from financing activities amounted to HK$9,492.6 million in 2022, primarily attributable to loan from ultimate holding company of HK$2,000.0 million, proceeds from rights issue of shares of HK$2,954.4 million and new bank loans raised of HK$19,994.5 million, partially offset by repayment of bank loans of HK$13,939.9 million, interest paid of HK$950.7 million, repayment of lease liabilities of HK$212.8 million and payment of bank loans arrangement fee of HK$362.0 million.

Other Financing and Liquidity Matters

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans, bonds, notes or other debt, or rely on our operating cash flow to fund the development of future projects. See "*Description of Other Material Indebtedness*".

We have relied and intend in the future to rely on our operating cash flow and different forms of financing to meet our funding needs and repay our indebtedness, as the case may be.

The timing of any future debt and equity financing activities will be dependent on our funding needs, our development and construction schedule, the availability of funds on terms acceptable to us, and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business expansion plans. Such activities may include refinancing, purchasing or otherwise retiring existing debt, monetizing assets, sale-and-leaseback transactions or other similar activities. Any such activities will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors and the amounts involved may be material.

Any other future developments may be subject to further financing and a number of other factors, many of which are beyond our control.

Our capital expenditure commitments amounted to HK$1,001.8 million (US$128.8 million) as of September 30, 2025, of which HK$334.0 million (US$42.9 million) were for tendering projects committed to the Macau SAR Government.

Bank Loans

Our long-term bank loans as of September 30, 2025 are summarized below. For details and summary of terms of our indebtedness, see "*Description of Other Material Indebtedness*".

	As of September 30, 2025	
	HK$ million	**US$ million**
The syndicated secured bank loans are repayable:		
Within one year	3,242.3	416.7
Within a period of more than one year but not exceeding two years	1,310.7	168.5
Within a period of more than two years but not exceeding five years	9,827.7	1,263.1

Variable-rate bank loans:

	Carrying amounts as of September 30, 2025	
	HK$ million	**US$ million**
Syndicated Credit Facilities		
HK$ bank loan at 1-month Hong Kong Interbank Offered Rate ("**HIBOR**") +1.25% to 2.25% per annum	13,268.9	1,705.3
MOP bank loan at 1-month Macau Interbank Offered Rate ("**MAIBOR**") +1.25% to 2.25% per annum	737.2	94.7
Ponte 16 Credit Facilities		
HK$ bank loan at 1-month HIBOR + 2.50% per annum	374.6	48.1
Total bank loans	14,380.7	1,848.2

Save as disclosed in "Description of Other Material Indebtedness", there were no material changes outside the ordinary course of business in contractual obligations subsequent to September 30, 2025.

Off-Balance Sheet Arrangements

We have not entered into any transactions with special purpose entities nor do we engage in any transactions involving derivatives that would be considered speculative positions. We have no retained or contingent interest in assets transferred to an unconsolidated entity.

Contingent Liabilities and Guarantees

We had no guarantees and no significant contingent liabilities as of September 30, 2025.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as credit risk, interest rate risk, price risk and liquidity risk.

Credit Risk

As of September 30, 2025, our maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties was arising from the carrying amount of the respective recognized financial assets as stated in the Group's statement of financial position. We had concentration of credit risk as 20.6% of the advances and receivables were due from the

Group's four largest patrons as of September 30, 2025. Other than concentration of credit risk on advances to gaming patrons, we do not have any other significant concentration of credit risk.

As part of our credit risk management, we apply internal credit rating for patrons and service providers. We may at our discretion extend credit periods for certain patrons and service providers with long-term relationship and good repayment patterns. We assess the ECL for advances to gaming patrons, other receivables from service providers and lease receivables individually.

Interest Rate Risk

We are exposed to cash flow interest rate risk in relation to bank balances and bank loans. Our cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR/MAIBOR arising from bank loans. We are also exposed to fair value interest rate risk in relation to fixed-rate bank deposits, pledged bank deposits, short-term bank deposits, unsecured notes, payable for gaming concession right (included in trade and other payables), convertible bond, loan from ultimate holding company and lease liabilities. We currently do not have a policy on hedging of interest rate risks. However, our management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Price Risk

We are exposed to equity price risk on investments in listed equity securities measured at FVTOCI, operating in gaming, entertainment and hotel industry sector. We currently do not have a policy to hedge such risk. In addition, We also invest in certain unquoted equity securities for investees operating in gaming, entertainment and hotel industry sector for long-term strategic purposes which were designated at FVTOCI. We have designated a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Liquidity Risk

To manage liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of bank borrowings and ensures compliance with loan covenants. Our management is also taking active steps to improve our future liquidity position by generating sufficient operating funds internally and utilizing undrawn banking facilities.

INDUSTRY OVERVIEW

Certain information and statistics set out in this section and elsewhere in this offering memorandum relating to the economies of Macau and China and the industry in which we operate are derived from Government agencies, including DSEC, DICJ and the National Bureau of Statistics of China, and various public database sources, such as the International Monetary Fund. None of the reports cited in this offering memorandum was commissioned by us, the Initial Purchasers, any of our or their directors, officers, agents, employees, advisors or representatives or any other person or party involved in this offering.

We believe that the sources of the information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics is false or misleading or that any fact has been omitted that would render such information or statistics false or misleading. No independent verification has been carried out on such information or statistics by us, the Initial Purchasers, any of our or their directors, officers, agents, employees, advisors or representatives or any other person or party involved in this offering, and no representation is given as to the accuracy of such information or statistics.

Historical information presented herein is not necessarily indicative of future performance. In addition, this information contains "forward-looking" statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties.

Macau is a Special Administrative Region of the People's Republic of China, an international tourism hub and the only legal casino gaming region of Greater China. Macau consists principally of a peninsula on Chinese mainland and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. Macau has been a casino destination for more than 60 years, and Macau overtook Las Vegas Strip as the world's largest gaming destination in terms of gross gaming revenues in 2006, and has maintained its market dominance since then, generating gross gaming revenues (which represents only the gross revenues from games of fortune and excludes greyhound racing, horse racing, Chinese lottery, instant lottery, and sports lottery) of MOP$42.2 billion, MOP$183.1 billion, MOP$226.8 billion and MOP$238.8 billion in 2022, 2023, 2024 and last twelve months ending September 2025, respectively. Macau's gross gaming revenue during last twelve months ending September 2025 was approximately 3.4 times that of Les Vagas Strip and approximately 4.2 and 5.0 times that of the Philippines and Singapore which are the second and third largest gaming destination in Asia respectively. Macau's success as a gaming destination has been a driving force in the legalization and proliferation of gaming across the Asia Pacific region, and has been an integral part of Macau's economic growth, through job creation, increased tourism, tax revenues and attraction of human resources and foreign capital.

LTM September 2025 GGR Comparison vs Select Other Gaming Markets (in Billion US$)

The gross gaming revenues of the above selected markets are sourced from the latest available data as of September 30, 2025 from the sources as set out below. Macau gross gaming revenues represent only the gross revenues from Games of Fortune and excludes greyhound racing, horse racing, Chinese lottery, instant lottery, and sports lottery. The Singapore figure is the sum gaming revenues from Marina Bay Sands Singapore and gaming revenues from Genting Singapore. The Philippines gross gaming revenue is gross gaming revenue as reported by The Philippine Amusement and Gaming Corporation. Las Vegas Strip revenues is total win amount for the Las Vegas Strip as defined by Nevada Gaming Board.

The translations of Singapore Dollars into U.S. Dollars have been made at the noon buying rate on September 30, 2025, in The City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York set forth in the H.10 statistical release of the U.S. Federal Reserve Board, which were SG$1.2903 to US$1.00. The translation of Patacas into U.S. Dollars on September 30, 2025, was MOP8.0007 to US$1.00 based on the Pataca. The translation of Philippine peso to U.S. dollars based on the volume weighted average exchange rate quoted through the Bangko Sentral ng Pilipinas (BSP), which was PHP58.0420 to US$1.00 on September 30, 2025.

Source: DICJ, American Gaming Association, Las Vegas Sands company filings, Genting Singapore company filings, The Philippine Amusement and Gaming Corporation

Macau's Geographic Location

Macau is located on the Pearl River Delta, adjacent to the southern coastline of Guangdong Province, one of China's wealthiest and most urbanized provinces. Macau is located approximately 37 miles southwest of Hong Kong. The journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by road via the opening of the Hong Kong — Zhuhai — Macau Bridge and one hour by jetfoil ferry.

Guangdong Province, which had a population of approximately 128 million as of December 31, 2024 according to the National Bureau of Statistics of China, is the major contributor of visitations in Macau. Guangzhou, Zhuhai, Shenzhen, Macau and Hong Kong represent five of China's top 20 affluent cities by GDP per capita, and are all within two hours away from Macau by train or ferry, and transportation projects completed in last ten years, such as the extension of the Guangzhou-Zhuhai Intercity Railway and the completion of the 55-km Hong Kong-Zhuhai-Macau bridge, facilitate visitation from the surrounding affluent regions.

Outside of Guangdong Province, other provinces in Chinese mainland, Hong Kong, Taiwan, Japan, South Korea, Thailand, Vietnam, Malaysia, Singapore and the Philippines amongst other origin markets also support visitation in Macau. Each of these markets are within approximately five hours by flight from Macau and together, excluding Guangdong Province, had a total population of approximately 1.8 billion in 2024, according to the International Monetary Fund and the National Bureau of Statistics of China.

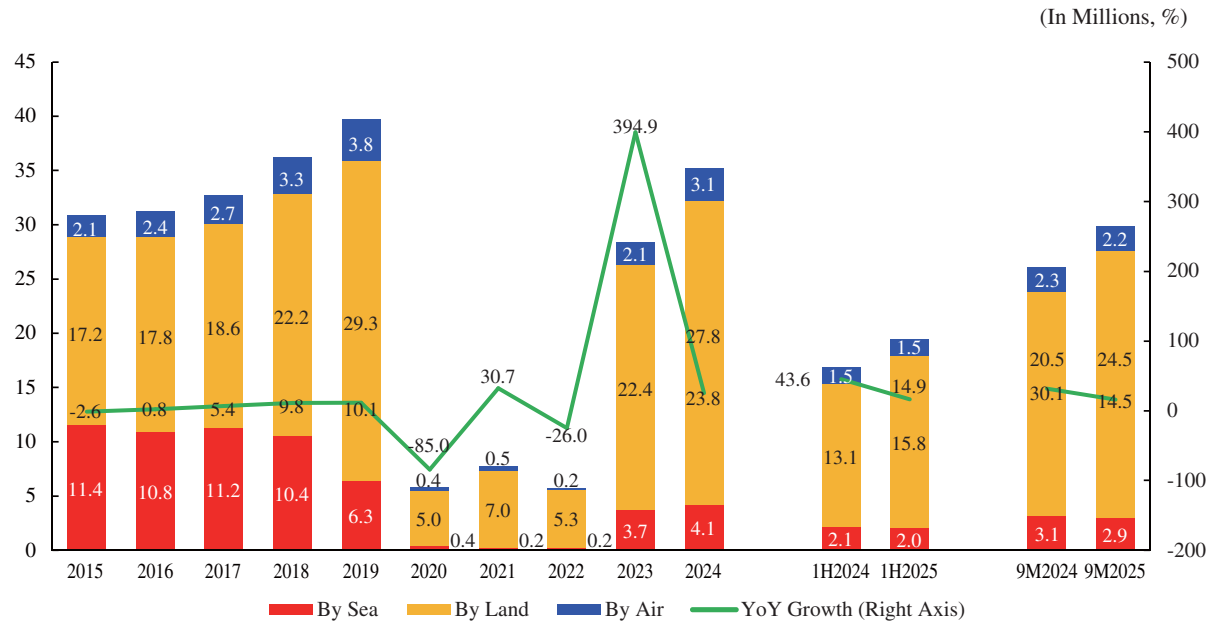
Visitation to Macau

According to Macau's Statistics and Census Bureau, visitors to Macau grew to 29.7 million in the first nine months of 2025, representing a year-on-year growth of 14.5%. Total visitation from Chinese mainland to Macau accounted for approximately 73% of total visitation to Macau, and grew to 21.6 million in the first nine months of 2025, representing a year-on-year growth of 18.4%. Out of the 21.6 million visitations to Macau from Chinese mainland, approximately 11.5 million of visitors were via the Individual Visit Scheme. Hong Kong is another major contributor to Macau's visitation, recording approximately 5.5 million in the first nine months of 2025, accounting for 18.5% of total visitation.

During the years of 2020, 2021 and 2022, as a result of the COVID-19 pandemic, visitation in Macau decreased significantly due to travel restrictions in Macau, Chinese Mainland and Hong Kong. Since travel restrictions were eased in January 2023, Macau has experienced a remarkable recovery in inbound tourism. In the nine months of 2025, Macau welcomed 29.7 million tourists, largely recovering to the 30.2 million recorded during the same period in 2019, and marking a 14.5% year-over-year increase. Notably, mainland visitation rose by 18.4% year over year.

Macau's growth trajectory is supported by favorable travel and visa policies that simplify and encourage visitation. For instance, the Individual Visa Scheme ("**IVS**") was expanded to 59 cities in Chinese mainland in 2025, and the IVS visits increased by 24.3% year over year in the nine months of 2025. The Macau SAR government hosted the 13th International Travel Expo and added two more categories under the Travel Stimulation Program to support events in 2025. These policies reduce barriers to entry, making it easier for a large number of tourists to choose Macau for both short getaways and extended vacations, thereby ensuring a steady stream of arrivals and strengthening Macau's global appeal and diversify visitations beyond Chinese Mainland and Hong Kong.

Macau Overall Visitation



Source of data: DSEC

	2024 Visitation to Macau (millions) (A)	2024 Population (millions) (B)	Visitation as a % of Population (A÷B)
China	24.5	1,408.3	1.7%
Hong Kong	7.2	7.5	95.3%
Taiwan	0.8	23.4	3.6%
South Korea	0.5	51.8	1.0%
Japan	0.1	123.9	0.1%
Malaysia	0.2	33.5	0.5%
Singapore	0.1	6.0	2.0%
The Philippines	0.5	113.2	0.4%
Thailand	0.1	70.3	0.2%
Indonesia	0.2	281.6	0.1%

Source: Year ended December 31, 2024 visitation figures from DSEC; 2024 China population figure as compiled by National Bureau of Statistics of China and the rest of the 2024 population figures from International Monetary Fund World Economic Outlook Database, April 2025.

Brief History of Macau Gaming Industry

Early development: The Macau gaming industry can be traced back to the 16th century, primarily popularized by immigrant workers from Chinese mainland, which was then unregulated. To fill its depleted coffers and diversify its leading economic activities, the Macau's Portuguese government legalized gaming for the first time in 1847. Towards the late 19th century, gaming industry started booming, thus making gaming tax the main income for the government. Entering the 20th century, Macau's gaming industry underwent multi-stage development, including the introduction of monopoly concession system, enrichment of types of gaming activities, and designation of Macau as a "permanent gaming region". It is worth mentioning that Sociedade de Turismo e Diversões de Macau, S.A. (STDM) obtained the new casino monopoly concession in 1962 via public bidding. Its first casino, the "Casino Estoril", was opened in the same year, whilst the flagship Lisboa Hotel and the Casino Lisboa only started its full operation in 1970. Since then, STDM has dominated the gaming market for over 40 years.

Liberalization after the Handover: Right after the official set-up of Macau Special Administrative Region, the Macau Government initiated the studies on the perspective of the gaming industry. In 2001, the Legislative Assembly of Macau passed the Law no. 16/2001 "Legal Framework for the Operations of Casino Games of Fortune", which stipulated the operation requirement, eligibility of major shareholders and management of the casinos and gaming tax that should be submitted. Upon the expiry of the concession of STDM on December 31, 2001, the Macau SAR decided to grant out three gaming concessions, to inject new dynamics to the gaming industry and to lie a strong foundation for further future development in gaming, reinforcing the policy direction set by the Macau SAR: "tourism, gaming, conventions and exhibitions as the "head", and the service industry as the "body", driving the overall development of other industries". The Casino Concessions Committee started the tendering process of the concessionaires. On 8 February 2002, the Macau SAR announced the results of the bidding, and concession was granted to Sociedade de Jogos de Macau, S.A. (SJM), a subsidiary of STDM, Galaxy Casino, S.A. (Galaxy), and Wynn Resorts (Macau) S.A. (Wynn). Following which, Galaxy, SJM and Wynn established sub-concession relationship with Venetians Macau S.A., MGM Grand Paradise, S.A., and Melco PBL Jogos (Macau), S.A., respectively.

Gaming Law Revision and New Concessions: On 21 June 2022, Macau's Legislative Assembly passed the "Revision of Law No. 16/2001 'Legal Framework for the Operations of Casino Games of Fortune'", and the "Law No. 16/2001 'Legal Framework for the Operations of Casino Games of Fortune'" revised by Law No. 7/2022 was published in the Macau SAR official Gazette on the following day to cope with the commencement of the public tender for the Macau casino gaming concessions, upon the expiry of the existing concession and sub-concession contracts. On 16 December 2022, the Macau SAR Government signed the concession contract with these six companies, namely MGM Grand Paradise S.A., Galaxy

Casino, S.A., Venetian Macau, S.A., Melco Resorts (Macau) S.A., Wynn Resorts (Macau), S.A. and SJM Resorts, S.A., with the contracts effective as of 1 January 2023, and for a term of 10 years.

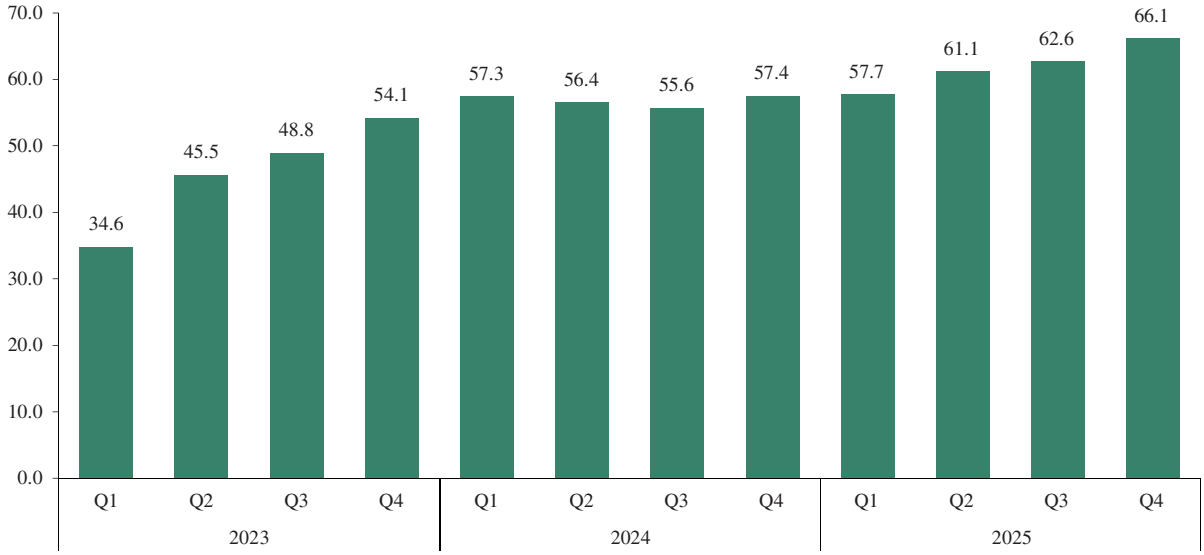
Termination of Operation of "Satellite Casinos": Pursuant to the provisions of Law No. 7/2022, which amends the Legal Framework for the Operations of Casino Games of Fortune, the three-year "transitional period" for "satellite casinos" will expire on December 31, 2025. The three gaming concessionaires, which currently own the "satellite casinos", have decided to terminate the operations of all the 11 "satellite casinos" due to commercial considerations. SJM Resorts, S.A. recently completed the acquisition of Casino L'Arc Macau on December 17, 2025. See "*Business — Recent Development — Restructuring of Our Satellite Casinos*".

Macau Gross Gaming Revenues

Gross gaming revenues in Macau peaked in 2013 at HK$350.2 billion (US$45.0 billion) but experienced sharp decrease in the years from 2020 - 2022 due to the COVID-19 pandemic. Since then, Gross gaming revenues in Macau has gradually recovered and increased. According to the DICJ, gross gaming revenue in Macau for 2025 was MOP247.4 billion, representing an expansion of 9.1% as compared to 2024. Macau continues to be impacted by a range of external factors, including uncertainties related to trade relations between China and the United States, other Government policies that may positively or adversely affect the Macau gaming market.

Macau Gross Gaming Revenue*

(In Billion MOP$)



Source of data: DSEC

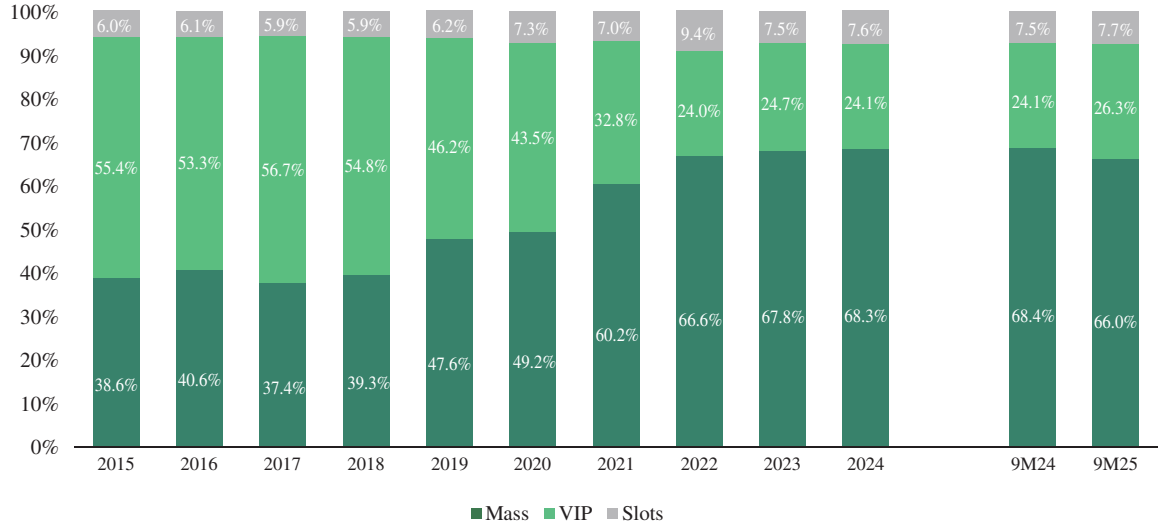
* Macau gross gaming revenues represent only the gross revenues from games of fortune and excludes greyhound racing, horse racing, Chinese lottery, instant lottery, and sports lottery.

The Macau gaming industry consists of "Game of Chance" and "Lottery and Parimutuel Betting", in which the gaming revenue generated by "Lottery and Parimutuel Betting" is minimal. In 2024, Game of Chance accounted for over 99.7% of the year's gross gaming revenue. The Game of Chance sector is further divided into the VIP market, the mass Market, and slot machines and other table games. The mass

market is a higher margin gaming segment than the VIP market, as the VIP market margins are impacted by gaming promoter commissions and higher player concessions. The mass market segment has shown stable and strong growth over recent years, with its contribution to the Game of Chance sector's gross gaming revenue steadily growing from 38.6% in 2015 to 68.3% in 2024. The expansion of Macau's mass market segment signifies a departure from its traditional pre-COVID-19 reliance on the VIP sector. Operators are now prioritizing the attraction of a wider group of international tourists and are progressively reallocating their resources toward premium mass market and mass market segments, striving to develop a more comprehensive tourism appeal that serves both high-end and middle-market customers.

Game of Chance Revenue Breakdown

(%)



Source of data: DSEC

Key Drivers for the Macau Gaming Market

We believe the development of the Macau gaming market has been driven by and will continue to be driven by a combination of factors, including:

- Close proximity to approximately 3.3 billion people in nearby regions in Asia and expansion of Chinese mainland out-bound tourism to Macau;
- Continuing economic development and emergence of a wealthier demographic in China;
- Increased diversification in non-gaming offerings further enhancing visitation and game play;
- Further improvement of transportation and infrastructure driving visitation; and
- China's continued focus on development and integration of the Greater Bay Area.

Details of these market drivers and initiatives are set out as follows:

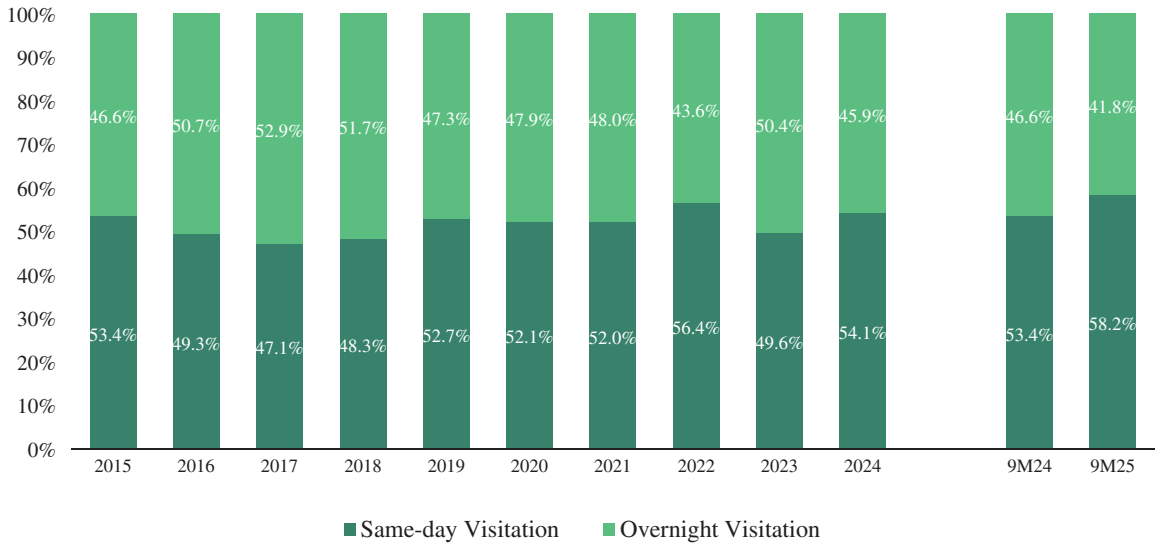
Close Proximity to Approximately 3.3 Billion People in Nearby Regions in Asia and Expansion of Chinese mainland Out-bound Tourism to Macau

Macau shares a border with China's populous and wealthy Guangdong Province and is approximately one hour from Hong Kong via high-speed ferry. Approximately 3.3 billion people live within a five-hour flight of Macau. The relatively easy access from major population centers in Asia facilitates Macau's development as a popular gaming destination in the region. Demand for non-gaming services, including retail, leisure and entertainment services is also supported by the growth of personal disposable income and the growth of the middle class in China.

Macau remains as the only legal gaming destination in China. Visitation from China grew at a CAGR of 2.1% from 2015 to 2024 and accounted for approximately 70.1% of visitation to Macau in 2024. The growth trend continued in the first nine months of 2025, with a total 21.6 million visitation from Chinese mainland, a year-on-year increase of 18.4%, representing a 72.7% of the overall visitation.

In terms of same-day and overnight visitation, 2016 marked the first time in a decade with aggregate overnight visitation exceeding same-day visitation, and this trend continued into the first three quarters of 2018 until the fourth quarter of 2018 when same-day visitation grew to 51%. In 2024, same-day visitation reached 54%, as a result of enhanced accessibility to and from Macau attributed to the completion of major transportation and infrastructure projects. In the first nine months of 2025, the portion of same-day visitation further increased to 58.2%, due to the significant increase of the number of visitations from Chinese mainland, majority of which came from Guangdong Province and have less demand of staying overnight with the convenient transportation.

Same-day vs. Overnight Visitation in Macau



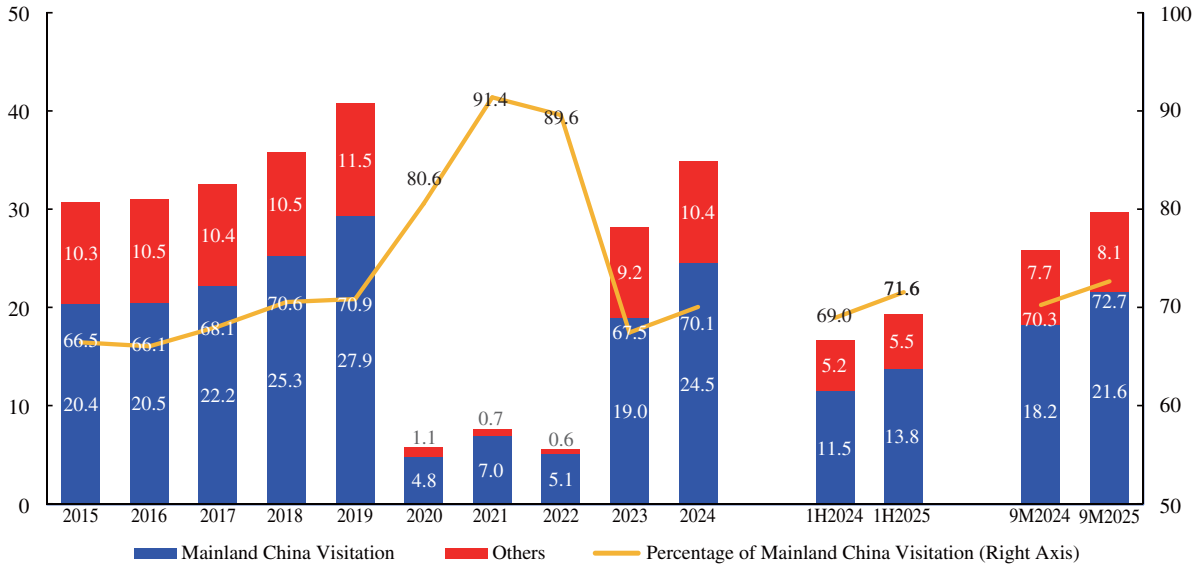
Source of data: DSEC

Visitation growth from Chinese mainland has been supported by the implementation of the IVS. Following its implementation in 2003, mainland Chinese citizens from selected large urban centers and economically developed regions were able to obtain permits to travel to Macau on their own without having to be part of a tour. According to the Hong Kong Tourism Commission and National Immigration Administration of China as of May 2024, the IVS covers 59 cities and estimated over 490 million mainland Chinese citizens. On 29 November 2024, the National Immigration Administration of China

announced further convenient endorsement policy for Chinese mainland visitors. Starting from 1 January 2025, Zhuhai residents with household registration can apply for a "One Trip Per Week" endorsement for tourism purposes to Macau; residents and residence permit holders in the Hengqin Guangdong-Macau Deep Cooperation Zone can apply for a "Multi-Entry" endorsement for tourism to Macau. In the first nine months of 2025, IVS visitors accounted for 53.3% of total visitation from Chinese mainland, increased significantly from 50.1% for the year of 2024.

Overall and Chinese mainland Visitation to Macau

(In Millions, %)



Source of data: DSEC

Non-package tour visitors are generally considered more valuable to gaming operators due to higher spending propensity as compared with package tour visitors.

With continued economic development and favorable endorsement policies, further penetration of tourism by mainland Chinese residents is expected to increase growth opportunities for the Macau gaming market.

Continuing Economic Development and Emergence of a Wealthier Demographic in China

It is anticipated that Macau will directly benefit from China's expanding economy. According to International Monetary Fund World Economic Outlook Database, China's GDP grew at a CAGR of 5.8% from 2015 to 2024. For the first half of 2025, China's GDP growth was a preliminary 5.3% year-on-year, with a total of CNY66,053.6 billion, representing a stable and improving overall economy performance. Long-term economic growth in China is expected to help sustain and fuel the development of Macau.

The promotion of domestic demand is critical in sustaining long-term economic growth in China. The impact of the global recession on China's economic growth has provided an impetus for China's shift to increase domestic consumption in order to reduce dependence on exports and foreign investments. In order to strengthen domestic spending and consumption, the Chinese Government is accelerating urbanization and providing an impetus for better education and jobs. In 2024, approximately 67.0% of China's 1.4 billion population lived in urban areas, according to the National Bureau of Statistics of China. Rapid urbanization has historically spurred greater consumption and shifted the composition of retail spending in China from a heavy weighting on food to more diverse consumption.

The shift in China's consumption patterns towards more discretionary spending is expected to continue as incomes continue to increase. Given the higher propensity for gaming in this demographic, increasing spending patterns are expected to further support growth in Macau's gaming market.

Increased Diversification in Non-gaming Offerings Further Enhancing Visitation and Game Play

Macau also provides non-gaming amenities in the form of retail, lodging, dining, MICE and entertainment amenities, which are supported by the Macau SAR Government's infrastructure initiatives. The non-gaming spending of visitors has increased substantially in recent years, with a CAGR of 4.4% from 2015 to 2024.

Although non-gaming revenues currently represent a small portion of total revenues in the Macau gaming market, the development of non-gaming attractions positions Macau as a comprehensive entertainment destination. As casino operators incorporate retail, food and beverage outlets and entertainment into their properties to offer an integrated resort experience, visitation to Macau, duration of stay and spending of visitors (excluding gaming expense and donations) have all increased.

Retail

In the past 10 years, casino operators have expanded retail space on the Macau Peninsula and in Cotai for upscale shopping. Retail sales in Macau grew at a CAGR of 1.9% from 2015 to 2024, according to statistics released by the DSEC. As mainland Chinese citizens constitute a majority of visitors to Macau, retail plays an important role in attracting Chinese customers to the region to purchase premium brands without paying a luxury goods tax which may be levied if the purchases were made in Chinese mainland. During 2024, mainland Chinese visitors spent an average of MOP$1,258 per person on shopping in Macau, higher than visitors from any other region, according to the DSEC. The upcoming supply of retail space offered by entertainment resorts is expected to help further propel visitation and business to the casinos.

Lodging

As of September 30, 2025, according to figures released by the DSEC, Macau had approximately 45,204 guest rooms with 120,079 bed places. The average occupancy rate of the first three quarters of 2025 is around 90%. The average length of stay is 1.7 nights, and has remained stable since the first quarter of 2023, and higher than the average level prior to the COVID-19 pandemic. By comparison, the 2024 annual average number of hotel rooms of Las Vegas Strip was approximately 150,612, with an average occupancy rate of 83.6%, according to figures released by the Las Vegas Convention and Visitors Authority. It is anticipated that the additional high-quality hotels, in combination with increasing retail, entertainment facilities and MICE space to be added in Macau in the near future, will continue to enhance Macau's reputation as a world-class tourist and business destination and, ultimately, to contribute to increases in both visitation and the average length of stay in Macau.

Dining

The food and beverage outlets of Macau's integrated resorts have contributed substantially to advancing Macau's reputation as a destination offering a wide range of quality dining alternatives. The importance of dining to Macau tourism has been increasingly recognized since November 2017 when Macau was designated a Creative City of Gastronomy by United Nations Educational, Scientific and Cultural Organization. The per capita food and beverage spending of the visitors demonstrated a CAGR of 3.1% from 2015 to 2024.

Entertainment

The newly integrated gaming resorts support the development of Macau's entertainment offerings to broaden the appeal of Macau. The new resorts offer a variety of leisure and entertainment attractions to help draw in a more diverse array of visitors.

Further Improvement of Transportation and Infrastructure Driving Visitation

Macau is accessible by land, air and sea. With the rapid increase of Chinese mainland visitors, during the first nine months of 2025, approximately 82.7% of visitation arrived in Macau by land, demonstrating a substantial increase from the level prior to the COVID-19 pandemic, and mainly via the Zhuhai border gate, Lotus Checkpoint and Checkpoint of Trans-border Industrial Park and Hong Kong Zhuhai-Macau Bridge. Approximately 9.8% arrived by sea and mainly via ferry from Hong Kong and nearby cities in China and approximately 7.5% arrived by air and via the Macau International Airport and heliport.

Several airlines currently fly directly to Macau International Airport, operating direct routes to Macau from Chinese mainland and Taiwan, and countries such as Japan, Malaysia, Philippines, Singapore, South Korea and Thailand.

A number of infrastructure projects to facilitate travel have been recently completed or are in various stages of planning or development, most of which are expected to contribute to growth in visitation and an increase in gaming patrons:

New Taipa Ferry Terminal. The Pac On Ferry Terminal, a MOP$3.8 billion project, opened on 1 June 2017, with a capacity to accommodate 30 million passengers annually. The new five-floor terminal is approximately 200,000 square meters, quadruple the size of the temporary Taipa ferry terminal. The new terminal is able to accommodate three ferry operators across its 16 berths.

Hong Kong-Zhuhai-Macau Bridge. The link between the three areas, opened to traffic since October 2018, includes a bridge with total length of approximately 55 kilometers, boundary crossing facilities, access roads and associated works. The bridge allows a significant reduction in travel time from Hong Kong as well as throughout China to Macau.

Lotus Flower Checkpoint on Hengqin Island. In 2019 the Standing Committee of the National People's Congress of China approved a proposal to transfer jurisdiction of the Lotus Flower checkpoint on Hengqin Island to the Macau Special Administrative Region, aiming to further promote the development of the Greater Bay Area and strengthen Macau's infrastructure links with Chinese mainland, in addition to making the cross-border flow of passengers and goods more convenient. In addition, Law No. 1/2020 which came into effect on 18 March 2020 states that the jurisdiction of the Macau Special Administrative Region will be extended gradually to the Lotus Flower Checkpoint on Hengqin Island. On the same date, the Lotus Flower Checkpoint on Hengqin Island was inaugurated with certain areas under the jurisdiction of the Macau Special Administrative Region, pursuant to Notice No. 7/2020 of the Macau Chief Executive.

Gongbei-Zhuhai Airport Railroad Transit and Guangzhou-Zhuhai Intercity Mass Rapid Transit. The Gongbei-Zhuhai Airport rail road transit project commenced in 2014 and Phase 1, connecting Gongbei and Hengqin Island, was completed in 2020. Phase 1 of the project is the extension rail of the Guangzhou-Zhuhai Intercity Mass Rapid Transit, which includes direct connection facilities to the Macau Light Rapid Transit Line and links the Pearl River Delta and Chinese mainland with Macau. Phase 2 of the project, which connects Hengqin Island to Zhuhai Airport, has completed construction and commenced operation in 2024.

Airport Capacity Upgrade. The north extension of the passenger terminal building of the Macau International Airport, with a total area of 14,000 square meters, was opened in February 2018, and is

expected to enable the airport to receive up to 7.8 million passengers per year. The south extension project was completed in 2021 and came into use in March 2023. With this extension, the airport's receiving capacity has reached 10 million passengers per year.

The above initiatives are all expected to improve transportation to and from Macau and thereby contribute to growth in visitation.

In recent years, the rapid development of the high-speed rail network in Chinese mainland has made Macau an easier destination to reach from inner cities in Chinese mainland. Currently, the high-speed rail connects Macau well with cities in central China, northern China, as well as various coastal cities. With the completion of the high-speed rail routes, it takes approximately nine hours from Beijing to Hong Kong by train.

Continued developments on Hengqin Island, including improved road transportation to the Zhuhai Airport, are expected to increase entry into Macau via the Lotus Bridge and facilitate Macau's growth as a tourism hub through increased visitor traffic and extended length of stays.

China's Continued Focus on Development and Integration of the Greater Bay Area

Macau is part of the Greater Bay Area which comprises the two Special Administrative Regions of Hong Kong and Macau, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong province. With the Greater Bay Area's significance in China's innovation-driven development and commitment to reform, China has announced its aim to further deepen cooperation and integration to promote coordinated regional economic development.

On 1 July 2017, the National Development and Reform Commission and the Governments of Guangdong, Hong Kong and Macau signed the Framework Agreement on Deepening Guangdong-Hong Kong-Macau Cooperation in the Development of the Greater Bay Area in Hong Kong. The framework sets out the goals and principles of cooperation and establishes the key cooperation areas in the development of the Greater Bay Area.

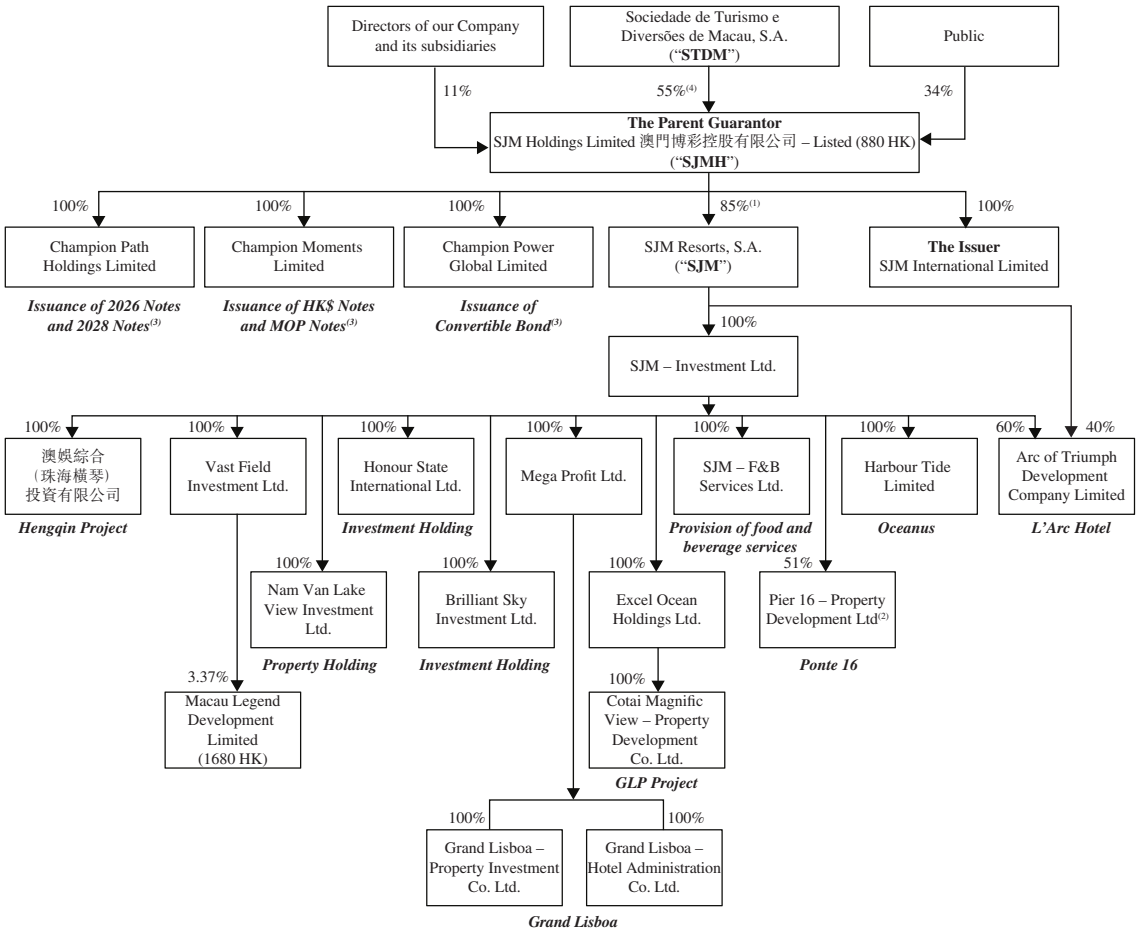
On 18 February 2019, the Outline Development Plan for the Greater Bay Area was promulgated with the Chinese Government's announced focus on the following seven areas:

- Developing an international innovation and technology hub;
- Expediting infrastructural connectivity;
- Building a globally competitive modern industrial system;
- Taking forward ecological conservation;
- Developing a quality living circle for living, working and traveling;
- Strengthen cooperation and jointly participating in the Belt and Road Initiative; and
- Jointly developing Guangdong-Hong Kong-Macau cooperation platforms.

The development of the Greater Bay Area is believed to demonstrate China's continued focus on developing Macau into a world center of tourism and leisure and a platform for commerce and trade between China and Lusophone countries, as well as a base for exchange and cooperation.

CORPORATE STRUCTURE

The following sets out our simplified corporate structure, including our principal subsidiaries and affiliates, as of the date of this offering memorandum:



(1) Pursuant to the relevant requirements under Macau SAR law, 15% of the equity interests in SJM is represented by Type B shares which are held by the managing director of SJM. As Type B shares have restricted rights and only entitle the holder of Type B shares to an aggregate amount of MOP1 of dividend payable, SJMH has effectively a 100% economic interest in SJM.

(2) On November 20, 2025, we announced that despite our earlier intention to acquire the property where Casino Ponte 16 is located, following a comprehensive business review and a thorough assessment of long-term business planning, commercial considerations, and resource prioritization across the Group's portfolio, SJM will not proceed with the acquisition. Accordingly, on November 20, 2025, SJM and Pier 16 mutually agreed and entered into the Ponte 16 Termination Agreement. Pursuant to the Ponte 16 Termination Agreement, the agreement for provision of services dated December 30, 2022 (as amended by the Addendum dated March 30, 2023) between the same parties was terminated with effect from November 29, 2025. As a result, Pier 16 ceased to provide services to SJM at Casino Ponte 16 and Casino Ponte 16 officially ceased operations on November 28, 2025. See "*Business — Recent Development — The Restructuring of Our Satellite Casinos*".

(3) See "*Description of Other Material Indebtedness*" for further details.

(4) The percentage excluded approximately 7.1% interest in underlying shares of Convertible Bond and approximately 2.2% interest in the 156,232,258 shares in the Company beneficially owned by Ms. Leong charged in favor of SJM as security for a loan in the principal amount of HK$177,525,000, based on the loan-to-value ratio of 50%, pursuant to the Charge Over Shares dated December 16, 2025 signed by Deputada Leong as chargor and SJM as chargee. See "*Principal Shareholders*" for further details.

BUSINESS

Overview

We are an owner, operator and developer of casinos and integrated entertainment resorts in Macau. We are the only casino gaming concessionaire in Macau with local roots, and are the largest casino operator in Macau in terms of number of casinos as of the date of this offering memorandum. We are the holding company of SJM, one of the first three concessionaires authorized to operate casino games of fortune and other games of chance in casinos, under the terms of a concession granted by the Macau SAR Government in March 2002. The concession was then extended by the Macau SAR Government in March 2019, which later expired on December 31, 2022. In December 2022, SJM entered into the New Gaming Concession Contract with the Macau SAR Government, pursuant to which SJM has been granted a 10-year gaming concession on January 1, 2023 and expiring on December 31, 2032, to operate games of fortune and chance in Macau. SJM is the only casino gaming concessionaire with its roots in Macau. See "*Regulation — SJM New Gaming Concession Contract*".

Our Lisboa brand goes back to 1970, when the Hotel and Casino Lisboa started operation. Built by our founder, Dr. Ho Hung Sun, Stanley, Hotel and Casino Lisboa is Macau's first integrated casino and resort, which combined lodging, dining, shopping and entertainment with gaming. Over the succeeding decades, the Lisboa brand name established preeminent recognition throughout the region, known to Macau's many visitors as the destination for entertainment, and was named the Most Valuable Brand in 2014 Business Awards of Macau. In July 2021, we phased opening of Grand Lisboa Palace Resort, extending the SJM legacy to Cotai, Macau. We expanded Grand Lisboa Palace Resort by grand opening two hotels, namely THE KARL LAGERFELD grand opened in June 2023 and Palazzo Versace Macau grand opened in March 2024, further elevating the Lisboa brand's prestige in luxury hospitality.

We currently hold one of the six gaming concessions permitted by the Macau SAR Government to operate casinos or gaming areas in Macau, and our casino gaming and resort facilities are exclusively in Macau. As of the date of this offering memorandum, we operate five casinos in Macau, namely Casino Grand Lisboa Palace, Casino Grand Lisboa, Casino Lisboa, Casino Oceanus at Jai Alai and Casino L'Arc Macau. Our casinos are located in prime locations on the Macau Peninsula and in Cotai, and as of September 30, 2025 offered 1,250 gaming tables and 1,700 slot machines. Non-gaming operations include the Grand Lisboa Palace Resort, the Grand Lisboa Hotel, the L'Arc Hotel, the Jai Alai Hotel and the Sofitel Macau at Ponte 16. Subsequent to the revision of the Macau gaming law in 2022, we were allowed to operate nine satellite casinos for a transition period of three years, which ended on December 31, 2025. In line with the regulatory requirements and after in-depth analysis and evaluation, taking into consideration factors such as alignment with our long-term objectives and our overall competitiveness and strategic locations of the satellite casinos, we recently completed the restructuring of our satellite casinos operations. We completed the acquisition of the L'Arc Hotel, where Casino L'Arc Macau is located on December 17, 2025 and obtained the requisite approval from DICJ on December 26, 2025 for SJM to operate casino games of fortune at Casino L'Arc Macau as a directly managed and operated casino from December 30, 2025. Prior to the acquisition, Casino L'Arc Macau was one of the nine satellite casinos. Other satellite casinos all ceased operations by the end of 2025, with Casino Grandview ceasing operations on July 30, 2025, Casino Emperor Palace ceasing operations on October 30, 2025, Casino Legend Palace ceasing operations on November 12, 2025, Casino Casa Real ceasing operations on November 21, 2025, Casino Ponte 16 ceasing operations on November 28, 2025, Casino Kam Pek Paradise ceasing operations on December 1, 2025, Casino Fortuna ceasing operations on December 9, 2025 and Casino Landmark ceasing operations on December 30, 2025, in line with overall business planning and commercial considerations. See "*Recent Development — The Restructuring of Our Satellite Casinos*" and "*Risk Factors — Risks Relating to Our Business and Operations — Gaming is a highly regulated industry in Macau and adverse changes or developments in gaming laws or other regulations that affect our operations could be difficult to comply with or may significantly increase our costs, which could cause our projects to be unsuccessful*". These changes will also support the expansion of

operational scale, streamline cost structures, and strengthen our earnings quality, positioning us to compete more effectively and capture incremental non-gaming spend through tighter integration of hotel, dining and entertainment offerings.

Our current and future operations are designed to cater to a broad spectrum of gaming patrons, from high-stakes rolling gaming patrons to gaming patrons seeking a broader entertainment experience. In addition to our gaming operations, we also operate the Grand Lisboa Palace Resort, Grand Lisboa Hotel, the L'Arc Hotel, Sofitel Macau at Ponte 16 and Jai Alai Hotel as well as a selection of restaurants, bars and retail outlets. We seek to attract patrons throughout Asia and, in particular, from Greater China.

To meet rising mid-market accommodation demand and make Macau more accessible for mainland travelers as a leisure destination, we have entered into an acquisition agreement with Zhuhai Hengqin Shun Tak Property Development Company Limited (珠海橫琴信德房地產開發有限公司), under which we have conditionally agreed to purchase the Hengqin Property. We plan to convert the Hengqin Property into a 3-star hotel which is poised to benefit from its proximity to Hengqin Port, the only land crossing that links Macau's Cotai side with Chinese mainland, where annual passenger throughput has grown substantially and mainland tour groups benefit from a multiple-entry arrangement. For more information, see "*Related Party Transactions — Acquisition of Property in Hengqin*".

Grand Lisboa Palace

Grand Lisboa Palace is our newest integrated resort in Cotai, Macau with a total gross floor area of 521,435 square meters plus 77,158 square meters of parking area. As of September 30, 2025, Grand Lisboa Palace offered 1,892 luxury hotel rooms and suites in three hotel towers, namely the Grand Lisboa Palace Macau, THE KARL LAGERFELD and Palazzo Versace Macau, along with diverse hospitality services. As of September 30, 2025, Casino Grand Lisboa Palace operated 198 mass market gaming tables, 45 VIP gaming tables and 529 slot machines.

Grand Lisboa

Since opening in 2008, Hotel Grand Lisboa has become an icon of Macau, with its distinctive architecture in the shape of a giant golden lotus. As of September 30, 2025, Hotel Grand Lisboa offered 431 five-star hotel rooms and suites and Casino Grand Lisboa operated 288 mass market gaming tables, 18 VIP gaming tables and 504 slot machines. The hotel also offers 13 restaurants and bars, retail outlets and recreation and leisure facilities including a health and fitness club, swimming pool, spa and salon and banquet and meeting facilities.

Hotel and Casino Lisboa

Our Lisboa brand goes back to 1970, when the Hotel and Casino Lisboa started operation. Built by our founder, Dr. Ho Hung Sun, Stanley, Hotel and Casino Lisboa is Macau's first integrated casino and resort, which combined lodging, dining, shopping and entertainment with gaming. Over the succeeding decades, the Lisboa brand name established preeminent recognition throughout the region, known to Macau's many visitors as the destination for entertainment, and was named the Most Valuable Brand in 2014 Business Awards of Macau. As of September 30, 2025, Hotel Lisboa offered with close to 1,000 five-star hotel rooms and suites and Casino Lisboa operated 92 mass market gaming tables.

Jai Alai

Casino Oceanus at Jai Alai was opened in 2009. It was further enhanced by the addition of the Jai Alai Hotel in 2017, seamlessly linked by a connecting bridge. Casino Oceanus is located immediately next to the Macau Maritime Terminal and connected through overhead walkways. It is one of the closest casino stops from the HK-ZH-Macau bridge and border gate. As of September 30, 2025, Jai Alai Hotel offered 132 hotel rooms and suites, and Casino Oceanus operated 209 mass market gaming tables and 352 slot machines.

Casino L'Arc Macau

Originally operated as one of the satellite casinos, Casino L'Arc Macau was opened in 2009, known for its majestic external design and magnificent interior decoration. The L'Arc Hotel, where the Casino L'Arc Macau is located, features serviced apartments, an international five-star hotel, entertainment and dining facilities in a single complex. As of September 30, 2025, the L'Arc Hotel offered 283 five-star hotel rooms and suites, and Casino L'Arc Macau operated 45 mass market gaming tables.

On November 20, 2025, we entered into an acquisition agreement to acquire the L'Arc Hotel, where Casino L'Arc Macau is located, through an acquisition of the entire issued share capital in Arc of Triumph Development Company Limited subject to customary conditions precedent. The acquisition allows us to consolidate and focus resources on locations that offer long-term value and synergies. See "*Recent Development — The Restructuring of Our Satellite Casinos*".

Recent Development

Concurrent Offer to Purchase

On January 5, 2026, Champion Path Holdings Limited, a wholly-owned subsidiary of our Company, commenced the Concurrent Offer to Purchase. The Concurrent Offer to Purchase is conducted pursuant to a separate offer to purchase memorandum. The Concurrent offer to Purchase is subject to certain conditions, including, among others, that this offering shall have been successfully consummated. We intend to finance the Concurrent Offer to Purchase from the net proceeds from this offering and internal funding.

The Restructuring of Our Satellite Casinos

Acquisition of Casino L'Arc Macau

Subsequent to the revision of the Macau gaming law in 2022, we were allowed to operate nine satellite casinos under the previous profit-sharing model for a transition period of three years, which ended on December 31, 2025. Under the previous profit-sharing model, where service agreements were entered into between SJM and the relevant service providers of our satellite casinos, the relevant service providers were entitled to a monthly service fee calculated based on a certain percentage of the gross gaming revenue of the respective satellite casino during the same period, net of all associated operating expenses. Upon expiry of the transition period, such satellite casinos must be directly owned by SJM or transition to a management agreement structure with no profit-sharing arrangement in order to continue to operate beyond 2025.

Prior to the restructuring, we operated nine satellite casinos, namely, Casino Casa Real, Casino Emperor Palace, Casino Fortuna, Casino Grandview, Casino Kam Pek Paradise, Casino Landmark, Casino L'Arc Macau, Casino Legend Palace and Casino Ponte 16.

After in-depth analysis and evaluation, taking into consideration factors such as alignment with our long-term objectives and our overall competitiveness and strategic locations of the satellite casinos, on November 20, 2025, SJM entered into the Acquisition Agreement with Goldarch Holdings Limited, Solar King Investments Limited and Deputada Leong to acquire the entire issued share capital of the Target Company for a nominal purchase price of MOP180,000 (approximately HK$174,757). As part of the transaction, SJM also procured the repayment of the Target Company's bank loan up to an amount of HK$1,749,825,243, resulting in a total consideration of HK$1,750,000,000.

In connection with the Acquisition, on December 16, 2025, SJM entered into a loan agreement with Deputada Leong to advance a loan of HK$177,525,000 with a term of three years to finance her portion of the repayment of the Target Company's bank loan. The loan bears interest at the same rate determined under the Group's credit facilities and is secured by a share charge over shares entered into by Deputada Leong as chargor and SJM as chargee in respect of the shares of the Company owned by Deputada Leong based on a loan-to-value ratio of 50%.

The principal asset of the Target Group is the L'Arc Hotel. Casino L'Arc Macau is located on the ground and first floors of the L'Arc Hotel. Casino L'Arc Macau was previously operated by SJM under the L'Arc Services Agreement. As a result of the Acquisition, on the same date of the execution of the Acquisition Agreement, a termination agreement was entered into pursuant to which (i) services under the L'Arc Services Agreement will cease from the date of completion of the Acquisition; and (ii) the L'Arc Services Agreement will be terminated in its entirety at the earlier of (a) date of receiving the DICJ Approval; or (b) December 31, 2025.

We completed the Acquisition pursuant to the terms and conditions of the Acquisition Agreement on December 17, 2025 and obtained the DICJ Approval on December 26, 2025 for SJM to operate casino games of fortune at Casino L'Arc Macau as a directly managed and operated casino from December 30, 2025.

The Acquisition aligns with SJM's strategic objective to consolidate and focus resources on locations that offer long-term value and synergies. Through the Acquisition, the Group will benefit from the synergies of operating the entire L'Arc Hotel with hotel accommodation and food and beverage operations. The Acquisition is also expected to offer synergy with the existing operations of the Group given the proximity of the L'Arc Hotel to the Group's existing casinos such as Casino Lisboa, which will further strengthen the Group's foundation for sustainable growth and reinforce SJM's market positioning in the Macau Peninsula. The L'Arc Hotel's central location and established operations make it an attractive asset, which is expected to enhance operational efficiency.

Termination of Gaming Operations at Casino Ponte 16 and Other Satellite Casinos

On November 20, 2025, we announced that despite our earlier intention to acquire the property where Casino Ponte 16 is located, after a comprehensive business review and a thorough assessment of long-term business planning, commercial considerations, and resource prioritization across the Group's portfolio, SJM will not proceed with the acquisition. This decision reflects the Group's disciplined approach to capital deployment and its focus on strengthening core operations in line with market developments and the Group's long-term development strategy.

Accordingly, on November 20, 2025, SJM and Pier 16, mutually agreed and entered into the Ponte 16 Termination Agreement. Pursuant to the Ponte 16 Termination Agreement, the agreement for provision of services dated December 30, 2022 (as amended by the Addendum dated March 30, 2023) between the same parties was terminated with effect from November 29, 2025. As a result, Pier 16 ceased to provide services to SJM at Casino Ponte 16 and Casino Ponte 16 officially ceased operations on November 28, 2025. All gaming tables and gaming machines previously operating at the location have been redeployed to other casinos of SJM. Furthermore, all local employees employed by SJM remain employed and have been reassigned to other casinos of SJM to undertake gaming-related roles according to operational needs.

Other satellite casinos all ceased operations by the end of 2025, with Casino Grandview ceasing operations on July 30, 2025, Casino Emperor Palace ceasing operations on October 30, 2025, Casino Legend Palace ceasing operations on November 12, 2025, Casino Casa Real ceasing operations on November 21, 2025, Casino Ponte 16 ceasing operations on November 28, 2025, Casino Kam Pek Paradise ceasing operations on December 1, 2025, Casino Fortuna ceasing operations on December 9, 2025 and Casino Landmark ceasing operations on December 30, 2025, in line with overall business planning and commercial considerations. As of the date of this offering memorandum, the gaming tables and slot machines previously allocated to these satellite casinos have been re-allocated and deployed at our self-promoted casinos. For the nine months ended on September 30, 2025, Adjusted Property EBITDA of satellite casinos amounted to HK$206 million (US$26.5 million), representing 8.2% of our Adjusted EBITDA for the same period.

As a result of the restructuring of our satellite casinos, as of the date of this offering memorandum, we operate five casinos in Macau, namely Casino Grand Lisboa Palace, Casino Grand Lisboa, Casino Lisboa, Casino Oceanus at Jai Alai and Casino L'Arc Macau.

Supplemental Agreement to Syndicated Credit Facilities

On November 14, 2025, SJM entered into a supplemental agreement in respect of the Syndicated Credit Facilities with, among others, the original lenders, the security agent and the facility agent each named therein, pursuant to which SJM has been granted an additional term loan facility of up to a principal amount of HK$1,620,000,000 (subject to further increase to up to HK$3,500,000,000 pursuant to the terms set out therein), an additional revolving loan facility of up to a principal amount of HK$1,500,000,000, and the total commitment under the Syndicated Credit Facilities has been increased from HK$19,000 million to up to HK$22,425 million. As of the date of this offering memorandum, we have fully drawn down the additional revolving loan facility to fund the Acquisition of Casino L'Arc Macau.

History

The following sets forth key milestones in our development history:

Date	Milestone
November 28, 2001	SJM was incorporated as a limited liability company in Macau.
February 8, 2002	SJM won tender to become a concessionaire operating casino gaming in Macau.
March 28, 2002	SJM signed a gaming concession contract valid until March 31, 2020 with the Macau SAR Government.
April 1, 2002	SJM commenced operations with 11 casinos.
February 17, 2006	SJM Holdings Limited was incorporated in Hong Kong.
February 11, 2007	We opened Casino Grand Lisboa.
February 1, 2008	We opened Casino Ponte 16.
July 16, 2008	SJM Holdings Limited was listed on the Main Board of the Stock Exchange of Hong Kong.
December 17, 2008	We opened the Grand Lisboa Hotel.
December 15, 2009	We opened Casino Oceanus at Jai Alai.
May 15, 2013	Concession Contract published in Macau SAR Government Gazette for lease of land in Cotai by us for development of a resort complex.
July 2013	We signed agreements with Gianni Versace S.p.A. to open 'Palazzo Versace Macau' at Grand Lisboa Palace.
February 13, 2014	Ground-breaking ceremony for our integrated resort Grand Lisboa Palace in Cotai.
July 18, 2014	We signed agreements with K.L. S.A.M. and Karl Lagerfeld Greater China Holdings Limited to open 'KARL LAGERFELD' Tower at Grand Lisboa Palace.
November 15, 2017	We opened the Jai Alai Hotel.

Date	Milestone
March 15, 2019	We signed gaming concession contract extension valid until June 26, 2022 with the Macau SAR Government.
May 30, 2019	We signed an agreement with China Duty Free Group Co., Ltd. to open its Macau flagship outlet at Grand Lisboa Palace.
January 20, 2020	We signed an agreement with NYH Gestão de Vendas a Retalho Limitada for the operation of a department store at Grand Lisboa Palace.
June 23, 2021	We announced the name change of our principal subsidiary Sociedade de Jogos de Macau, S.A. to SJM Resorts, S.A.
July 30, 2021	We phased the opening of Grand Lisboa Palace Resort, extending the SJM legacy to Cotai, Macau.
June 23, 2022	SJM signed gaming concession extension valid until December 31, 2022 with the Macau SAR Government.
December 16, 2022	SJM officially signed contract for the new 10-year Macau gaming concession.
June 10, 2023	We held a grand celebration of the opening of THE KARL LAGERFELD hotel tower at Grand Lisboa Palace.
March 23, 2024	We grand opened Palazzo Versace Macau.
December 22, 2024	We opened the "Kam Pek Market", a flagship project under SJM's "San Ma Lo District Revitalization Plan".
July 28, 2025	We announced expansion into Hengqin with new hotel development.
November 20, 2025	We announced the acquisition of the entire issued share capital in Arc of Triumph Development Company Limited and termination of the L'Arc Services Agreement.
December 17, 2025	SJM, together with its subsidiary, completed the acquisition of the entire issued share capital of Arc of Triumph Development Company Limited, the owner of the L'Arc Hotel.
December 26, 2025	SJM received requisite approval from DICJ for direct management and operation of Casino L'Arc Macau from 2am on December 30, 2025.
December 30, 2025	SJM celebrated new chapter for the L'Arc Hotel.

Our Competitive Strengths

We are the longest established and the second largest gaming operator by gaming tables in Macau.

We are the longest established gaming company in Macau. Established in 1962, our predecessor, STDM, introduced modern casino gaming in Macau in the 1960s. STDM opened Asia's first integrated hotel and casino, Casino Lisboa, in the 1970s which combined lodging, dining, shopping, entertainment and gaming in one building. In 2002, the gaming assets of STDM were transferred to us as one of the original three concessions awarded by the Macau SAR Government. We believe our unique position as Macau's longest established gaming company, our local roots and our superior knowledge of our Chinese clientele allow us to provide a "real Macau" experience to our visitors, and our strength and name recognition of our "Lisboa" brand are a valuable asset. Based on our long history in Macau, we believe that the Casino Lisboa, the Grand Lisboa and Grand Lisboa Palace will continue to be major destinations in Macau for many gaming patrons from Greater China and Asia.

We are the second largest gaming operator in Macau in terms of the gaming tables. As of September 30, 2025, we were approved by the Macau government to operate 1,250 gaming tables out of a total of 6,000 authorized gaming tables in Macau. Furthermore, out of the 12,000 authorized gaming machines in Macau, we were approved by the Macau government to operate 1,700 gaming machines, as of September 30, 2025, which constituted the third largest share of total gaming machines in Macau. We operate a total of 1,250 and 1,659 of gaming tables and gaming machines respectively, as of September 30, 2025. We are also a sizable operator of casinos in Macau. As of September 30, 2025, we operated 12 out of 28 casinos in Macau.

Our operations are spread across the Macau Peninsula and the Cotai area. Grand Lisboa, known for its distinctive gold-colored, lotus-shaped building, is the tallest building and one of the oldest casinos in Macau. Grand Lisboa Palace is our newest integrated casino development located in Cotai, which expends across multiple hotel towers, shopping malls and entertainment facilities. During the first half of 2025, Grand Lisboa and Grand Lisboa Palace, achieved market shares in terms of GGR of 3.1% and 2.5%, respectively. The GGR of Grand Lisboa Palace increased by 26.3% year over year to HK$2.9 billion during this period. For the nine months ended September 30, 2025, Grand Lisboa and Grand Lisboa Palace achieved market shares in terms of GGR of 3.1% and 2.6%, respectively.

Our extensive casino portfolio appeals to a broad spectrum of gaming patrons, from the modern Grand Lisboa and Grand Lisboa Palace and the historic Casino Lisboa, which appeal to rolling and high-stakes non-rolling patrons, to conveniently located casinos, such as Casino Oceanus at Jai Alai near the Macau Maritime Terminal, which appeal to single day visitors.

We strategically focus on mass market growth, key beneficiary of satellite casino conclusion

The post-concession regulatory landscape, including the regulatory changes under the revised gaming law enacted in 2022, has reshaped Macau's gaming industry. We are strategically positioned to capitalize on these structural shifts, with a clear focus on competing in the current environment and growing market share in mass market given the higher margins generated by the mass market gaming segment as compared to the VIP gaming segment. With the conclusion of satellite casino and the re-allocation of some gaming tables back to our self-operated casinos, we can expect a higher margin and extract more profit from tables which were priorly operated by satellite casino under profit-sharing service agreements. See "*Business — Recent Development — Restructuring of Our Satellite Casinos*".

Macau's GGR mix has evolved over the years, with the mass market segment now commanding a larger portion of GGR than before. In the years of 2019, 2023 and 2024 and the twelve months ended September 30, 2025, mass market accounted for 47.6%, 67.8% and 68.3% and 66.4% of Macau GGR. In the same periods, total Macau GGR amounted to HK$283.9 billion, HK$177.7 billion, HK$220.2 billion and

HK$231.8 billion. We gained strong mass market share of 15.5% in the nine months of 2025, representing 67.4% of our overall GGR growth. Reflective of the broader trend in the market, the percentage of our total GGR attributable to mass market continued to grow. For the nine months ended September 30, 2025, our mass market GGR amounted to HK$18.0 billion (US$2.3 billion), representing 82.2% of total GGR. For the years of 2019, 2020, 2021, 2022, 2023 and 2024 and the twelve months ended September 30, 2025, our mass market GGR represented 61.1%, 66.7%, 77.4%, 81.5%, 84.3%, 82.4% and 82.1% of our total GGR. Central to our growth strategy is a dedicated effort to attract and retain mass market patrons. Our efforts to continuously improve experience of our mass market customers include remodeling the Grand Lisboa Palace to better cater to mass market customers, renovating the Grand Lisboa, enhancing marketing program and effort by increasing the scale of marketing networks, expanding our award-winning food and beverage offerings to support patrons across the spectrum, broadening our product offerings such as opening of Kam Pek Market and outdoor concert venue at Grand Lisboa Palace, pursuing the Hengqin acquisition to capture budget-conscious clients through a 3-star hotel, and enhancing tourism and entertainment offerings. We believe that our sustained focus on the mass market will lay the groundwork for long-term value creation and growth.

We have strong cash flow generation and a prudent balance sheet with ample liquidity.

As a result of our well-established operations and prudent financial policy, we have been able to maintain a strong financial position with ample liquidity. Our operating cash flow and Adjusted EBITDA amounted to HK$2.2 billion (US$0.3 billion) and HK$2.5 billion (US$0.3 billion) for the nine months ended September 30, 2025, respectively. The net leverage ratios have steadily decreased in recent years, with our net debt to Adjusted EBITDA ratio standing at 6.4x in the twelve months ended September 30, 2025, compared to 5.8x in the year of 2024 and 13.1x in the year of 2023. While interest coverage ratio improved to 2.3x in the nine months ended September 30, 2025, compared to 2.2x in the year of 2024 and 1.0x in the year of 2023. As of September 30, 2025, we had HK$2.4 billion (US$0.3 billion) in cash and cash equivalents of which was unrestricted represented by short-term deposit of HK$0.2 billion and bank balance and cash of HK$2.2 billion) and HK2.6 billion in undrawn credit facilities. We believe that our cash balance and unused credit facilities are sufficient to support our long-term operations, and that our active management of our debts and strong financial capability position us well to endure short-term economic downturns as well as to pursue future development and growth opportunities.

We have an experienced management team with a proven track record in operating gaming and gaming-related activities in Macau.

Our long-serving senior management team has extensive experience in casino and hospitality management and operations in Macau. We have fortified our core team with the addition of experienced professionals from the international gaming industry. We believe that our senior management team, who has a combination of in-depth local knowledge of gaming and hospitality in Macau and specialized and international expertise, places our Group in a strong position to take advantage of the opportunities offered in Macau.

Our Business Strategies

Our strategic objective is to create value by building on our competitive strengths in pursuing sustainable long-term growth in shareholder value. Our key strategies for delivering this objective and to enhance our position as an operator, owner and developer of casinos and related businesses in Macau include:

We will continue to build, own and manage or invest in casinos and related businesses in Macau, as permitted by Government regulation.

Macau has a strong appeal as a tourism and leisure destination, and there are several key districts in Macau where gaming traffic is concentrated. Our casino properties are spread out across the Macau

Peninsula and the Cotai area, and we plan to better capture such gaming traffic with our existing and potential casino developments in the Lisboa District, the Inner Harbour District, the Outer Harbour District and Cotai. We are in the process of developing properties in order to implement this plan. For example, we have completed construction of the Grand Lisboa Palace, which will comprise a total gross floor area of 521,435 square meters plus 77,158 square meters of parking area. More than 90% of the total area will be devoted to a full range of non-gaming facilities, including hotel towers — "Grand Lisboa Palace", "Palazzo Versace" and "KARL LAGERFELD" — totaling 1,892 rooms, plus other first-class facilities for events, meetings and conferences, shopping, dining and entertainment, and a casino. We are also opening a c. 5,000 sqm. Grand Hall and Garden House with 2,000 capacity in 2026 to further enhance our patron experience at the property. We believe that the vast array of facilities and amenities of our properties, strategically designed and developed to appeal to a broad range of customers, will allow us to capture a higher market share.

We will continue to improve and enhance the efficiency of our existing properties and diversify our offerings to cater for different customers.

Transferring staff from Macau Peninsula to Cotai. Following the opening of Grand Lisboa Palace, we will continue to evaluate the human resources requirements across its properties to enhance operational efficiency. Many staff members, especially those in gaming operations, have been redeployed from our Macau Peninsula operations to Grand Lisboa Palace. We will continue to optimize the overall efficiency of our gaming business through the design of strategic personnel redeployment.

Continuing to focus on the Mass Market Segment and to ramp up growth in the Premium Mass Segment. We intend to continue to focus on mass market gaming due to its attractive growth opportunities and higher margin profile. We are continuing to expand gaming capacity at Casino Grand Lisboa by making more space available for tables for mass market gaming and for premium mass market gaming and we expect to continuously offer highly differentiated gaming and non-gaming products to capture the ever-changing demographic of the premium segment of the premium mass market. In addition, we are placing greater focus on our non-gaming attractions. We have designed our non-gaming attractions to complement the mass market focus by delivering experiences that specifically appeal to mass market and premium mass gaming players. In addition, we will continue to enhance and optimize our mix of retail offerings in line with the preferences of our target customers.

Upgrading our Information Technology System. We will continue to implement a comprehensive upgrade of our information technology systems to increase efficiency through multiple channels, such as automation of our gaming, cash and chips processes and improving our use of labor through more efficient staff scheduling. This will enable us to improve our operating margins.

Acquisition of Satellite Casinos and Redeployment of Gaming Tables. Having taken into consideration factors such as alignment with our long-term objectives and our overall competitiveness and strategic locations of our current satellite casinos, we previously announced our intention to acquire the properties where Casino L'Arc Macau and Casino Ponte 16 are located. On November 20, 2025, we announced that we entered into an acquisition agreement in relation to the acquisition of Casino L'Arc Macau and the termination of gaming operations at Casino Ponte 16. See "*Business — Recent Development — Restructuring of Our Satellite Casinos*". We believe acquisition of Casino L'Arc Macau would allow us to extract higher margins from these satellite properties and facilitate higher efficiency across our casino portfolio, with the benefit of being able to transfer gaming tables between our properties to optimize our casino operations. Following Casino Ponte 16's official cessation of operations on November 28, 2025, all gaming tables and gaming machines previously operating at the location have been redeployed to other casinos of SJM. We believe the redeployed gaming tables and slot machines would generate higher yield and profitability for us as we move away from the current profit-sharing model in the satellite casinos. We believe our portfolio of offerings at various casinos, which are located in the Macau peninsula and the Cotai area of Macau, positions us well for long-term sustainable growth through our strategic presence in these important gaming and tourism locations.

We will remain focused principally in Macau, while selectively considering opportunities for future expansion in the Asian region.

We focus on the mass market segment in Macau, which has historically shown strong operating margins and which we believe will have strong potential for future growth. We believe that our focus on acquiring and retaining mass market customers will enable us to achieve stable growth. We also believe the growth of the Asian economies, including China, with their populations of approximately 3.3 billion people within a five-hour flight radius of Macau, will continue to drive mass market growth. We cater to mass-market and premium mass-market customers through our entertainment attractions, strategic marketing and promotional campaigns that offer a tiered customer loyalty program, such as "Tourism + Culture" strategy: "Lisboa Destination" connecting major heritage and attraction sites around Grand Lisboa, revitalization for Pier 16 and Pier 14, and "Tourism + Sports" Strategy: Marquee sporting events upcoming.

We are committed to maintaining stable and diversified sources of revenue from both gaming and non-gaming activities in Macau, while selectively exploring opportunities for future expansion in the Asian region. Our objective is to maintain stable and recurring sources of gaming revenues by continuing our focus on the mass and premium mass market gaming segments, which have proven more resilient to market fluctuations than the rolling gaming segment. In addition, we expect to continue enhancing our non-gaming offerings, including entertainment attractions, food and beverage offerings, and luxury accommodations, which will enable us to further generate non-gaming revenues. We believe our commitment to maintaining stable revenue streams will provide us with the financial flexibility to pursue our business strategies.

We will maintain a stable financial position, with a view to long-term growth.

A conservative capital structure are key tenets of our fundamental operating philosophy as a company. This approach helps us to maintain financial stability. It also forms the core foundation for our future growth strategy. We believe that proactive management of our balance sheet and an efficient capital structure will enhance our ability and flexibility to pursue opportunistic growth in the future. Additionally, we believe that patience is an important attribute in monitoring the development of the market in which we operate and in identifying and executing future development in existing, as well as new markets.

Our Gaming Operations

Our gaming operations are comprised of rolling, non-rolling, and electronic gaming operations. In general, a variety of table games, including baccarat, are offered in the mass market gaming areas. Slot machines are offered in or adjacent to the mass market gaming sections. As of September 30, 2025, we had the second largest quota of gaming tables granted by the Macau SAR Government, being 1,250 gaming tables, and the third largest quota of slot machines authorized by the Macau SAR Government, being 1,700 slot machines.

Rolling

Our rolling gaming operations are primarily comprised of VIP gaming. VIP players in Macau play mostly for higher stakes in dedicated Premium Pits. VIP players are sourced mainly by gaming promoters or sometimes through direct relationships between the casino and the players. As of September 30, 2025, we operated VIP gaming in three of our casinos. We engage VIP gaming promoters in both our self-promoted casinos and satellite casinos based on their market knowledge, customer relations and financial stability, and experience with VIP gaming patrons and operations. See "*Business — Recent Development — The Restructuring of Our Satellite Casinos*". As of September 30, 2025, December 31, 2022, 2023 and 2024, we engaged four, seven, two and three Premium Pit gaming promoters, respectively.

In accordance with general industry practice, in return for the gaming promoters' promotional services, we pay the gaming promoter a commission based on VIP chip sales. Hence, although the VIP segment accounts for a large portion of total gross gaming revenues, margins from the VIP segment are less favorable than those from the mass market segment. In addition, VIP players typically receive various forms of complimentary services, such as transportation, accommodation and food and beverage services from us or from the gaming promoters. These complimentary services also affect the margins of the VIP business.

Non-rolling

Our non-rolling gaming operations are primarily comprised of mass market table gaming, but exclude mass market table gaming that has an element of electronic gaming. All of our casinos offer mass market gaming, which is generally a higher-margin operation relative to rolling gaming. Our mass market gaming revenues have grown significantly in recent years. Baccarat is the most popular game in our mass market gaming areas, and we also offer most major types of table games such as blackjack, poker, Caribbean stud poker and sic bo. We frequently adjust the mixture of gaming tables based on a number of factors including the popularity of particular games.

Like our rolling patrons, our mass market gaming patrons typically come from nearby destinations in Asia, including Greater China, South Korea and Japan with a significant number of gaming patrons coming to our casinos from Greater China. In recent years, we have increased our emphasis on the mass market business including the premium mass market segment.

Electronic gaming

Our electronic gaming operation is primarily comprised of slot machines and mass market table gaming that has an element of electronic gaming. Electronic gaming constitutes the smallest segment of our gaming business, but generally operate at a higher margin than mass market table games. Slot machines and other gaming machines are acquired from multiple vendors and are frequently changed to adapt to customer tastes. Slot machine areas are provided in six of our casinos.

The following table sets forth a breakdown of gross gaming revenue derived from our gaming operations for the periods indicated:

	Year ended December 31							Nine months ended September 30				
	2022		2023		2024			2024		2025		
	HK$	%	HK$	%	HK$	US$	%	HK$	%	HK$	US$	%
	(in millions, except for percentages)											
Rolling gross gaming revenue	486.3	7.5	1,556.7	7.3	2,687.4	345.4	9.3	1,955.9	9.2	1,811.7	232.8	8.2
Non-rolling gross gaming revenue	5,262.4	81.5	17,874.4	84.3	23,762.1	3,053.9	82.5	17,589.3	82.6	18,044.1	2,319.0	82.2
Electronic game gross gaming revenue	706.4	11.0	1,773.4	8.4	2,374.2	305.1	8.2	1,744.3	8.2	2,107.0	270.8	9.6
Total	6,455.1	100.0	21,204.5	100.0	28,823.7	3,704.4	100.0	21,289.5	100.0	21,962.8	2,822.6	100.0

Our Casinos

As of the date of this offering memorandum, we operate five casinos in Macau, namely Casino Grand Lisboa Palace, Casino Grand Lisboa, Casino Lisboa, Casino Oceanus at Jai Alai and Casino L'Arc Macau. Our casinos are located in prime locations on the Macau Peninsula and in Cotai, and as of September 30, 2025 offered 1,250 gaming tables and 1,700 slot machines. Non-gaming operations include the Grand Lisboa Palace Resort, the Grand Lisboa Hotel, the L'Arc Hotel, the Jai Alai Hotel and the Sofitel Macau at Ponte 16. We completed the acquisition of Casino L'Arc Macau on December 17, 2025 and obtained the requisite approval from DICJ on December 26, 2025 for SJM to operate casino games of fortune at Casino L'Arc Macau as a directly managed and operated casino from December 30, 2025. Prior to the acquisition, Casino L'Arc Macau was one of the nine satellite casinos. Other satellite casinos all ceased operations by the end of 2025, with Casino Grandview ceasing operations on July 30, 2025, Casino Emperor Palace ceasing operations on October 30, 2025, Casino Legend Palace ceasing operations on November 12, 2025, Casino Casa Real ceasing operations on November 21, 2025, Casino Ponte 16 ceasing operations on November 28, 2025, Casino Kam Pek Paradise ceasing operations on December 1, 2025, Casino Fortuna ceasing operations on December 9, 2025 and Casino Landmark ceasing operations on December 30, 2025, in line with overall business planning and commercial considerations. See "*Business — Recent Development — The Restructuring of Our Satellite Casinos*" and "*Risk Factors — Risks Relating to Our Business and Operations — Gaming is a highly regulated industry in Macau and adverse changes or developments in gaming laws or other regulations that affect our operations could be difficult to comply with or may significantly increase our costs, which could cause our projects to be unsuccessful*".

Casino Grand Lisboa Palace

Casino Grand Lisboa Palace, our newest casino, is located in Cotai, Macau. Casino Grand Lisboa commenced operations in July 2021. As of September 30, 2025, there were 198 mass market gaming tables, 45 VIP gaming tables and 529 slot machines in operation at Casino Grand Lisboa Palace.

Casino Grand Lisboa Palace currently occupies approximately 35,921.2 square meters of floor area, offering 24-hour gaming and a wide range of table games and slot machines.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, Casino Grand Lisboa Palace received over 0.3 million, 3.0 million, 5.7 million, 4.1 million and 5.2 million visitors, respectively and an average of approximately 760, 8,200, 15,500, 14,800 and 19,300 visitors per day, respectively.

The following table sets forth a breakdown of operating results of Casino Grand Lisboa Palace for the periods indicated:

	Year Ended December 31				Nine Months Ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Rolling operations							
Rolling chip volume	—	25,464	40,791	5,242	27,791	37,172	4,777
Rolling revenue	—	860	1,554	200	1,134	1,156	149
Rolling chip win %	—	3.4%	3.8%	3.8%	4.1%	3.1%	3.1%
Non-rolling operations							
Non-rolling volume	2,017	9,094	17,190	2,209	12,469	14,911	1,916
Non-rolling revenue	304	1,487	3,101	399	2,176	2,757	354
Non-rolling chip win %	15.1%	16.4%	18.0%	18.0%	17.5%	18.5%	18.5%
Electronic gaming operations							
Electronic game handle	1,122	10,987	21,086	2,710	15,298	20,892	2,685
Electronic game revenue	42	343	583	75	438	603	77
Electronic game hold %	3.7%	3.1%	2.8%	2.8%	2.9%	2.9%	2.9%

Casino Grand Lisboa

The Grand Lisboa, our flagship casino and the largest of our self-promoted casinos, is located at the heart of central Macau, adjacent to the historic Casino Lisboa and close to other major landmarks, including the Bank of China Building and Clube Militar de Macau. Casino Grand Lisboa commenced operations in February 2007. As of September 30, 2025, there were 288 mass market gaming tables, 18 VIP gaming tables and 504 slot machines in operation at Casino Grand Lisboa.

Casino Grand Lisboa currently occupies approximately 34,678 square meters of floor area, offering 24-hour gaming and a wide range of table games and slot machines. The layout of our main gaming floor is organized using the different market segments we target. Although most of the floor features an open floor plan, design elements shift in an effort to create an impression of increasing luxury and exclusivity as patrons ascend from lower to higher limit gaming. Our premium mass market gaming areas service top tier premium mass patrons as well as other invited patrons. The premium mass market gaming areas feature exclusive facilities and luxury amenities.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, Casino Grand Lisboa received over 1.2 million, 9.4 million, 10.5 million, 7.8 million and 8.2 million visitors, respectively and an average of approximately 3,400, 25,600, 28,800, 28,500 and 30,000 visitors per day, respectively. The following table sets forth a breakdown of operating results of Casino Grand Lisboa for the periods indicated:

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Rolling operations							
Rolling chip volume	7,227	19,324	26,291	3,379	20,550	18,420	2,367
Rolling revenue	252	574	1,051	135	760	597	77
Rolling chip win %	3.5%	3.0%	4.0%	4.0%	3.7%	3.2%	3.2%
Non-rolling operations							
Non-rolling volume	3,256	22,482	28,387	3,648	21,151	22,366	2,875
Non-rolling revenue	700	4,461	6,038	776	4,503	4,448	572
Non-rolling chip win %	21.5%	19.8%	21.3%	21.3%	21.3%	19.9%	19.9%
Electronic gaming operations							
Electronic game handle	2,503	8,255	10,017	1,287	7,269	12,026	1,546
Electronic game revenue	115	404	459	59	340	445	57
Electronic game hold %	4.6%	4.9%	4.6%	4.6%	4.7%	3.7%	3.7%

Other Self-Promoted Casinos

Self-promoted casinos are self-owned, self-managed and self-operated casinos for which promotional and marketing efforts are handled by our marketing department. Our other self-promoted casinos, besides Casino Grand Lisboa, are listed below, with their gaming facilities as of September 30, 2025:

	VIP Gaming tables	Mass gaming tables	Slot machines
Other Self-Promoted Casinos			
Casino Lisboa	—	92	—
Casino Oceanus at Jai Alai	—	209	352
Total	—	301	352

The following table sets forth a breakdown of operating results of our other self-promoted casinos for the periods indicated:

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Non-rolling operations							
Non-rolling volume	8,219	28,528	32,980	4,239	24,965	24,295	3,122
Non-rolling revenue	1,116	4,142	4,926	633	3,685	3,656	470
Non-rolling chip win %	13.6%	14.5%	14.9%	14.9%	14.8%	15.1%	15.1%
Electronic gaming operations							
Electronic game handle	2,865	6,589	7,429	955	4,709	8,945	1,150
Electronic game revenue	138	286	315	41	219	305	39
Electronic game hold %	4.8%	4.3%	4.2%	4.2%	4.7%	3.4%	3.4%

Satellite Casinos

Satellite casinos are operated by SJM under an agreement with a service provider who is responsible for marketing and promotion, and who in most cases is the owner of the casino premises. As of September 30, 2025, we operated 12 casinos in Macau, including four self-promoted casinos and eight satellite casinos. In line with regulatory reforms under Macau's revised gaming law and following a comprehensive strategic review, we completed the acquisition of the L'Arc Hotel, where Casino L'Arc Macau is located, on December 17, 2025 and obtained the requisite approval from DICJ on December 26, 2025 for SJM to operate casino games of fortune at Casino L'Arc Macau as a directly managed and operated casino from December 30, 2025. Other satellite casinos all ceased operations by the end of 2025, with Casino Grandview ceasing operations on July 30, 2025, Casino Emperor Palace ceasing operations on October 30, 2025, Casino Legend Palace ceasing operations on November 12, 2025, Casino Casa Real ceasing operations on November 21, 2025, Casino Ponte 16 ceasing operations on November 28, 2025, Casino Kam Pek Paradise ceasing operations on December 1, 2025, Casino Fortuna ceasing operations on December 9, 2025 and Casino Landmark ceasing operations on December 30, 2025, in line with overall business planning and commercial considerations. See "*Business — Recent Development — The Restructuring of Our Satellite Casinos*" and "*Risk Factors — Risks Relating to Our Business and Operations — Gaming is a highly regulated industry in Macau and adverse changes or developments in gaming laws or other regulations that affect our operations could be difficult to comply with or may significantly increase our costs, which could cause our projects to be unsuccessful*". These changes will also support the expansion of operational scale, streamline cost structures, and strengthen our earnings quality, positioning us to compete more effectively and capture incremental non-gaming spend through tighter integration of hotel, dining and entertainment offerings.

As of September 30, 2025, we operated eight satellite casinos, as follows:

	VIP gaming tables	Mass gaming tables	Slot machines
Satellite Casinos			
Casino Ponte 16	—	109	100
Casino Casa Real	—	28	0
Casino Emperor Palace	—	2	78
Casino Fortuna	—	40	0
Casino Kam Pek Paradise	—	30	96
Casino Landmark	3	117	0
Casino L'Arc Macau	—	45	0
Casino Legend Palace	—	26	0
Total	3	397	274

For more information about the restructuring of our satellite casinos, see "*Business — Recent Development — The Restructuring of Our Satellite Casinos*".

The following table sets forth a breakdown of operating results of our satellite casinos for the periods indicated:

	Year ended December 31				Nine months ended September 30		
	2022	2023	2024		2024	2025	
	HK$	HK$	HK$	US$	HK$	HK$	US$
	(in millions, except for percentages)						
Rolling operations							
Rolling Chip Volume	6,542	1,461	728	94	572	290	37
Rolling Revenue	234	122	83	11	62	58	7
Rolling Chip Win %	3.6%	8.4%	11.4%	11.4%	10.8%	20.1%	20.1%
Non-rolling operations							
Non-Rolling Volume	27,684	52,816	69,171	8,890	51,223	54,169	6,962
Non-Rolling Revenue	3,142	7,784	9,696	1,246	7,225	7,182	923
Non-Rolling Chip Win %	11.4%	14.7%	14.0%	14%	14.1%	13.3%	13.3%
Electronic gaming operations							
Electronic Game Handle	21,836	43,623	58,411	7,507	42,935	43,366	5,573
Electronic Game Revenue	412	740	1,017	131	747	755	97
Electronic Game Hold %	1.9%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%

For more information about the restructuring of our satellite casinos, see "*Business — Recent Development — The Restructuring of Our Satellite Casinos*".

Our Non-Gaming Operations

In addition to our gaming operations, as of the date of this offering memorandum, we also operate the Grand Lisboa Palace Resort, the Grand Lisboa Hotel, the L'Arc Hotel, Sofitel Macau at Ponte 16 and the Jai Alai Hotel, which contain a varied range of lodging, dining, shopping, entertainment and meeting facilities.

Grand Lisboa Palace Resort

The Grand Lisboa Palace Resort, our newest integrated resort in Cotai, Macau, offers luxury hotel rooms and suites in three hotel towers, namely the Grand Lisboa Palace Macau, THE KARL LAGERFELD and Palazzo Versace Macau, along with diverse hospitality services. As of September 30, 2025, the Grand Lisboa Palace comprised a total gross floor area of 521,435 square meters plus 77,158 square meters of parking area. The design of the Grand Lisboa Palace was inspired by the architecture of European monumental buildings while featuring traditional Chinese motifs, and the positioning of the Grand Lisboa Palace Resort celebrates the meeting of East and West that reflects the rich cultural heritage of Macau. The combination in the interior of Chinoiserie-styled elements with modern amenities creates a unique luxury experience for our patrons.

With more than 90% of the total area devoted to a full range of non-gaming facilities, the Grand Lisboa Palace Resort is an integrated resort that offers 1,892 rooms and suites and other first-class leisure and recreation facilities including health and fitness clubs, swimming pools, spas and salons and banquet and meeting facilities to give its guests varied luxury accommodation and refined leisure enjoyment. The Grand Lisboa Palace Resort features distinct and exciting hospitality propositions, including three hotel towers: "Grand Lisboa Palace", "Palazzo Versace" and "KARL LAGERFELD". As of September 30, 2025, the five-star "Grand Lisboa Palace" offered approximately 1,892 luxury rooms and suites.

Grand Lisboa Palace Resort is also the first integrated resort in the world to house two towers exclusively designed by world-class fashion brands, namely Versace and KARL LAGERFELD. Palazzo Versace offers 271 rooms and suites which boast a total Versace-branded lifestyle experience. The tower bearing the name of the late fashion legend, KARL LAGERFELD, also with 271 rooms and suites, is the only one in the world with its interior substantially designed by the eponymous designer.

Underpinned by our industry-leading culinary expertise which has been recognized extensively in the Michelin Guide, Grand Lisboa Palace also offers fine and diverse cuisines via over approximately 30 food and beverage outlets. Zuicho, a Japanese restaurant, debuted in the Michelin Guide Hong Kong Macau 2025 with a one Michelin Star. In addition, the themed retail mall of Grand Lisboa Palace covers more than 75,000 square meters and features, among approximately 100 shops, the Macau flagship outlet of China Duty Free Group, as well as one of Macau's largest department stores, to be run by the operator of the famous New Yaohan Department Store. Amongst its diversified entertainment and leisure facilities, the resort offers The Grand Pavilion, a splendid venue for events and banquets, and a versatile multi-purpose hall for meetings and performances.

Hotel Grand Lisboa

Since opening in 2008, Hotel Grand Lisboa has become an icon of Macau, with its distinctive architecture in the shape of a giant golden lotus. As of September 30, 2025, Hotel Grand Lisboa offered 431 five-star hotel rooms and suites, 13 restaurants and bars, retail outlets and recreation and leisure facilities including a health and fitness club, swimming pool, spa and salon and banquet and meeting facilities. The Hotel Grand Lisboa has garnered numerous awards over the years. For a sixth consecutive year, in 2025, Hotel Grand Lisboa has retained from Forbes Travel Guide quadruple Five-Star awards for its hotel, Spa at Grand Lisboa and restaurants Robuchon au Dome and The Eight. In 2019, Hotel Grand Lisboa received the Award for Euroexcellence in Luxury by Macau European Chamber of Commerce for its commitment to delivering ultimate luxury and extraordinary elegance with its impeccable hospitality services. Grand Lisboa Hotel has also been recognized as the "Luxury Hotel of the Year" and the "Landmark View of the Year" at Sohu Travel Hotel Awards 2018 and the Top 10 Best Restaurant Hotel by 2018 KOL Gold List. In 2025, French restaurant "Robuchon au Dome" received three stars and Cantonese restaurant "The Eight" once again clinched two Stars in the Michelin Guide Hong Kong Macau 2025. In January 2025, Robuchon au Dôme and The Eight, were both honored with the prestigious "BAZAAR TASTE ELITE 10 | MACAO 2025" awards, earning spots on the BAZAAR Taste Elite Awards 2025 Hong Kong and Macao list. In June 2025, the wine cellars of "Robuchon au Dome" and Italian restaurant "Casa Don Alfonso" received the Grand Award for the 21st and 16th consecutive year of recognition, while "The Eight "and "The Kitchen" each received the Best of Award of Excellence from Wine Spectator. In September 2025, Robuchon au Dôme Crowned "Champions' League — Best Dessert & Fortified Wine List" for the Sixth Straight Year by The World of Fine Wine. Recently in December 2025, Robuchon au Dôme and The Eight have been recognised in La Liste's Top 1,000 Restaurants worldwide for 2026.

Sofitel Macau at Ponte 16

The Sofitel Macau at Ponte 16, 51%-owned by SJM, offers five-star rooms and services to guests at its location at the historic inner harbor area of Macau Peninsula. As of September 30, 2025, Sofitel Macau at Ponte 16 offered 408 hotel rooms and suites, plus restaurants and bars, retail outlets and recreation and leisure facilities including health and fitness club, swimming pool, spa and salon and banquet and meeting facilities. Since opening in 2008, the Sofitel Macau at Ponte 16 has also received numerous travel industry awards in the past, in both business and luxury categories, including the Macau Green Hotel Award in 2017-2019 — Sliver, Luxury Cultural Hotel by World Luxury Hotel Awards in 2019, Asia's Top Spa Hotel & Resort by 2019-2020 Now Travel Asia Awards, China's Best Destination Hotel by the 19th Golden Horse Awards of China and Excellent Service Oriented Hotel of the Year by 2019 Greater Bay Area Hospitality Awards. The "So Spa" received the award of Luxury Hammam Experience by World Luxury Spa Awards 2019 and Asia's Top Wellness Spa by 2019-2020 Now Travel Asia Awards.

Jai Alai Hotel

The Jai Alai Hotel was opened by SJM in 2017, offering 132 rooms in a convenient location connected to the Casino Oceanus at Jai Alai and then to the Macau Maritime Terminal via a series of overhead walkways. The Jai Alai Hotel occupies part of the repurposed Jai Alai Building, together with restaurants and gaming areas.

The following table set forth a summary of our non-gaming operations for the periods indicated:

	Year ended December 31			Nine months ended September 30	
	2022	2023	2024	2024	2025
Grand Lisboa Palace Resort					
Hotel Revenue (HK$ million)	66	472	731	537	558
F&B, mall and other revenue (HK$ million)	275	508	611	448	463
Occupancy rate (%)	32.2%	82.6%	97.0%	96.2%	97.0%
Average number of rooms	587	1,296	1,858	1,847	1,892
Average room rate (HK$)	916	1,322	1,191	1,166	1,229
Hotel Grand Lisboa					
Hotel revenue (HK$ million)	49	160	169	124	149
F&B, mall and other revenue (HK$ million)	83	147	122	90	123
Occupancy rate (%)	46.2%	93.0%	98.7%	98.6%	98.4%
Average number of rooms	423	426	423	421	416
Average room rate (HK$)	634	1,121	1,226	1,211	1,393
Sofitel Macau at Ponte 16					
Hotel revenue (HK$ million)	37	147	144	104	101
F&B, mall and other revenue (HK$ million)	45	66	62	46	41
Occupancy rate (%)	48.4%	83.0%	88.1%	86.9%	86.8%
Average number of rooms	408	408	408	408	408
Average room rate (HK$)	495	1,230	1,075	1,043	1,034
Jai Alai Hotel*					
Hotel revenue (HK$ million)	5	8	10	7	9
F&B, mall and other revenue (HK$ million)	13	24	32	22	29
Occupancy rate (%)	72.4%	97.6%	99.8%	99.8%	98.5%
Average number of rooms	132	132	132	132	132
Average room rate (HK$)	178	196	205	205	242

Macau Tourism Development

Macau is located in one of the world's largest concentrations of potential gaming and tourism customers. Since the introduction of new casinos starting in 2002, the Macau gaming market has experienced a significant increase in annual gaming revenue. Macau's gaming industry generated GGR of MOP292.5 billion in 2019, over five times of Las Vegas Strip's GGR in the same year.

In 2024 and the nine months ended September 30, 2025, Macau has continued to be the world's largest gaming market in terms of GGR. The Gaming Inspection and Coordination Bureau reported that casinos in Macau generated MOP226.8 billion (US$28.3 billion) in gaming revenue in 2024, representing an increase of 23.9% compared to the MOP183.1 billion generated in 2023, equating to 77.5% of Macau's 2019 GGR and over three times of Las Vegas Strip's 2024 GGR of US$8.8 billion. GGR continued to show growth in first half of 2025, totaling MOP118.8 billion, representing an increase of 4.4% compared to the MOP113.8 billion generated in first half 2024, equating to 79.4% of first half of 2019 GGR.

The Macau SAR Government Tourism Office has intensified efforts to attract international visitors and enhance Macau's appeal as a world-class tourist destination. In 2023, as Macau's travel restrictions eased, Macau welcomed 28.2 million tourists. Visitation continued to grow in 2024, reaching 34.9 million visitors, rebounding to 88.6% of 2019 tourist numbers. Macau welcomed 29.7 million visitors in the first nine months of 2025, up 14.5% compared to first nine months of 2024.

As of September 30, 2025, over half of the world's population live within a five-hour flight of Macau. In addition, a number of infrastructure projects were completed in recent years, such as the extension of the Guangzhou-Zhuhai Intercity Railway, the opening of the Macau Light Rapid Transit and the completion of the 55-km Hong Kong-Zhuhai-Macau bridge, which helps to cement Macau as an accessible and popular gaming destination in the region. Furthermore, the continued upgrades and improvements to Hengqin Port, a boundary-crossing facility between Macau and Zhuhai, further bolsters Macau's connectivity with Chinese mainland. In 2024, the Central Government introduced a series of support measures for Macau, including an increase in the tax exemption limit for personal-use goods purchased by visitors from Chinese mainland. Mainland Chinese authorities also expanded the list of cities eligible for the Individual Visit Scheme to Hong Kong and Macau, currently capturing 59 cities covering approximately 35% of Chinese mainland's population.

We believe that Macau's continued campaigns to promote tourism will continue to drive additional visitation to the market and benefit the Macau gaming industry.

Advertising and Marketing

We seek to attract customers to our properties and to grow our customer base over time by utilizing multiple modes of advertising, sales and marketing activities and programs. As part of our recent strategic initiatives, we have recently hired 241 marketing executives since start of 2025 to strengthen our marketing efforts to win market share. We use local and regional media to publicize our projects and operations. We have a public relations and advertising team that cultivates media relationships, promotes our brands and engages media in various markets. We use a variety of media platforms that include digital, print, television, online, outdoor, on property, collateral and direct mail pieces, all as permitted by the laws of Macau, the PRC and relevant regions.

For self-promoted casinos, we employ marketing strategies such as: (i) loyalty card programs to target mass market gaming patrons; (ii) transportation services; (iii) hosting special events or promotions; (iv) customer relationship management; and (v) free entertainment. We make full provision for the bonus points and credit points stored in the relevant cards at month end in our accounts. We regularly hold promotions and special events, operate loyalty programs with our patrons and have developed a series of commission and other incentive-based programs.

Promotion and marketing of our satellite casinos are provided by the third-party service providers. As consideration for their services, third-party service providers are paid a certain percentage of the gross gaming income generated by casino games and slot machines, net of operating expenses.

Arrangement with Rolling Gaming Promoters

The gaming promoter agreements may be terminated by (i) mutual agreement, or (ii) if any party to the agreement cannot carry out its obligations under the agreement and this results in a material breach of the terms of the agreement, or (iii) if any party to the agreement resolves to file for, or is in liquidation or in bankruptcy proceedings, or (iv) natural disasters, wars or other force majeure events. In addition, the agreement may be terminated immediately if the gaming promoter fails to maintain or renew, or has its license to operate gaming promotion activities suspended or cancelled, or if the gaming promoter undergoes winding up, or if any party to the agreement ceases to exist legally.

Under the gaming promoter agreements between us and our gaming promoters, the gaming promoters agree to comply fully with all applicable Macau laws and regulations as well as our regulations, rules and procedures, including, but not limited to, those relating to gaming, gaming promoter licensing, internal controls and anti-money laundering laws and regulations. We are not liable or jointly liable for any misconduct on the part of our gaming promoters or mass market service providers that occurs outside of our casinos.

From time to time, we extend temporary credit to our rolling gaming promoters, which is repayable in the month following the granting of the credit. The amount of such temporary credit is limited to and secured by the accrued commissions payable to our gaming promoters. In some cases, unsecured credit of not more than the equivalent of three months' commissions payable may be granted to gaming promoters who have good credit histories and track records of large business volumes. In each of the years ended December 31, 2023 and 2024, no advances were granted to gaming promoters.

As of the date of this offering memorandum, there was no provision for overdue advances and receivables from our rolling gaming promoters.

Suppliers

We depend on certain suppliers to provide us with products and services such as ferry tickets, hotel rooms, catering services, floral arrangements, construction and other administrative services. In the year ended December 31, 2024, less than 30% of the Group's purchase was attributable to the Group's five largest suppliers.

Market and Competition

The gaming and hospitality market in Macau is and will continue to be intensely competitive. Our competitors include the current concession holders in Macau plus other gaming and hospitality operators in Asia and elsewhere.

Competition Within Macau

In Macau, we compete with concessionaires Galaxy, Wynn Macau, Venetian Macau, Melco and MGM. Galaxy currently operates one casino in Macau Peninsula, including in Star World, a hotel and casino resort in Macau's central business and tourism district and two casinos in Cotai, including in Galaxy Macau and in Broadway Macau. Wynn Macau opened in September 2006 on the Macau peninsula and an extension called Encore opened in 2010, and Wynn Palace in Cotai in August 2016. Venetian Macau operates Casino Sands at Sands Macau on the Macau peninsula, Casino Venetian at the Venetian Macau, Casino Plaza Macau at the Four Seasons Hotel Macau, Casino Londoner Macau at the Londoner Macau and Casino Parisian Macau at the Parisian Macau in Cotai. Melco operates Casino Altira at Altira Macau in Taipa, Casino City of Dreams at City of Dreams Macau and Casino Studio City at Studio City in Cotai. MGM opened in December 2007, which is located next to Wynn Macau on the Macau peninsula, and the MGM Cotai opened in February 2018.

The existing concessions do not have any limit on the number of gaming facilities that may be operated. Therefore, in addition to facing competition from existing operations of these concessionaires, we would face increased competition when any of them construct new, or renovate pre-existing, casinos in Macau.

The Macau SAR Government has implemented a cap on the total number of gaming tables in operation in Macau, which is 6,000. The Macau SAR Government also has announced that it does not intend to authorize the operation of any new casino or gaming area that was not previously authorized by the Government, or permit tables authorized for mass market gaming operations to be utilized for rolling gaming operations or authorize the expansion of existing casinos or gaming areas.

Competition with Other Markets

We also face competition from casinos and gaming resorts located in other Asian destinations together with cruise ships. Casinos and integrated gaming resorts are becoming increasingly popular in Asia, giving rise to more opportunities for industry participants and increasing regional competition. There are major gaming facilities in Australia and other Asian countries such as Cambodia, Malaysia, Philippines, Singapore, South Korea and Vietnam. In December 2016, a law which conceptually enables the development of integrated resorts in Japan took effect. In addition, several other Asian countries such as Thailand are considering or are in the process of legalizing gambling and establishing casino-based entertainment complexes.

Employees

As of December 31, 2022, 2023, 2024 and September 30, 2025, we had approximately 18,600, 19,000, 20,400, and 20,200 employees, respectively. As of September 30, 2025, approximately 66% of our employees were gaming staff, with the balance being primarily hotel, food and beverage staff. We have excellent staff retention records, with many of our staff being second or third generation employees.

Our employee remuneration 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. We regularly review our remuneration policy and evaluate staff performance. Staff are encouraged to attend training classes related to our business. We provide training for career enhancement in the form of internal courses and workshops for staff, subsidies for education of staff at Macau Millennium College and scholarships to children of staff to study at institutions of their choice. Our employment policies reflect our commitment to Macau society. Currently around 90% of our approximately 20,000 employees are local Macau residents. We believe that our relationship with our employees is excellent.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, we incurred staff costs of HK$5,573.9 million, HK$5,723.3 million, HK$6,297.5 million, HK$4,726.4 million and HK$4,973.6 million, respectively.

Intellectual Property

Our brand names, notably the Grand Lisboa, Casino Lisboa and Grand Lisboa Palace brands, are valuable assets for its gaming operations. As of the date of this offering memorandum, we were the registered owner of our material domain names and had registered, or had applied for registration of, our material trademarks in Hong Kong and Macau.

Our Internal Control Policies

We have adopted governance policies and internal control measures in order to achieve operations in a professional manner in compliance with our internal control requirements and applicable laws.

Macau laws prohibit SJM and our staff and agents who participate in our operations from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any Government official. Our business policies include provisions relating to compliance with all applicable anti-corruption laws including the relevant Macau laws.

We manage and operate our casinos pursuant to requirements under the Concession Contract and applicable laws and our governance policies, including a set of anti-money laundering policies and procedures approved by the DICJ, addressing requirements issued by the DICJ and the DICJ's instructions on anti-money laundering, counter-terrorist financing and other applicable laws and regulations in Macau.

We have training programs in place with the aim that all relevant staff involved in gaming operations managed by us understand anti-money laundering policies and the related procedures.

Environmental

We have established environmental policies and have communicated measurable environmental objectives to our employees. We proactively encourage our staff to protect the environment through training, education and communication and keep ourselves up to date on developments in local legislation and standards for environmental protection. We are committed to achieving a level of environmental performance that goes beyond compliance. We have not experienced any cases of non-compliance relating to environmental laws and regulations in Macau and Hong Kong.

Legal and Administrative Proceedings

From time to time, we may be subject to various claims and legal actions arising in the ordinary course of business. We have been named as a defendant in a number of legal proceedings in Macau which are pending but none of which is considered material for the purpose of this offering. Whilst significant in terms of numbers of cases but, in aggregate, of no material financial impact, a number of pending labor dispute claims have been filed by our former or existing employees who named us as a defendant and were seeking damages. These claims relate to employment issues including unpaid amounts in relation to services provided on days of weekly rest and overtime work.

REGULATION

This section summarizes the principal Macau laws and regulations which are relevant to our business and operations. As this is a summary, it does not contain a detailed analysis of the Macau laws and regulations which are relevant to our business and operations.

General

As a casino concessionaire, SJM is subject to the regulatory control of the Government of Macau. The Government has adopted laws and administrative regulations governing the operation of casinos in Macau. Only concessionaires are permitted to operate casinos. Each concessionaire was required to enter into a concession agreement with the Macau SAR Government which, together with the laws and administrative regulations, forms the framework for the regulation of the activities of the concessionaire.

Under the laws and administrative regulations, concessionaires are subject to suitability requirements relating to background, associations and reputation, as are shareholders of 5% or more of a concessionaire's share capital, directors and key employees. The same requirements apply to any entity engaged by a concessionaire to manage casino operations. Concessionaires are required to satisfy minimum capitalization requirements, demonstrate and maintain adequate financial capacity to operate the concession and submit to continuous monitoring of their casino operations by the Macau SAR Government. Concessionaires also are subject to periodic financial reporting requirements and reporting obligations with respect to, among other things, certain contracts, financing activities and transactions with directors, financiers and key employees. Transfers or the encumbering of interests in concessionaires must be reported to the Macau SAR Government and are ineffective without Government approval. Concessionaires must procure that transfers or the encumbering of indirect interests in concessionaires amounting to 5% or more of their share capital are reported to the Macau SAR Government and made subject to Government approval.

Each concessionaire is required to engage a managing director who must be a permanent resident of Macau and the holder of at least 15% of the capital stock of the concessionaire. The appointment of the managing director and of any successor is ineffective without the approval of the Macau SAR Government. All contracts placing the management of a concessionaire's casino operations with a third party also are ineffective without the approval of the Macau SAR Government.

Concessionaires are subject to a special gaming tax of 35% of gross gaming win and must also make an annual contribution of 5% of gross gaming win for the promotion of public interests, social security, infrastructure and tourism. Concessionaires are obligated to withhold, according to the rate in effect as set by the Government, from any commissions paid to gaming promoters. Such withholding rate may be adjusted from time to time.

Gaming Promoters

A gaming promoter, also known as a junket operator, is a corporation which, for the purpose of promoting casino gaming activity, arranges customer transportation and accommodations, and provides food and beverage services and entertainment in exchange for commissions from a concessionaire. Macau law provides that gaming promoters must be licensed by and registered with the Macau SAR Government in order to do business with and receive commission from concessionaires. For a license to be obtained, shareholders of a gaming promoter (regardless of its corporate form or sole proprietor status), its directors and its key employees must be found suitable. Applicants are required to pay the cost of license investigations and are required to maintain suitability standards during the period of licensure. The term of a gaming promoter's license is one calendar year, and licenses can be renewed for additional periods upon the submission of renewal applications. During the term of the license, DICJ can conduct the suitability assessment whenever deemed necessary. Furthermore, gaming promoters are subject to

financial capacity requirements and subject to reporting requirements to DICJ. The maximum amount of the commissions to be received by the gaming promoters and the respective means of calculation are defined by dispatch of the Secretary for Economy and Finance.

Concessionaires are expressly prohibited to share, by any means, their gaming revenue with any entity. The gaming promoters are only allowed to receive payment from their respective concessionaire by way of commission. Under Macau law, licensed gaming promoters must identify outside contractors who assist them in their promotion activities. These contractors are subject to approval by the DICJ. Changes in the management structure of licensed gaming promoters must be reported to the DICJ and any transfer or the encumbering of interests in such licensees is ineffective without prior Government approval. To conduct gaming promotion activities licensees must be registered with one concessionaire and must have written contracts with such concessionaire, copies of which must be submitted to the DICJ.

Macau law further provides that concessionaires are jointly responsible with their gaming promoters for the activities of their directors, key employees and contractors in the concessionaires' casinos, and for their compliance with applicable laws and regulations. Concessionaires must submit annual lists of their gaming promoters for the following year, and must report any changes to such list within 15 days. The Macau SAR Government designates every year a maximum number of gaming promoters allowed for each concessionaire. Meanwhile, each promoter is only authorized to work for one concessionaire. Concessionaires are subject to periodic reporting requirements with respect to commissions paid to their gaming promoters and are required to oversee their activities and report instances of unlawful activity.

The Government of Macau may assume temporary custody and control over the operation of a concession in certain circumstances. During any such period, the costs of operations must be borne by the concessionaire. The Government of Macau also may redeem a concession starting at an established date after the entering into effect of a concession. The Government of Macau also may terminate a concession for reasons of public interest, national or Macau security, or for cause, including, without limitation, failure of the concessionaire to fulfil its obligations under law or the concession contract.

Gaming Credit Regulations

Macau Law no. 7/2024 regulates the extension of gaming credit to players by concessionaires. Gaming promoters can only extend credit to players, on behalf of the concessionaire, and upon signing an agreement with its concessionaire to carry out such activity. Assigning or transferring one's authorization to extend gaming credit is not permitted. This statute sets forth filing obligations for those extending credit and the supervising role of the DICJ in this activity. Gaming debts contracted pursuant to this statute are a source of civil obligations and may be enforced in court.

SJM New Gaming Concession Contract

The Gaming Concession Contract executed on March 28, 2002 between Macau SAR Government and SJM, published in official Gazette no. 14-II, 2002 and amended by deed of April 19, 2005, published on the Official Gazette no. 18-II, 2005, by which Macau SAR Government granted to SJM one of the three concessions for the exploitation of games of fortune and chance or other games in casino in Macau, and amended by Public Deed dated April 19, 2005, the expiry date of which has been extended from March 2020 to June 2022, which was extended for a further period up to December 31, 2022. Upon expiration of the Gaming Concession Contract, all of SJM's casinos, gaming assets and equipment and ownership rights to the casino properties in Macau were reverted to the Macau SAR Government without compensation to SJM (the "**Assets Reverted to the Macau SAR Government**").

On December 16, 2022, Macau SAR Government awarded SJM the New Gaming Concession Contract for a 10-year period counting from January 1, 2023. On December 30, 2022, SJM signed a deed with the Macau SAR Government where SJM agreed with the Assets Reverted to the Macau SAR Government.

Macau SAR Government temporarily transferred the Assets Reverted to the Macau SAR Government to SJM for its operation of games of chance in the casinos during the concession period under the New Gaming Concession Contract.

Under the New Gaming Concession Contract, SJM is authorized to operate 1,250 gaming tables and 1,700 gaming machines. However, SJM is required to pay certain fees and make investments as part of the agreement. First, SJM is required to pay the Macau SAR Government certain utilization fee for the use of the casino premises, including Casino Grand Lisboa, Casino Grand Lisboa Palace, Casino Lisboa, and Casino Oceanus at Jai Alai (the "**Utilization Fee**"). SJM paid the Utilization Fee of approximately MOP68.8 million (equivalent to approximately HK$66.8 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 annual Utilization Fee will be adjusted to approximately MOP229.3 million (equivalent to approximately HK$222.6 million), subject to inflation adjustment. The Utilization 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 Utilization 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.

In addition to the Utilization Fee, SJM is required to pay the Macau SAR Government an annual premium consisting of a fixed and a variable portion (the "**Annual Premium**"). 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 (approximately HK$291,000) per VIP table, MOP150,000 (equivalent to approximately HK$145,000) per mass market table, and MOP1,000 (equivalent to approximately HK$970) per gaming machine, including slot machines, operated by SJM. According to the New Gaming Concession Contract, SJM is required to pay a special gaming tax, tourism contribution and cultural contribution, which are equivalent to 35%, 3% and 2% of the gross gaming revenue, respectively.

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) (the "**Basic Investment**") 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's gaming operations are restricted under the concession granted to casino games of chance and slot machine gaming authorized by the Macau SAR Government.

The New Gaming Concession Contract is governed by Macau Law and subject to the exclusive Jurisdiction of Macau Courts.

Transfer of shares of SJM, change to its share capital, issuance of bonds, amendments to its articles of association and the granting of guarantees, securities or encumbrances are subject to prior authorization from Macau SAR Government.

In addition, the New Gaming Concession Contract contains various general covenants and other provisions, with which SJM is required to comply. These include the obligations to submit periodic information to the Macau SAR Government, operate casinos in a fair and honest manner, and maintain certain levels of insurance.

In this respect, SJM is required by the New Gaming Concession Contract to carry general third-party liability insurance in connection with the operation of casino games located in Macau and the development of gaming-related services included in the Concession that are not already covered by existing insurance policies.

SJM's failure to comply with the terms and conditions of the New Gaming Concession Contract in a manner satisfactory to the Macau SAR Government could ultimately result in the termination of the Concession Contract as the Macau SAR Government has the right to unilaterally terminate the Concession Contract upon the occurrence of certain serious events of default.

The occurrence of any such event of default may require SJM to compensate the Macau SAR Government in accordance with applicable law and any termination of the New Gaming Concession Contract will cause all of SJM's casinos, gaming assets and equipment and ownership rights to the casino properties to be automatically transferred to the Macau SAR Government without compensation to SJM.

Upon expiration of the New Gaming Concession Contract, all of SJM's gaming assets and equipment and ownership rights to the casino of the Concessionaire in Macau will be transferred to the Macau SAR Government without compensation to SJM.

Smoking Regulations

Under the Smoking Prevention and Tobacco Control Law (Law no. 5/2011), as amended by Law no. 9/2017 and Law no. 13/2022, from January 1, 2019, smoking on casino premises is only permitted in authorized segregated smoking lounges with no gaming activities and such smoking lounges are required to meet certain standards determined by the Macau SAR Government.

Access to Casinos and Gaming Areas Regulations

Under Law no. 10/2012, as amended pursuant to Law no. 17/2018, the minimum age required for entrance into casinos in Macau is 21 years of age. The director of the DICJ may authorize employees under 21 years of age to temporarily enter casinos or gaming areas, after considering their special technical qualifications. In addition, off-duty gaming related employees of gaming operators and gaming promoters may not, starting from December 2019, access any casinos or gaming areas, except during the Chinese New Year festive season or under specific circumstances.

Responsible Gaming Regulations

On October 18, 2019, the DICJ issued Instruction no. 4/2019, which came into effect on December 27, 2019, setting out measures for the implementation of responsible gaming principles. Under this instruction, concessionaires and sub-concessionaires are required to implement certain measures to promote responsible gambling, including: making information available on the risks of gambling, responsible gambling and odds, both inside and outside the casinos and gaming areas and through electronic means; creation of information and counselling kiosks and a hotline; adequate regulation of lighting inside casinos and gaming areas; self-exclusion and exclusion at third-party request procedures, off-duty gaming related employees entry restriction procedures, physical entry requirements, preventive measures for restricted access by persons under 21 years of age; public exhibition of time; creation and training of teams and a coordinator responsible for promoting responsible gambling.

Furthermore, amendments to the gaming law effected by Law no. 7/2022 from June 23, 2022 imposes various obligations on the gaming operators in relation to responsible gaming policies, including the elaboration of an annual plan for promotion of responsible gaming, creation of a specialized working group, employee training sessions, as well as reporting obligations to DICJ. In line with the amendments to the gaming law, the aforesaid Instruction was amended by Instruction No. 3/2024, which came into effect on May 28, 2024.

Control of Cross Border Transportation of Cash Regulations

On June 12, 2017, (Law no. 6/2017) with respect to the control of cross-border transportation of cash and other negotiable instruments to the bearer was enacted. Such law came into effect on November 1, 2017. In accordance with such law, all individuals entering Macau with an amount in cash or negotiable instrument to the bearer equal to or higher than the amount determined by the Order no. 227/2017 of the Chief Executive of Macau at MOP120,000 (equivalent to US$15,033) will be required to declare such amount to the customs authorities. The customs authorities may also request an individual exiting Macau to declare if such individual is carrying an amount in cash or negotiable instruments to the bearer equal to or higher to such amount. Individuals that fail to duly complete the required declaration may be subject to a fine (ranging from 1% to 5% of the amount that exceeds the amount determined by the Order no. 227/2017 of the Chief Executive of Macau for declaration purposes, such fine being at least MOP1,000 (equivalent to US$125) and not exceeding MOP500,000 (equivalent to US$62,637)). In the event the relevant customs authorities find that the cash or negotiable instrument to the bearer carried by an individual while entering or exiting Macau may be associated with or result from any criminal activity, such incident shall be notified to the relevant criminal authorities and the relevant amounts shall be seized pending investigation.

Anti-Money Laundering and Terrorism Financing Regulations

In conjunction with current gaming laws and regulations, we are required to comply with the laws and regulations relating to anti-money laundering activities in Macau. Law No. 2/2006 (as amended pursuant to Law No. 3/2017), the Administrative Regulation No. 7/2006 (as amended pursuant to Administrative Regulation no. 17/2017) and the DICJ Instruction No. 1/2016 in effect from May 13, 2016 (as amended pursuant to DICJ Instruction no. 1/2019) govern our compliance requirements with respect to identifying, reporting and preventing anti-money laundering and terrorism financing crimes at our casinos in Macau. Under these laws and regulations, we are required to:

- implement internal procedures and rules governing the prevention of money laundering and terrorism financing crimes which are subject to prior approval from DICJ;
- identify and evaluate the money laundering and terrorism financing risk inherent to gaming activities;
- identify any customer who is a politically exposed person or any customer or transaction where there is a sign of money laundering or financing of terrorism or which involves significant sums of money in the context of the transaction, even if any sign of money laundering is absent;
- refuse to deal with any of our customers who fail to provide any information requested by us;
- keep records on the identification of a customer for a period of five years;
- establish a regime for electronic transfers;
- keep individual records of all transactions related to gaming which involve credit securities;
- keep records of all electronic transactions for amounts equal to or exceeding MOP8,000 (equivalent to approximately US$1,002) in cases of occasional transactions and MOP120,000 (equivalent to approximately US$15,025) in cases of transactions that arose in the context of a continuous business relationship;
- notify the Finance Information Bureau if there is any sign of money laundering or financing of terrorism;

- adopt a compliance function and appoint compliance officers; and

- cooperate with the Macau SAR Government by providing all required information and documentation requested in relation to anti-money laundering activities.

Under Article 2 of Administrative Regulation 7/2006 (as amended pursuant to Administrative Regulation no. 17/2017) and the DICJ Instruction 1/2016 (as amended pursuant to DICJ Instruction no. 1/2019), we are required to track and report transactions and granting of credit that are MOP500,000 (equivalent to approximately US$62,603) or above. Pursuant to the legal requirements above, if the customer provides all required information, after submitting the reports, we may continue to deal with those customers that were reported to the DICJ and, in case of suspicious transactions, to the Finance Information Bureau.

Prevention and Suppression of Corruption in External Trade Regulations

In addition to the general criminal laws regarding corrupt practices in the public and private sector that are in force in Macau, on January 1, 2015, Law no. 10/2014, criminalizing corruption acts in external trade and providing for a system for prevention and suppression of such criminal acts, came into effect in Macau.

Asset Freezing Enforcement Regulations

On August 29, 2016, Law no. 6/2016, with respect to the framework for the enforcement of asset freezing orders, which comprised of United Nations Security Council sanctions resolutions for the fight against terrorism and proliferation of weapons of mass destruction, was enacted. Under this law, the Chief Executive of Macau is the competent authority to enforce freezing orders, and the Asset Freeze Coordination Commission must assist the Chief Executive of Macau in all technical aspects of such enforcement. Among other entities, gaming operators are subject to certain obligations and duties regarding the freezing of assets ordered by the United Nations Security Council sanctions resolutions, including reporting and cooperation obligations.

Foreign Exchange Regulations

Gaming operators in Macau may be authorized to open foreign exchange counters at their casinos and gaming areas subject to compliance with the Foreign Exchange Agencies Constitution and Operation Law (Decree-Law no. 38/97/M), the Exchange Rate Regime (Decree-Law no. 39/97/M) and the specific requirements determined by the Monetary Authority of Macau. The transaction permitted to be performed in such counters is limited to buying and selling bank bills and coins in foreign currency, and to buying traveler's cheques.

Intellectual Property Rights Regulations

Our subsidiaries incorporated in Macau are subject to local intellectual property regulations. Intellectual property protection in Macau is supervised by the Intellectual Property Department of the Economic and Technological Development Bureau (DSEDT) of the Macau SAR Government. The applicable regime in Macau with regard to intellectual property rights is defined by two main laws. The Industrial Property Code (Decree-Law no. 97/99/M, as amended pursuant to Law no. 11/2001) covers (i) inventions meeting the patentability requirements; (ii) semiconductor topography products; (iii) trademarks; (iv) designations of origin and geographical indications; and (v) awards. The Regime of Copyright and Related Rights (Decree-Law no. 43/99/M, as amended by Law no. 5/2012) protects intellectual works and creations in the literary, scientific and artistic fields, by copyright and related rights.

Personal Data Regulations

Processing of personal data by our subsidiaries in Macau is subject to compliance with the Personal Data Protection Act (Law no. 8/2005) and, in the case of SJM, any instructions issued by DICJ from time to time. The Personal Data Protection Services Bureau, or DSPDP, is the regulatory authority in Macau specially in charge of supervising and enforcing the Personal Data Protection Act. Breaches are subject to civil liability, administrative and criminal sanctions.

The legal framework and the instructions issued by DICJ require that certain procedures must be adopted before collecting, processing and/or transferring personal data, including obtaining consent from the data subject and/or notifying or requesting authorization from the DSPDP and/or DICJ, as applicable, prior to processing personal data.

Cybersecurity Regulations

Law no. 13/2019, the Cybersecurity Law, came into effect on December 21, 2019 and is intended to protect networks, systems and data of public and private operators of critical infrastructures, among which operators of games of fortune and chance or other games in casinos are included.

The cybersecurity system is composed of a Cybersecurity Commission, a CARIC and cybersecurity supervisory entities.

Among other duties, private infrastructures operators are required to appoint a suitable and experienced person to be responsible for handling their cybersecurity and to be permanently reachable by CARIC, create a cybersecurity department, implement adequate internal cybersecurity procedures, conduct evaluations of their networks' security and risks, submit annual reports to their supervisory entity and inform CARIC and the respective supervisory entity of any cybersecurity incidents.

Additional regulations have been enacted to further determine and detail how the above-mentioned obligations are to be fulfilled.

Labor Quotas Regulations

All businesses in Macau must apply to the Labour Affairs Bureau for labor quotas to import non-resident unskilled workers from China and other regions or countries. Non-resident skilled workers are also subject to the issuance of a work permit by the Macau SAR Government, which is given individually on a case-by-case basis. Businesses are free to employ Macau residents in any position, as by definition all Macau residents have the right to work in Macau. SJM is not currently allowed to hire non-Macau resident dealers and supervisors under Macau SAR Government's policy.

Pursuant to Macau social security laws, Macau employers must register their employees under a mandatory social security fund and make social security contributions for each of its resident employees and pay a special duty for each of its non-resident employees on a quarterly basis. Employers must also buy insurance to cover employment accidents and occupational illnesses for all employees.

Minimum Salary Regulation

On 27 April 2020, Law no. 5/2020, with respect to minimum salary, was enacted. Such law came into effect on November 1, 2020, and was amended by Law no. 14/2025. In accordance with such law, effective from January 1, 2026, the monthly minimum salary in Macau is MOP7,280 (US$910) per month (excluding overtime, night and shift allowances and regular bonus related payments). The minimum salary requirement applies to all workers in Macau except domestic helpers and special needs workers.

Land Regulations

Land in Macau is legally divided into plots. In most cases, private interests in real property located in Macau are obtained through long-term leases from the Macau SAR Government granted for periods of 25 years and subsequently renewable for consecutive periods of 10 years, subject to applicable legislation in Macau. The land is initially granted on a provisional basis and registered as such with the Macau Real Property Registry and only upon completion of the development is the land concession converted into definitive status and so registered with the Macau Real Property Registry.

Distribution of Profits Regulation

Entities incorporated by quotas in Macau are required to set aside a minimum of 25% of the entity's profit after tax to the legal reserve until the balance of the legal reserve reaches a level equivalent to 50% of the entity's share capital, regarding entities incorporated by shares the percentages are 10% of the profit until the legal reserve reaches 25% of the share capital, in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the subsidiaries' statements of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the shareholders of the relevant subsidiaries.

DIRECTORS AND SENIOR EXECUTIVES

Our Directors

The following table sets forth information regarding our directors as of the date of this offering memorandum.

Name	Age	Position/Title
Ms. Ho Chiu Fung, Daisy	61	Chairman and Executive Director
Mr. Fok Tsun Ting, Timothy	79	Co-Chairman and Executive Director
Deputada Leong On Kei, Angela	64	Co-Chairman and Executive Director
Dr. Chan Un Chan	71	Executive Director
Mr. Shum Hong Kuen, David	71	Executive Director
Mr. Tsang On Yip, Patrick	54	Non-Executive Director
Mr. Ho Hau Chong, Norman	70	Independent Non-Executive Director
Ms. Wong Yu Pok, Marina	77	Independent Non-Executive Director
Mr. Yeung Ping Leung, Howard	68	Independent Non-Executive Director

Executive Directors

Ms. Ho Chiu Fung, Daisy, aged 61, was elected as our Executive Director in June 2017. She was appointed to succeed as our Chairman in June 2018, and was appointed as the Chairman of the Executive Committee of the Board in July 2018, and a member of the Nomination Committee and the Remuneration Committee of the Board in February 2019. Ms. Ho was re-designated from a member to the Chairman of the Nomination Committee of the Board in June 2019. She was a member of the Cotai Project Committee of the Board (dissolved in January 2024) from 2021 to 2023. Ms. Ho was elected as a director of SJM in March 2019, and was appointed as the managing director of SJM in September 2022. She was the chairman of the board of directors of SJM from March 2019 to September 2022. Ms. Ho is also a director of a number of our principal subsidiaries, an associate and a joint venture.

Ms. Ho was an appointed representative of Shun Tak, which is a corporate director of STDM (the controlling shareholder of the Company), up till March 31, 2010, and has thereafter become an appointed representative of Lanceford Company Limited, which is also a corporate director of STDM, since April 1, 2010. She was appointed an executive director of Shun Tak, a company listed on the SEHK Main Board, in 1994, and has been the deputy managing director and chief financial officer of Shun Tak since 1999. Ms. Ho is also a member of the executive committee, remuneration committee and nomination committee of Shun Tak and a director of a number of its subsidiaries.

Ms. Ho is Vice President and Executive Committee Member of The Real Estate Developers Association of Hong Kong, Professional Member of the Hong Kong Institute of Real Estate Administrators, Vice President of Macao Association of Building Contractors and Developers, Member of The Chinese General Chamber of Commerce and Standing Committee Member of its Ladies' Committee, Director of Macao Chamber of Commerce, Life Honorary President of Macau Retail and Management Association, Honorary Chairman of the Macau Hotel Association, Fellow of The Hong Kong Institute of Directors, Governor of The Canadian Chamber of Commerce in Hong Kong, Chairman of Hong Kong Ballet, Advisor and Former Chairman (2020-2021) of Po Leung Kuk, Chairman cum Director of University of Toronto (Hong Kong) Foundation Limited and Chairman of its Scholarship Selection Committee, Member of Dean's Advisory Board of Joseph L. Rotman School of Management — University of Toronto, World Fellow of The Duke of Edinburgh's Award World Fellowship, Honorary Vice President of the Hong Kong Girl Guides Association, Honorary President of Hong Kong Federation of Women and Founding Member and Steering Committee Member of the "EmpowerHer Network" of Hong Kong Red Cross.

Ms. Ho was awarded the Bronze Bauhinia Star by the Hong Kong Government in July 2021.

Ms. Ho has been appointed as a member of the Standing Committee on Judicial Salaries and Conditions of Service by the Hong Kong Government in January 2022.

Ms. Ho holds a Master of Business Administration degree in Finance from the University of Toronto, Canada and a Bachelor's degree in Marketing from the University of Southern California, U.S.A.

Mr. Fok Tsun Ting, Timothy, aged 79, was appointed as an Executive Director of the Company in 2010. He was appointed as a Co-Chairman of the Company in June 2018, a member of the Executive Committee of the Board in July 2018, and a member of the Nomination Committee of the Board in June 2022. Mr. Fok was a member of the Cotai Project Committee of the Board (dissolved in January 2024) from 2015 to 2023. He has been a director of SJM since 2014. Mr. Fok was appointed as the chairman of the board of directors of SJM in September 2022. He is also a director of certain subsidiaries of the Company.

Mr. Fok is the chairman of Fok Ying Tung Group, the chairman of Fok Ying Tung Foundation and a member of the Trust Committee of Henry Fok Foundation, a charitable foundation established in Macau which is a shareholder of STDM. He is an honorary member of the International Olympic Committee, a senior advisor – the East Asian Olympic Committees, the president of the Sports Federation and Olympic Committee of Hong Kong, China, the vice president of the Olympic Council of Asia (East Asia) and the honorary president of the Football Association of Hong Kong, China. Mr. Fok was a member of the 8th to the 12th National Committee of CPPCC, a vice-chairman of the Committee of Education, Science, Culture, Health and Sports of CPPCC and the president of the Football Association of Hong Kong, China from 1997 to 2023. He was elected as a member of the Legislative Council of Hong Kong, representing the Sports, Performing Arts, Culture and Publication functional constituency from 1998 to 2012.

Mr. Fok was appointed as a Justice of the Peace by the Hong Kong Government in 1998, and was awarded the Grand Bauhinia Medal, Gold Bauhinia Star and the Silver Bauhinia Star by the Hong Kong Government in 2003, 2004 and 1999, respectively. He was awarded the Olympic Order in Silver by International Olympic Committee in October 2018.

Mr. Fok was educated at the University of Southern California, U.S.A. He is a fellow member of The Hong Kong Institute of Directors.

Deputada Leong On Kei, Angela, aged 64, has been our Executive Director since 2007. She was appointed as our Co-Chairman in June 2018. Deputada Leong has been a member of the Remuneration Committee of the Board since 2008 and a member of the Executive Committee of the Board since 2009. She was a member of the Nomination Committee of the Board from 2008 to 2022 and a member of Cotai Project Committee of the Board (dissolved in January 2024) from 2015 to 2023. Deputada Leong has been the chairman of the staff welfare consultative committee of SJM since 2005 and a director of SJM since 2007. She was the managing director of SJM from 2010 to 2022. Deputada Leong is also a director of a number of subsidiaries of the Company. She has been a director of STDM since 2005 and a shareholder of STDM.

Deputada Leong is actively involved in public and community services in China, Hong Kong and Macau. She is a vice-chairman of Jiangxi Federation of Returned Overseas Chinese, Honorary Citizen of Jinggangshan, Jiangxi Province and of Guangzhou, Guangdong Province, Honorary Director of Jinggangshan Patriotism Education Base and Honorary Principal of Jinggangshan Experimental Primary School, Jiangxi Province. Deputada Leong is a member of the 3rd to the 8th Legislative Assemblies of Macau and the chairman of the 6th, 7th and 8th Administrative Council of the Legislative Assemblies of Macau. She is a member of the 2nd to the 6th Elective Committee of Chief Executive of Macau. Deputada Leong is an elective committee member of the 10th to the 14th National People's Congress of Macau.

Deputada Leong is currently a consultant of Macau Basic Law Promotion Association, a member of the Board of Trustees of Macau Foundation, a vice-president of the Board of Supervisors of The Macau Chamber of Commerce, an honorary consultant of The Women's General Association of Macau, a vice-chairman of Federation of Macau China Sport General Associations, the president of Macau Dance Sport Federation, a director of Stanley Ho Astronautics Training Foundation, the honorary president of

Macau General Association of Real Estate, a director of Guangdong Women Overseas Friendship Association and a member of Advisory Board of Po Leung Kuk (2022-2027). She is also the honorary chairman of the Foshan CPPCC Member Association Macau, the honorary chairman of Association of Youth Practitioners in Macau Integrated Tourism and Leisure Enterprises, the honorary chairman of Guangxi Associations General Federation of Macau and the honorary advisor of The Youth Elites Association Macau.

Deputada Leong was a member of the Tourism Development Committee of Macau SAR until March 2024. She was also a president of the Hong Kong Island Social Services Charitable Foundation, a Standing Committee member of Jiangxi Provincial Committee of CPPCC until January 2023 and of Zhuhai Municipal Committee of CPPCC until December 2016, a member of the Cultural Industries Committee of Macau SAR from 2010 to 2016 and a director (2005-2011), a vice-chairman (2011-2014), the chairman (2014-2015), and a member of Advisory Board of Po Leung Kuk (2015-2016).

Deputada Leong was awarded the Medal of Merit — Industry and Commerce by the Macau SAR Government in 2009. She was awarded the Business Awards of Macau — Award of Female Entrepreneur in 2013 and the Bronze Bauhinia Star by the Hong Kong Government in 2015.

Deputada Leong is a fellow member of The Hong Kong Institute of Directors.

Dr. Chan Un Chan, aged 71, was elected as an Executive Director of the Company in June 2018. She has been a director of SJM since 2009. Dr. Chan is a director and a shareholder of STDM. She is the chairman of UNIR (HK) Management Limited, the executive director of Tagus Properties Limited, a director of UNIR HOTELS PTY LTD and Wei Hang Shipyard (Zhong Shan) Co., Limited.

Dr. Chan is actively involved in the charitable and community services in China, Hong Kong and Macau. She is the vice-chairman of Beijing Chinese Overseas Friendship Association, the honorary director of Guangdong Women and Children's Foundation, a permanent director of Hong Kong Art Craft Merchants Association Limited, a life patron of Hong Kong Ballet Group and the vice-presidente da Assembleia Geral of Obra Das Mães, Macau. Dr. Chan was a director (2006-2008), a vice-chairman (2008-2013) and the chairman of Tung Wah Group of Hospitals (2013-2014), a member of Fundraising Committee 2003 of End Child Sexual Abuse Foundation, a sponsor of Mobile Classroom of End Child Sexual Abuse Foundation and the honorary director of Beijing Xiaoxing Ballet Art Development Foundation. She was a member of the 11th Guangdong Provincial Committee of CPPCC.

Dr. Chan was awarded the China Children Philanthropists by China Children and Teenagers' Fund in 2008, the World Outstanding Chinese Award by United World Chinese Association in 2008, the Star of Charity by Guangdong Women and Children's Foundation in 2012 and the Bronze Bauhinia Star by the Hong Kong Government in 2014.

Dr. Chan was conferred with Honorary Doctor of Commerce from The University of West Alabama, U.S.A. in 2008, Honorary Doctorate in Management from Lincoln University, U.S.A. in 2009 and Honorary Fellowship Award from Canadian Chartered Institute of Business Administration in 2009.

Mr. Shum Hong Kuen, David, aged 71, has been our Executive Director since 2007. He has been a member of the Executive Committee of the Board since 2009. Mr. Shum was a member of the Nomination Committee of the Board from 2008 to 2019 and a member of the Cotai Project Committee of the Board (dissolved in January 2024) from 2015 to 2023. He is also a director of a number of subsidiaries of the Company. Mr. Shum has been a director of SJM since 2007 and of Sociedade de Turismo e Desenvolvimento Insular S.A.R.L. since 1998. He is an executive director and a member of the executive committee of the board of directors of Shun Tak Holdings Limited (listed on the SEHK Main Board). Mr. Shum is also a director of a number of subsidiaries in the Shun Tak group. He is a director and a shareholder of STDM.

Mr. Shum holds a Bachelor's degree from the University of Illinois, Urbana-Champaign, U.S.A. and a Master's degree in Business Administration from the University of California, Berkeley, U.S.A. He is a fellow member of The Hong Kong Institute of Directors.

Non-Executive Directors

Mr. Tsang On Yip, Patrick, aged 54, was elected as a Non-Executive Director of the Company in June 2019. He has been a supervisory committee member of SJM and certain of its subsidiaries since March 2019. He is the Co-CEO and a director of Chow Tai Fook Enterprises Limited. Mr. Tsang currently holds directorships in other five companies listed on the SEHK Main Board, namely, vice-chairman and executive director of i-CABLE Communications Limited, executive director of UMP Healthcare Holdings Limited, executive director of Melbourne Enterprises Limited, non-executive director of CTF Services Limited (formerly known as "NWS Holdings Limited"), and chairman and non-executive director of Giordano International Limited. He was a managing director and Head of Asia Fixed Income Capital Markets at Deutsche Bank AG, Hong Kong Branch before joining Chow Tai Fook Enterprises Limited. Mr. Tsang has extensive finance and investment expertise acquired over a 20-year career in investment banking.

Mr. Tsang is an appointed representative of Many Town Company Limited, a corporate director of STDM, a director of Chow Tai Fook (Holding) Limited, a governor of Chow Tai Fook Charity Foundation Limited, a director of Cheng Yu Tung Foundation Limited, a director of CTFE Social Solutions Limited, a member of the Election Committee, a vice-chairman of the Employers' Federation of Hong Kong and a member of the 14th Beijing Municipal Committee of CPPCC. He was a non-executive director of Greenheart Group Limited until May 2022 and a non-executive director of Integrated Waste Solutions Group Holdings Limited until August 2022, both of which are listed on the SEHK Main Board.

Mr. Tsang holds a Bachelor of Arts degree in Economics from Columbia College of Columbia University, U.S.A.

Independent Non-Executive Directors

Mr. Ho Hau Chong, Norman, aged 70, was elected as an Independent Non-Executive Director of the Company in June 2022. He has been a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board since June 2022. He was re-designated from a member to the Chairman of the Audit Committee of the Board in June 2024.

Mr. Ho has extensive skills, knowledge and professional experience in accounting and finance, mergers and acquisitions, risk management, strategic planning and various business sectors, including property development and investment, hotel management and transportation services. He is an executive director of Honorway Investments Limited and Tak Hung (Holding) Company, Limited and has over 30 years of experience in management and property development.

Mr. Ho is currently an executive director of Miramar Hotel and Investment Company, Limited and Vision Values Holdings Limited as well as an independent non-executive director of Shun Tak Holdings Limited and Hong Kong Ferry (Holdings) Company Limited, all of which are listed on the SEHK Main Board. He was an independent non-executive director of Lee Hing Development Limited until October 2022, which was listed on the SEHK Main Board until October 2022.

Mr. Ho graduated from the University of Exeter in the United Kingdom with a Bachelor of Arts degree in 1976. He has also obtained professional qualification in accounting. Mr. Ho is currently a member of the Institute of Chartered Accountants in England and Wales and a fellow member of HKICPA.

Ms. Wong Yu Pok, Marina, aged 77, was elected as our Independent Non-Executive Director in June 2019. She has been a member of the Audit Committee, the Remuneration Committee and the Nomination

Committee of the Board since June 2019. Ms. Wong was re-designated from a member to the Chairman of the Remuneration Committee of the Board in June 2022.

Ms. Wong is an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited, KLN Logistics Group Limited (formerly known as "Kerry Logistics Network Limited"), and Luk Fook Holdings (International) Limited, all of which are listed on the SEHK Main Board. She was an independent non-executive director of Kerry Properties Limited, which is listed on the SEHK Main Board, until May 2024.

Ms. Wong joined PricewaterhouseCoopers in 1968 and was responsible for the development of the firm's business in Chinese mainland since 1980. After her retirement as a partner from PricewaterhouseCoopers in July 2004, she joined Tricor Services Limited as a director from September 2004 to February 2006.

Ms. Wong is a member of a number of Government advisory and other bodies in Hong Kong and was the Chairman of The Applied Research Council up to February 2017. She is the Chartered President of Hong Kong Women Professionals & Entrepreneurs Association and former Vice-Chairman until July 2025 and Supervising Advisor and Honorary President of the Hong Kong Federation of Women. Ms. Wong was appointed as a Justice of the Peace in 2004.

Being an accountant by training, Ms. Wong is a fellow of HKICPA and a fellow of the Association of Chartered Certified Accountants. She was conferred Honorary Fellow of City University of Hong Kong in 2008.

Mr. Yeung Ping Leung, Howard, aged 68, was elected as an Independent Non-Executive Director of the Company in May 2021. He has been a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board since May 2021.

Mr. Yeung has extensive experience in the businesses of property development, hotel operation and jewelry. He is an independent non-executive director of Miramar Hotel and Investment Company, Limited, a company listed on the SEHK Main Board. Mr. Yeung was an independent non-executive director of New World Development Company Limited, which is listed on the SEHK Main Board, until December 2022.

Mr. Yeung graduated with a Bachelor's degree in Business Administration – Travel Industry Management from the University of Hawaii, U.S.A. in 1980.

Our Company Secretary

The following table sets forth information regarding our company secretary as of the date of this offering memorandum:

Name	Age	Position/Title
Ms. Kwok Shuk Chong	65	Company Secretary

Ms. Kwok Shuk Chong, aged 65, was appointed as our Company Secretary since 2009. Ms. Kwok is a Chartered Secretary and a Chartered Governance Professional and a fellow member (Practitioner's Endorsement) of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom. She has more than 30 years of experience in company secretarial practices in professional firms, private and listed groups of companies.

Our Senior Executives

The following table sets forth information regarding our senior executives as of the date of this offering memorandum:

Name	Age	Position/Title
Mr. Ip Shih Ming, Christopher	56	Chief Financial Officer
Mr. Shim Ming Yi, Daniel	61	Chief Corporate Affairs Officer
Mr. Lee Hock Seng	53	Chief Gaming Officer
Mr. Gerard Walker	49	Chief Hospitality Officer

Mr. Ip Shih Ming, Christopher, aged 56, was appointed as our Chief Financial Officer in December 2023. He has extensive experience in investment banking, private equity, real estate and corporate finance. Prior to joining our Group, he was an executive director and Chief Financial Officer of The Hongkong and Shanghai Hotels. Prior to that, Mr. Ip was the Chief Financial Officer of Property Investors from 2013 to 2020, Regional Chief Financial Officer of Grosvenor Asia Pacific from 2012 to 2013, Chief Financial Officer of Jardine Matheson Group from 2005 to 2012, and worked in Morgan Stanley and Deutsche Bank.

Mr. Ip holds a Bachelor of Arts in International Relations from Brown University and Master of Business Administration from London Business School.

Mr. Shim Ming Yi, Daniel, aged 61, was appointed as our Chief Corporate Affairs Officer in September 2020. Prior to joining our Group, he was Vice President for Human Resources Asia Pacific of Knorr Bremse Asia Pacific from 2018 to 2020. Prior to that, Mr. Shim worked in senior positions in Asia Infrastructure Investment Bank, Mass Transit Railway Corporation, Las Vegas Sands and Venetian Macau.

Mr. Lee Hock Seng, aged 53, was appointed as our Chief Gaming Officer in December 2025. Mr. Lee brings with him over 28 years of extensive experience and expertise in the gaming and hospitality industry, and has held key management roles in acclaimed integrated resorts in Macau, Singapore and Malaysia. In his previous roles, Mr. Lee has demonstrated effective leadership in driving revenue growth while enhancing operational efficiency and strengthening guest engagement.

Mr. Gerard Walker, aged 49, was appointed as our Chief Hospitality Officer in July 2025. Mr. Walker brings with him over 28 years of accomplished leadership in the hospitality sector across Asia. He has held senior roles with internationally renowned groups including Hilton, Resorts World Genting and EQ Kuala Lumpur Hotel, where he was instrumental in elevating operational performances, service standards and guest satisfaction.

PRINCIPAL SHAREHOLDERS

As of the date of this offering memorandum, the interests and short positions of substantial shareholders and other persons (who are required to disclose their interests pursuant to Part XV of the SFO) in the shares and underlying shares of the Company as recorded in the register required to be kept by us under Section 336 of the Securities and Futures Ordinance of (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") are as follows:

Name of substantial shareholders	Capacity	Long/short position	Number of Shares held	Number of underlying Shares held	Approximate percentage of issued Shares[5]
Sociedade de Turismo e Diversões de Macau, S.A . .	Beneficial owner, its controlled corporation[1] and security interest in shares[2]	Long position	4,048,843,113	504,232,804[3]	64.11%
Leong On Kei, Angela	Beneficial owner	Long position	574,269,099[4]	–	8.09%

Notes:

(1) 68,841,250 shares of the Company are directly held by Konrad Investments Limited, an indirect wholly-owned subsidiary of STDM through Bounty Rich Holdings Limited.

(2) SJM, an indirect subsidiary of STDM through the Company, has direct security interest in 156,232,258 shares in the Company charged from Ms. Leong On Kei, Angela ("**Ms. Leong**") under the Charge Over Shares dated December 16, 2025.

(3) These represent the interests in underlying shares of the Company 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, a wholly-owned subsidiary of the Company.

(4) Pursuant to the Charge Over Shares dated December 16, 2025 signed by Ms. Leong as chargor and SJM as chargee, Ms. Leong has charged 156,232,258 shares in the Company beneficially owned by her in favor of SJM as security for a loan in the principal amount of HK$177,525,000, based on the loan-to-value ratio of 50%.

(5) The percentage has been calculated based on 7,101,805,366 shares of the Company in issue as of the date of this offering memorandum.

Save as disclosed above, as of the date of this offering memorandum, we had not been notified by any persons of any interest or short position in shares and underlying shares of the Company which were required to be recorded in the register kept under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material transactions with related parties and/or connected parties. We engage in a variety of transactions, in particular with STDM, our controlling shareholder. Certain of our directors have beneficial interests in STDM. Ms. Ho Chiu Fung, Daisy has beneficial interests in STDM via Lanceford Company Limited, a corporate director of STDM, and she is the representative of Lanceford Company Limited to act as a director of STDM. Deputada Leong On Kei, Angela, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David have beneficial interests in STDM and are directors of STDM. Mr. Tsang On Yip, Patrick's relative has beneficial interests in STDM via Many Town Company Limited, a corporate director of STDM, and Mr. Tsang On Yip, Patrick is the representative of Many Town Company Limited to act as a director of STDM.

For further information on our related party transactions, see notes 42 to our audited consolidated financial statements for the years ended December 31, 2023 and 2024, respectively, and note 27 to our unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2025 included in this offering memorandum. For more transactions with related parties and/or connected parties, see "*Business – Recent Development*".

(1) Products and Services Master Agreement

We entered into an agreement dated June 18, 2008 with STDM, which contains the principles, guidelines, terms and conditions for the provision of products and services by STDM and its associates (the "**Products and Services Master Agreement**"). The types of products and services included hotel accommodation, hotel management and operation, entertainment and staff messing, dredging services, transportation, promotional and advertising services, travel agency services and maintenance services. On June 19, 2011, we 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 December 31, 2013, and was renewed on January 6, 2014, January 26, 2017 and December 23, 2019, each for a term of three years starting from January 1, 2014, January 1, 2017 and January 1, 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 laundry services, hotel management and operation and maintenance services were *de minimis*. The Renewed Master Agreement was further renewed on March 2, 2023 for a term from January 1, 2023 to December 31, 2025 with similar terms as the previous agreement with addition of laundry services and promotional and advertising services.

(2) Chips Agreement with STDM

We entered into an agreement with STDM dated June 18, 2008 (the "**Chips Agreement**") regarding the honoring and borrowing of STDM chips. Under the Chips Agreement, we have agreed to honor the STDM chips in circulation upon their redemption by patrons or clients. In addition, STDM has agreed to reimburse the STDM chips presented by us to STDM, by paying to us in cheque the aggregate face value of chips so presented within the same quarter when such presentation takes place.

During the nine months ended September 30, 2025, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK$0.1 million.

(3) Agreement with STDM for the Leasing of Properties to Our Group

We entered into an agreement dated June 18, 2008 with STDM for the leasing of properties by STDM or the members of the STDM Group to us (the "**PLMA 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 March 31, 2020. The PLMA with STDM was renewed on December 23, 2019 for a term from April 1, 2020 to December 31, 2022 with similar terms as the previous agreement. The PLMA with STDM was further renewed on March 2, 2023 for a term from January 1, 2023 to December 31, 2025 with similar terms as the previous agreement.

During the nine months ended September 30, the lease transaction with related parties represented expenses relating to the relevant short-term leases of HK$0.1 million and interest expenses of HK$0.1 million on the relevant lease liabilities with carrying amount of HK$1.7 million as of September 30, 2025.

(4) Agreement with L'Arc Entertainment Group Company Limited ("L'Arc Entertainment") and Agreements with Tin Hou in Relation to Service Fees Paid to Service Provider in Relation to Promotion of Casino

We entered into an agreement with L'Arc Entertainment dated September 21, 2009 and supplemented by addendums dated January 27, 2010, October 22, 2010, February 4, 2016, January 4, 2017, December 18, 2017, May 6, 2020 and June 17, 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 December 31, 2022 (the "**L'Arc Services Agreement**"). From the effective date of the completion of the acquisition of the shares of L'Arc Entertainment by our executive director on May 17, 2021, L'Arc Entertainment has become a company indirectly wholly controlled by our executive director and connected person under the Listing Rules by virtue of it being an associate of our executive director. We entered into a new agreement with L'Arc Entertainment on December 30, 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 December 31, 2025, which was amended by the first addendum dated April 3, 2023. The agreement was terminated in its entirety on December 26, 2025.

We and Tin Hou entered into a services agreement dated December 30, 2022 (as amended by the first addendum dated April 26, 2023). Tin Hou is a company indirectly controlled over 50% by a private discretionary trust which is set up by a family member of a director of certain subsidiaries of ours. Under this agreement, Tin Hou undertakes to provide the services and use of space to us in relation to the casino to be operated under us in the gaming area located at Grand Emperor Hotel. This services agreement is effective from January 1, 2023 until December 31, 2025. On October 27, 2025, SJM and Tin Hou mutually agreed and entered into a termination agreement to early terminate the services agreement with effect from October 31, 2025.

(5) PLMA with Deputada Leong

We entered into a premises leasing master agreement dated November 22, 2013 with Deputada Leong On Kei, Angela, our Director for the leasing of properties by her and/or her associates to the Group (the "**PLMA with Deputada Leong**") for a term of three years effective from January 1, 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 December 31, 2016. On December 14, 2016, we renewed the PLMA with Deputada Leong which expired on December 31, 2019. The PLMA with Deputada Leong was further renewed on December 23, 2019 for a term of three years from January 1, 2020 with similar terms as the previous agreement. The PLMA with Deputada Leong was further renewed on March 3, 2023 for a term of period from January 1, 2023 to December 31, 2025 with similar terms as the previous agreement.

We entered into a sublease agreement dated May 31, 2024 with sublessor Macau Jai Alai. Deputada Leong On Kei, Angela owned the majority shareholding in Macau Jai Alai. Under this sublease agreement, Macau Jai Alai leases to us specific portion of the building located in Macau, at Zona de Aterros do Porto Exterior (ZAPE) Nº S/N, Jai Alai (including the building and other ancillaries erected thereon), which is commonly known as "Jai Alai Building", comprising the hotel and gaming portion together with ancillary space therein in its existing condition (the "**Premises**") for the use of operations of gaming, hotel rooms, restaurants and other facilities. Leasing of the Premises would allow us to continue the operation of Casino Oceanus at Jai Alai and provide hotel rooms to patrons at a low cost. This lease agreement is effective from April 1, 2024 and expires on March 31, 2027. We have the sole discretion to renew this agreement for a term of not more than three years by giving six months written notice prior to expiry.

During the nine months ended September 30, 2025, the lease transactions with related parties represent addition of right-of-use assets of HK$136.3 million, incurred expenses relating to the relevant short-term leases of HK$7.4 million and interest expenses of HK$2.3 million on the relevant lease liabilities with carrying amount of HK$117.5 million.

(6) Agreement for a New Yaohan Department Store in Grand Lisboa Palace Retail Mall

We entered into an agreement dated January 21, 2020 with NYH Gestão de Vendas a Retalho Limitada ("**NYH**"), an indirect wholly-owned subsidiary of STDM, for which we granted the rights to use the shop to NYH for the purpose of operating a high-class department store at the shop located in the Grand Lisboa Palace Resort. The term of the lease will be 12 years and 6 months commencing on July 27, 2021. The store is under the brand "New Yaohan".

During the nine months ended September 30, the amount of rental income was approximately HK$33.2 million.

(7) Promissory Agreement to Acquire Kam Pek Community Centre

We entered into an agreement dated May 21, 2024 with STDM to acquire Kam Pek Community Centre (now known as "**Kam Pek Market**") ("**Kam Pek**") at a cash consideration of HK$166 million. During the year ended December 31, 2024, our Group had paid the deposit for acquisition of Kam Pek amounting to HK$16.6 million and the remaining consideration had been settled during the nine months ended September 30, 2025.

(8) Transfer Agreement to Acquire the Entire Interest in SJM Euro and SJM Italian

We entered into an agreement dated May 21, 2024 with STDM and the members of the STDM Group to acquire the entire equity interests in SJM European Fine Cuisine Company Limited (formerly known as "NYH European Fine Cuisine Company Limited") ("**SJM Euro**") and SJM Italian Fine Cuisine Company Limited (formerly known as "NYH Italian Fine Cuisine Company Limited") ("**SJM Italian**") at a cash consideration of HK$18.9 million and HK$12.6 million respectively. SJM Euro and SJM Italian are principally engaged in the food and beverage service in Grand Lisboa Palace Resort and were acquired with the objective of improving the Group's food and beverage service. The acquisitions were completed on the same date.

(9) Acquisition of Property in Hengqin

On July 28, 2025, SJM-Investment Limited, our subsidiary company (the "**Purchaser**") and Zhuhai Hengqin Shun Tak Property Development Company Limited (珠海橫琴信德房地產開發有限公司) (the "**Vendor**") entered into an acquisition agreement. Pursuant to such agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Hengqin Property. We plan to convert the Property into a 3-star hotel which is poised to benefit from its proximity to Hengqin Port, the only land crossing that links Macau's Cotai side with Chinese mainland, where annual passenger throughput has grown substantially and mainland tour groups benefit from a multiple-entry arrangement. These fundamentals position the project to meet rising mid-market accommodation demand and make Macau more accessible for mainland travelers as a leisure destination. Moreover, the Property's proximity will also enable operational synergies with SJM's portfolio, which includes sharing infrastructure and enabling cross-property promotions, as well as further diversifying our offering across market tiers.

(10) Acquisition of the Property in Hotel Lisboa

On August 28, 2025, SJM as purchaser and STDM as seller entered into a promissory agreement, pursuant to which, STDM promised to sell and SJM promised to purchase a portion of Hotel Lisboa (the "**Hotel Lisboa Property**"), free from any charges or liens. Given the immediate proximity and seamless interconnection between Hotel Lisboa and Grand Lisboa, the two combined already constitute the largest integrated resort on the Macau Peninsula. Upon completion of the acquisition, SJM intends to utilize the Hotel Lisboa Property to expand the current operation of Casino Lisboa by an additional 7,504 square meters, which will include former gaming areas and expansion of new facilities, with certain gaming tables and slot machines redeployed from satellite casinos scheduled to cease operations by year end 2025. The acquisition will allow SJM to further enhance the scale and integration of its Lisboa-branded operations on the Macau Peninsula, serving both VIP and mass market patrons. We believe that the acquisition will strengthen SJM's presence and competitive position on the Macau Peninsula and is consistent with its long-term strategy to leverage its heritage brand, enhance operational synergies and capture growth opportunities in Macau's gaming market.

(11) STDM Loan

We entered into a loan agreement with STDM dated August 3, 2022 with STDM, pursuant to which STDM agreed to extend to us an unsecured term loan in the amount of HK$2,000 million, which enabled us to invest in our principal subsidiary, SJM. The STDM Loan was non-trade in nature, unsecured. The loan amount would be repayable in full on December 1, 2028. For more information, see "*Description of Other Material Indebtedness*".

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

Syndicated Credit Facilities

Overview

On September 27, 2016, SJM, as borrower, entered into a HK$25.0 billion senior secured syndicated credit facilities agreement (the "**Syndicated Credit Facilities**", as amended from time to time). The Syndicated Credit Facilities comprise a Hong Kong dollar term loan facility of HK$12,441.0 million, a U.S. dollar term loan facility of US$156.0 million and a Macau pataca term loan facility of MOP1,382.5 million with a term of 5 years and 5 months (the "**Term Loan Facility**", as amended from time to time) and a Hong Kong dollar revolving credit facility of HK$8,294.0 million, a U.S. dollar revolving credit facility of US$104.0 million and a Macau pataca revolving credit facility of MOP921.6 million with an original term of 3 years and 5 months which has been extended to 5 years and 5 months by a waiver obtained on August 24, 2018 (the "**Revolving Credit Facility**", as amended from time to time).

On June 20, 2022 (the "**Agreement Date**"), SJM entered into a renewal of facility agreement ("**Renewed Credit Facilities**", as amended from time to time) with banks to refinance the Group's syndicated loan facilities with a term of six years. The Syndicated Credit Facilities has been revised to a Hong Kong dollar term loan facility of HK$8,526 million and a Macau pataca term loan facility of MOP488.22 million (the "**Facility A**") and a Hong Kong dollar revolving credit facility of HK$9,474 million and a Macau pataca revolving credit facility of MOP541.78 million (the "**Facility B**") with a total commitment of HK$19,000 million.

On November 14, 2025, SJM entered into a supplemental agreement in respect of the Renewed Credit Facilities (the "**Supplemental Agreement to Renewed Credit Facilities**") with, among others, the original lenders, the security agent and the facility agent each named therein. Under the Supplemental Agreement to Renewed Credit Facilities, SJM has been granted an additional term loan facility of up to a principal amount of HK$1,620,000,000 (subject to further increase to up to HK$3,500,000,000 pursuant to the terms set out therein) as facility C ("**Facility C**"), an additional revolving loan facility of up to a principal amount of HK$1,500,000,000 as facility D ("**Facility D**"), and the total commitment has been increased from HK$19,000 million to up to HK$22,425 million which comprises of (A) the outstanding Facility A loans in the amount of HK$7,425,000,000, (B) total Facility B commitments, including the aggregate amount of the Facility B loans outstanding, in the amount of HK$10,000,000,000; (C) total Facility C commitments in the amount of HK$3,500,000,000 and (D) total Facility D commitments in the amount of HK$1,500,000,000.

Maturity Date

The final maturity date of the Syndicated Credit Facilities is June 20, 2028 in respect of the Facility A, the Facility B, the Facility C and the Facility D, or if earlier, the date of repayment, prepayment or cancellation in full of the Syndicated Credit Facilities.

Drawdowns

As of September 30, 2025, the outstanding principal balances were HK$6,536.9 million and MOP374.3 million under the Term Loan Facility and HK$6,963.4 million and MOP392.8 million under the Revolving Credit Facility. The Revolving Credit Facility of HK$2,510.6 million and MOP143.6 million remains available for future drawdown as of September 30, 2025.

Drawdowns on the Term Loan Facility and the Revolving Credit Facility are subject to satisfaction of conditions precedent specified in the Syndicated Credit Facilities.

Repayment

The Facility A is repayable in 20 instalments according to a repayment schedule under the Facility A dated June 20, 2022. Pursuant to the terms of the Renewed Credit Facilities, the first quarterly repayment date for the Facility A will be falling 15 months after the Agreement Date and the final repayment of the Facility A will be on June 20, 2028.

The Facility C is repayable in 10 instalments according to a repayment schedule under the Supplemental Agreement to Renewed Credit Facilities dated 14 November 2025. Pursuant to the terms of the Facility C, the first quarterly repayment date for the Facility C will be falling 45 months after the Agreement Date and the final repayment of the Facility C will be on 20 June 2028.

Each loan made under the Revolving Credit Facility is repayable in full on the last day of an agreed upon interest period in respect of the loan, generally ranging from one to six months, or rolling over subject to compliance with certain covenants and satisfaction of conditions precedent. We may make voluntary prepayments in respect of the Syndicated Credit Facilities in a minimum amount of HK$200.0 million, plus the amount of any applicable break costs. We are also subject to mandatory prepayment requirements as specified in the Syndicated Credit Facilities (including, but not limited, to the disposal of all or substantially all of the business and assets of the Grand Lisboa Palace, the Grand Lisboa and the other charged assets).

Interest and Fees

Borrowings under the Syndicated Credit Facilities bear interest at HIBOR or MAIBOR, as applicable, plus a margin per annum as adjusted in accordance with the consolidated leverage ratio in respect of the SJM Holdings. We may select an interest period for borrowings under the Syndicated Credit Facilities of one, two, three or six months or any other agreed period. We are obligated to pay a commitment fee quarterly in arrears on the undrawn amount of the Revolving Credit Facility until the end of the applicable availability period.

Security

The indebtedness under the Syndicated Credit Facilities is guaranteed by SJM Holdings and certain subsidiaries (the "**Syndicated Borrowing Group**"). Security for the Syndicated Credit Facilities includes: a first-ranking priority interest in substantially all assets of the Syndicated Borrowing Group, the issued share capital and equity interests and certain bank accounts, receivables, intellectual property rights, buildings, fixtures and equipment of the Syndicated Borrowing Group and certain other excluded assets and customary security.

Covenants

The Syndicated Credit Facilities contain covenants customary for such financings, including, but not limited to, the limitations on (except as permitted under the Syndicated Credit Facilities) (i) incurring additional liens; (ii) incurring additional indebtedness; (iii) making certain investments; (iv) paying dividends, distributions and other restricted payments; (v) creating any subsidiaries; and (vi) selling assets.

The financial covenants under the Syndicated Credit Facilities include a minimum consolidated interest coverage ratio and maximum consolidated leverage ratio.

We have previously obtained consents from ICBC Macau, in its capacity as the Facility Agent under the Syndicated Credit Facilities to amend the covenants to, among others, fund certain corporate projects, support the general working capital of the group and increase our borrowing capability.

Events of Default

The event of default regime under the Syndicated Credit Facilities comprises events of default that are customary for a facility of this nature including, among others, subject to certain grace periods and exceptions: (i) the failure to make any payment when due; (ii) the breach of financial covenants; (iii) a cross-default triggered by any other event of default in the facility agreements or other documents forming the indebtedness of the borrower and/or guarantors; (iv) the breach of the credit facility documents; (v) certain events occurring which may give rise to a termination or rescission of our concession contract and land concessions; (vi) insolvency or bankruptcy events; (vii) misrepresentations on the part of the borrower and guarantors in statements made in the loan documents delivered to the lenders; and (viii) the seizure or destruction of certain Cotai property, Grand Lisboa Palace or the Grand Lisboa.

Ponte 16 Credit Facilities

Overview

On June 23, 2017, our subsidiary, Pier 16 — Property Development Limited, as borrower, amended and restated a prior secured multicurrency credit facilities agreement with a term of 5 years for an aggregate of a HK$735.0 million and MOP273.0 million.

On June 23, 2021, our subsidiary, Pier 16 — Property Development Limited, as borrower, further amended and restated the facility agreement dated June 23, 2017 with a term of two years for an aggregate of a HK$500 million and MOP273.0 million.

On June 23, 2023, we entered into a supplementary agreement with banks to revise the terms of a previous facility agreement with our subsidiary, Pier 16 — Property Development Limited, as borrower. Pursuant to the supplementary agreement, the maturity of our Ponte 16 Credit Facilities was revised from June 2023 to June 2025 with revised limits of MOP273 million, HK$200 million and HK$30 million. The purpose for the facilities is for the use of non-gaming working capital.

On July 29, 2025, we entered into an amended and restated credit facilities agreement to extend our Ponte 16 Credit Facilities for a tenor of 1 year from June 2025 to June 2026 and revised the aggregate facility limits to MOP273 million and HK$160 million, which comprised of (a) a term loan facility of up to a principal amount of MOP273,000,000 ("**Ponte 16 Facility C**"), (b) a term loan facility of up to a principal amount of HK$130,000,000 ("**Ponte 16 Facility E**") and (c) a revolving loan facility of up to a principal amount of HK$30,000,000 ("**Ponte 16 Facility F**"). The purpose for the facilities is for to refinance the facility matured in June 2025 and for the use of non-gaming working capital.

Maturity Date

The final maturity date of the Ponte 16 Credit Facilities is June 23, 2026, or if earlier, the date of repayment, prepayment or cancellation in full of the Ponte 16 Credit Facilities.

Drawdowns

As of September 30, 2025, the outstanding principal balances were MOP273 million and HK$110 million, under the Ponte 16 Credit Facilities.

Drawdowns on the Ponte 16 Credit Facilities are subject to satisfaction of conditions precedent specified in the Ponte 16 Credit Facilities.

Repayment

The Ponte 16 Credit Facilities are repayable according to the repayment schedules which were amended pursuant to the amended and restated credit facilities agreement dated July 29, 2025. Pursuant to the

terms of the amended and restated credit facilities agreement, the principal repayment of the Ponte 16 Credit Facilities was deferred for the period from June 23, 2025 to June 23, 2026, for 12 months.

Interest and Fees

Borrowings under the Ponte 16 Credit Facilities bear interest at HIBOR plus a margin per annum as adjusted in accordance with the consolidated leverage ratio in respect of the Borrower.

Security

The indebtedness under the Ponte 16 Credit Facilities is guaranteed by SJM and Success Universe Group Limited ("**SUGL**"). Security for the Ponte 16 Credit Facilities includes: a HK$1.0 billion livranca (where SJM is responsible for a sum of not exceeding HK$510 million), the issued share capital and equity interests and certain bank accounts, buildings, fixtures and equipment of the Borrower and certain other excluded assets and customary security.

Covenants

The Ponte 16 Credit Facilities contain covenants customary for such financings, including, but not limited to, the limitations on (except as permitted under the Ponte 16 Credit Facilities) (i) incurring additional liens; (ii) incurring additional indebtedness (including guarantees); (iii) the disposal of certain key assets; (iv) paying dividends, distributions and other restricted payments; and (v) carrying on business which is not the permitted business activities of the Borrower.

The financial covenants under the Ponte 16 Credit Facilities including a minimum consolidated interest coverage ratio and maximum consolidated leverage ratio.

Events of Default

The event of default regime under the Ponte 16 Credit Facilities comprises events of default that are customary for a facility of this nature including, among others, subject to certain grace periods and exceptions: (i) the failure to make any payment when due; (ii) the breach of financial covenants; (iii) a cross-default triggered by any other event of default in the facility agreements or other documents forming the indebtedness of the borrower and/or guarantors; (iv) the breach of the credit facility documents; (v) certain events occurring which may give rise to a termination or rescission of our concession contract and land concessions; (vi) insolvency or bankruptcy events; (vii) misrepresentations on the part of the borrower and guarantors in statements made in the loan documents delivered to the lenders; (viii) suspension of 10 or more consecutive days or cessation of listing of SUGL on SEHK; (ix) change of ownership control and (x) cessation of the borrower or certain of its subsidiaries' business.

2026 Notes

We issued the 2026 Notes in an aggregate amount of US$500 million on January 27, 2021, which bear interest at 4.50% per annum, mature on January 27, 2026 and are listed on the SEHK. We used approximately 90% of the net proceeds from the offering of the 2026 Notes for refinancing the Syndicated Credit Facilities and the balance for general corporate purposes. The 2026 Notes were issued pursuant to an indenture (the "**2026 Notes Indenture**"), dated as of January 27, 2021, among Champion Path Holdings Limited (as issuer), a subsidiary of the Company, the 2026 Notes Parent Guarantor (as defined below) and DB Trustees (Hong Kong) Limited, as trustee (the "**2026 Notes Trustee**").

Guarantee

The 2026 Notes are guaranteed by the Company (the "**2026 Notes Parent Guarantor**"), incorporated with limited liability under the laws of Hong Kong. The 2026 Notes Parent Guarantor's guarantee will be

released and discharged in certain circumstances, including: (i) upon repayment in full of the 2026 Notes; (ii) in whole or in part, with the requisite consent of the holders in accordance with applicable provisions under the 2026 Notes; and (iii) upon the merger or consolidation of the 2026 Notes Parent Guarantor with and into Champion Path Holdings Limited that is the Surviving Person (as defined under the 2026 Notes) in such merger or consolidation, or upon the liquidation of the Parent Guarantor following the transfer of all or substantially all of its assets to the issuer, in each case in compliance with the applicable provisions of the 2026 Notes Indenture.

Interest

The 2026 Notes bear interest at 4.50% per annum, payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2026 Notes Indenture contains certain covenants relating to:

- limitation on the issuer's business activities;
- use of proceeds;
- consolidation, merger and sale of assets; and
- provision of financial statements and reports.

Events of Default

The 2026 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2026 Notes when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, insolvency and other events of default specified in the 2026 Notes Indenture. If an event of default occurs and is continuing, the 2026 Notes Trustee or the holders of at least 25% in aggregate principal amount of the outstanding 2026 Notes may declare the principal of the 2026 Notes, plus any accrued and unpaid interest and premium (if any) to be immediately due and payable. However, if an event of default occurs because of insolvency, the principal of, premium if any, and accrued and unpaid interest on the 2026 Notes then outstanding shall automatically be immediately due and payable without any declaration or other act on the part of the 2026 Notes Trustee or a holder of the 2026 Notes.

Change of Control

Upon the occurrence of a change of control triggering event, the issuer and the Parent Guarantor will make an offer to repurchase all outstanding 2026 Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any.

Maturity and Redemption

The maturity date of the 2026 Notes is January 27, 2026.

At any time prior to January 27, 2024, the issuer may at its option redeem the 2026 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2026 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to January 27, 2024, the issuer may at its option redeem up to 35% of the aggregate principal amount of the 2026 Notes at a redemption price of 104.5% of the principal

amount of the 2026 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date subject to certain conditions.

At any time and from time to time on or after January 27, 2024, the issuer may on any one or more occasions redeem the 2026 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12-month period beginning on January 27 of the years indicated below:

Year	Percentage
2024	102.250%
2025 and thereafter	101.125%

2028 Notes

We issued senior notes in an aggregate amount of US$500 million on January 27, 2021 (the "**2028 Notes**"), which bear interest at 4.85% per annum, mature January 27, 2028 and are listed on the SEHK. We used approximately 90% of the net proceeds from the offering of the 2028 Notes for refinancing the Syndicated Credit Facilities and the balance for general corporate purposes. The 2028 Notes were issued pursuant to an indenture (the "**2028 Notes Indenture**"), dated as of January 27, 2021, among Champion Path Holdings Limited (as issuer), a subsidiary of the Company, the 2028 Notes Parent Guarantor (as defined below) and DB Trustees (Hong Kong) Limited, as trustee (the "**2028 Notes Trustee**"). The 2028 Notes are guaranteed by the Company (the "**2028 Notes Parent Guarantor**"), incorporated with limited liability under the laws of Hong Kong.

The 2028 Notes Indenture is substantially identical to the 2026 Notes Indenture except those difference as summarized below. For a summary of the material provisions of the indenture governing the 2028 Notes, please read the above section entitled "2026 Notes" in this offering memorandum in conjunction with this section, in which instance the terms "2026 Notes" and "2026 Notes Indenture" in that section shall be construed accordingly to refer to the 2028 Notes and the 2028 Notes Indenture.

During the year ended December 31, 2024, we repurchased US$10 million principal amount of the 2028 Notes in the open market and subsequently cancelled the repurchased 2028 Notes on November 13, 2024.

During the nine months ended September 30, 2025, we repurchased US$8 million principal amount of the 2028 Notes in the open market and subsequently cancelled the repurchased 2028 Notes on January 28, 2025.

Maturity and Interest

The 2028 Notes mature on January 27, 2028, unless earlier redeemed pursuant to the terms thereof and the 2028 Notes Indenture.

The 2028 Notes bear interest at 4.85% per annum, payable semi-annually in arrears.

Optional Redemption

At any time prior to January 27, 2025, the issuer may redeem the 2028 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2028 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to January 27, 2025, the issuer may at its option redeem up to 35% of the aggregate principal amount of the 2028 Notes at a redemption price of 104.850% of the principal

amount of the 2028 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date subject to certain conditions.

At any time from time to time on or after January 27, 2025, the issuer may on any one or more occasions redeem the 2028 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12-month period beginning on January 27 of the years indicated below:

Year	Percentage
2025	102.425%
2026	101.213%
2027 and thereafter	100.000%

MOP Notes

We issued senior notes in an aggregate amount of MOP300 million on May 12, 2021 (the "**MOP Notes**"), which bear interest at 3.90% per annum, mature on May 12, 2026 and are listed on the MOX. We used approximately 90% of the net proceeds from the offering of the MOP Notes for refinancing the Syndicated Credit Facilities and the balance for general corporate purposes. The MOP Notes were issued pursuant to an indenture (the "**MOP Notes Indenture**"), dated as of May 12, 2021, among Champion Moments Limited (as issuer), a subsidiary of the Company, the MOP Notes Parent Guarantor (as defined below) and Bank of China Limited, Macau Branch, as trustee (the "**MOP Notes Trustee**").

Guarantee

The MOP Notes are guaranteed by the Company (the "**MOP Notes Parent Guarantor**"), incorporated with limited liability under the laws of Hong Kong. The MOP Notes Parent Guarantor's guarantee will be released and discharged in certain circumstances, including: (i) upon repayment in full of the MOP Notes; (ii) in whole or in part, with the requisite consent of the holders in accordance with applicable provisions under the MOP Notes; and (iii) upon the merger or consolidation of the MOP Notes Parent Guarantor with and into Champion Moments Limited that is the Surviving Person (as defined under the MOP Notes) in such merger or consolidation, or upon the liquidation of the MOP Notes Parent Guarantor following the transfer of all or substantially all of its assets to the issuer, in each case in compliance with the applicable provisions of the MOP Notes Indenture.

Interest

The MOP Notes bear interest at 3.90% per annum, payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the MOP Notes Indenture contains certain covenants relating to:

- limitation on the issuer's business activities;
- use of proceeds;
- consolidation, merger and sale of assets;
- provision of financial statements and reports; and
- compliance with the applicable guidelines on corporate bonds.

Events of Default

The MOP Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the MOP Notes when such payments become due, default in payment of interest which continues for 30 consecutive days, breaches of covenants, insolvency and other events of default specified in the MOP Notes Indenture. If an event of default occurs and is continuing, the MOP Notes Trustee or the holders of at least 25% in aggregate principal amount of the outstanding MOP Notes may declare the principal of the MOP Notes, plus any accrued and unpaid interest and premium (if any) to be immediately due and payable. However, if an event of default occurs because of insolvency, the principal of, premium if any, and accrued and unpaid interest on the MOP Notes then outstanding shall automatically be immediately due and payable without any declaration or other act on the part of the MOP Notes Trustee or a holder of the MOP Notes.

Change of Control

Upon the occurrence of a change of control triggering event, the issuer and the Parent Guarantor will make an offer to repurchase all outstanding MOP Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any.

Maturity and Redemption

The maturity date of the MOP Notes is May 12, 2026.

At any time prior to May 12, 2024, the issuer may at its option redeem the MOP Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the MOP Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to May 12, 2024, the issuer may at its option redeem up to 35% of the aggregate principal amount of the MOP Notes at a redemption price of 103.9% of the principal amount of the MOP Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date subject to certain conditions.

At any time and from time to time on or after May 12, 2024, the issuer may on any one or more occasions redeem the MOP Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12-month period beginning on May 12 of the years indicated below:

Year	Percentage
2024	101.950%
2025 and thereafter	100.975%

HK$ Notes

We issued senior notes in an aggregate amount of HK$1,250 million on May 12, 2021 (the "**HK$ Notes**"), which bear interest at 3.90% per annum, mature May 12, 2026 and are listed on the MOX. We used approximately 90% of the net proceeds from the offering of the HK$ Notes for refinancing the Syndicated Credit Facilities and the balance for general corporate purposes. The HK$ Notes were issued pursuant to an indenture (the "**HK$ Notes Indenture**"), dated as of May 12, 2021, among Champion Moments Limited (as issuer), a subsidiary of the Company, the HK$ Notes Parent Guarantor (as defined below) and Bank of China Limited, Macau Branch, as trustee (the "**HK$ Notes Trustee**"). The HK$ Notes are guaranteed by the Company (the "**HK$ Notes Parent Guarantor**"), incorporated with limited liability under the laws of Hong Kong. The HK$ Notes are identical in all material respects with the MOP Notes, other than as set out below.

The HK$ Notes Indenture is substantially identical to the MOP Notes Indenture except those difference as summarized below. For a summary of the material provisions of the indenture governing the HK$ Notes, please read the above section entitled "MOP Notes" in this offering memorandum in conjunction with this section, in which instance the terms "MOP Notes" and "MOP Notes Indenture" in that section shall be construed accordingly to refer to the HK$ Notes and the HK$ Notes Indenture.

Maturity and Interest

The HK$ Notes mature on May 12, 2026, unless earlier redeemed pursuant to the terms thereof and the HK$ Notes Indenture.

The HK$ Notes bear interest at 3.90% per annum, payable semi-annually in arrears.

Optional Redemption

At any time prior to May 12, 2024, the issuer may at its option redeem the HK$ Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the HK$ Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to May 12, 2024, the issuer may at its option redeem up to 35% of the aggregate principal amount of the HK$ Notes at a redemption price of 103.9% of the principal amount of the HK$ Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date subject to certain conditions.

At any time and from time to time on or after May 12, 2024, the issuer may on any one or more occasions redeem the HK$ Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12-month period beginning on May 12 of the years indicated below:

Year	Percentage
2024	101.950%
2025 and thereafter	100.975%

Convertible Bond

On June 22, 2022, Champion Power Global Limited, a wholly-owned subsidiary of the Company, issued convertible bond (the "**Convertible Bond**") in the principal amount of HK$1,906 million, accruing interest at the rate of 2.00 per cent. per annum, with 5-year maturity to STDM for acquisition of a portion of the property Casino Oceanus ("**Oceanus Building**") by Harbour Tide Limited ("**Harbour Tide**"), a subsidiary of the Company, from Jai-Alai Shopping Centre Company Limited ("**JASC**"), an indirect wholly-owned subsidiary of STDM, and the disposal by JASC of the remaining portion of Oceanus Building and the transactions contemplated thereunder in accordance with the transfer agreement dated May 26, 2022 entered into among Harbour Tide, the Company, Champion Power, JASC and STDM.

Maturity and Interest

The Convertible Bond bear interest at 2.00 per cent. per annum and mature on June 22, 2027.

Conversion Price

Initially HK$4.07 per conversion share of the Company (being 468,304,668 new shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond), being adjusted to HK$3.78 as a result of rights issue completed on September 22, 2022, subject to adjustment for, among

other things, consolidation, subdivision, redesignation or reclassification of shares, capitalization of profits or reserves, distributions, rights issues of shares or options over share of the Company, rights issues of other securities, issues at less than current market price, other issues at less than current market price, modification of rights of conversion, other offers to shareholders and other events as described in the terms and conditions of the Convertible Bond.

468,304,668 conversion shares will be issued upon exercise of the conversion right attaching to the Convertible Bond in full based on the initial conversion price of HK$4.07 per conversion share.

Default Interest

If Champion Power Global Limited fails to pay any sum in respect of the Convertible Bond when the same becomes due and payable under the terms and conditions of the Convertible Bond, interest shall accrue on the overdue sum at the coupon rate from the relevant due date.

Conversion Period

Subject to and upon compliance with certain conditions, (i) at any time on or after the first issue date up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the date falling seven days prior to the maturity date (both days inclusive), or (ii) if such Convertible Bond shall have been called for redemption by Champion Power Global Limited before the maturity date, then up to the close of business (at the place aforesaid) on a date no later than 7 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof.

Redemption for Delisting or Suspension

If at any time the shares (i) cease to be listed or admitted to trading, or (ii) suspended for trading for a period of more than 45 consecutive trading days on, in each case the Stock Exchange of Hong Kong or, if applicable, the alternative stock exchange in respect of the shares, each holder will have the right at such holder's option, to require Champion Power Global Limited to redeem all or some only of such holder's Convertible Bonds on the relevant event redemption date at their principal amount together with any interest and/or premium accrued but unpaid to such date.

STDM Loan

We entered into a loan agreement with STDM dated August 3, 2022 with STDM, pursuant to which STDM agreed to extend to us an unsecured term loan in the amount of HK$2,000.0 million, which enabled us to invest in our principal subsidiary, SJM. The STDM Loan was non-trade in nature, unsecured.

Maturity Date

The maturity date of the STDM loan is December 1, 2028.

Drawdowns

As of September 30, 2025, the outstanding principal balances amounted to HK$2,000.0 million.

Repayment and Interest

Interest accrues at a rate of 4.0% per annum from day to day on the aggregate outstanding amount balance of the STDM Loan under this facility. STDM shall have the right, at its discretion, to compound and add any unpaid interest to the principal amount thereunder. We are entitled to repay the STDM Loan, or any part thereof, plus accrued interest, on any business day prior to the final maturity date, provided that certain notice conditions are satisfied and the amount of any partial prepayment shall be at least HK$10 million and, if greater, an integral multiple of HK$1 million.

Events of Default

The event of default regime under the STDM Loan comprises events of default that are customary for a facility of this nature, subject to certain grace periods and exceptions.

DESCRIPTION OF NOTES

For purposes of this "*Description of Notes*", (i) the term "Issuer" refers only to SJM International Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, and any successor obligor on the Notes, and not to any of its Subsidiaries, and (ii) the term "Parent Guarantor" refers only to SJM Holdings Limited 澳門博彩控股有限公司, a company incorporated with limited liability under the laws of Hong Kong, and any successor obligor on the Notes, and not to any of its Subsidiaries. The Parent Guarantor's guarantee of the Notes is referred to as the "Parent Guarantee."

The Notes are to be issued under an indenture, to be dated as of January 15, 2026, among the Issuer, the Parent Guarantor and DB Trustees (Hong Kong) Limited, as trustee (the "**Trustee**").

The following is a summary of the material provisions of the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture and it does not restate the Indenture in their entirety. You can find definitions of certain terms used in this description under "— *Definitions*". Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon prior written request and satisfactory proof of holding by Holders on or after the Original Issue Date at all reasonable times during normal business hours at the corporate trust office of the Trustee at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Indenture will not be qualified under, will not incorporate or include any of, by reference or otherwise, or be subject to, the provisions of the U.S. Trust Indenture Act of 1939, as amended.

Brief Description of the Notes

The Notes are:

- general obligations of the Issuer;
- senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured and unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Parent Guarantor on a senior basis, subject to the limitations described below under the caption "— *The Parent Guarantee*" and in "*Risk Factors — Risks Relating to the Notes and the Parent Guarantee*";
- subordinated to the secured obligations (if any) of the Issuer and the Parent Guarantor, to the extent of the value of the assets serving as security therefor; and
- structurally subordinated to all existing and future obligations of the Subsidiaries of the Parent Guarantor (other than the Issuer).

The Notes will mature on January 15, 2031, unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes to be issued from time to time (the "**Additional Notes**"), subject to certain limitations described under "— *Further Issues*". Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of Notes" include any Additional Notes that are actually issued.

The Notes will bear interest at 6.500% per annum from and including the Original Issue Date or from and including the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on January 15 and July 15 (each an "**Interest Payment Date**"), commencing July 15, 2026. Interest on overdue principal and interest will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. Interest on the Notes will be paid to Holders of record at the close of business on December 31 or June 30, or, if the Notes are held in global form, on the Clearing System Business Day immediately preceding an Interest Payment Date (each, a "**Record Date**"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as described under "*—Optional Redemption*", "*—Gaming Redemption*", "*—Redemption for Taxation Reasons*" and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Issuer).

In any case in which the date of the payment of principal of, premium (if any) on or interest on the Notes is not a Business Day, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the Notes shall accrue for the intervening period.

The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made by wire transfer in U.S. dollars at the office or agency of the Issuer maintained for that purpose (which initially will be the specified office of the Paying Agent, currently located at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, if the Notes are in definitive form and the Issuer acts as its own paying agent, payment of interest may be made by wire transfer (at the expense of the Issuer) to the Holders. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Parent Guarantee

The Parent Guarantee is:

- a general obligation of the Parent Guarantor;
- senior in right of payment to all existing and future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;
- at least ranked *pari passu* in right of payment with all other unsecured and unsubordinated Indebtedness of the Parent Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law);
- subordinated to secured obligations (if any) of the Parent Guarantor, to the extent of the value of the assets serving as security therefor; and
- structurally subordinated to all existing and future obligations of the Subsidiaries of the Parent Guarantor (other than the Issuer).

The Parent Guarantor will irrevocably and unconditionally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under (including any Additional Amounts payable in respect of), the Notes when and as the same shall become due and payable, whether on the Stated Maturity, upon acceleration, by call for redemption or otherwise. The Parent Guarantor will (1) agree that its obligations under the Parent Guarantee will be as if the Parent Guarantor were principal obligor and not merely surety and will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture, and (2) waive its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee. The Parent Guarantee will not be discharged with respect to any Note except by payment in full of the principal thereof, interest thereon and all other amounts payable thereunder (including any Additional Amounts payable in respect thereof). Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Parent Guarantee will be reinstated with respect to such payments as though such payment had not been made. All payments under the Parent Guarantee are required to be made in U.S. dollars.

Release of the Parent Guarantee

The Parent Guarantee may be automatically and unconditionally released and discharged in certain circumstances, including:

- upon repayment in full of the Notes;

- in whole or in part, with the requisite consent of the Holders in accordance with the provisions described under "— *Amendments and Waivers*"; and

- upon the merger or consolidation of the Parent Guarantor with and into the Issuer that is the Surviving Person (as defined under the caption "— Certain Covenants — Consolidation, Merger and Sale of Assets") in such merger or consolidation, or upon the liquidation of the Parent Guarantor following the transfer of all or substantially all of its assets to the Issuer, in each case in compliance with the applicable provisions of the Indenture.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes or under the Parent Guarantee will be made by or on behalf of the Issuer or the Parent Guarantor without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within Macau or any jurisdiction in which the Issuer, a Surviving Person or the Parent Guarantor is organized or resident for tax purposes or any political subdivision or taxing authority thereof or therein or any jurisdiction through which payment is made by or on behalf of the Issuer, a Surviving Person or the Parent Guarantor, as the case may be, or any political subdivision or taxing authority thereof or therein (each, as applicable, a "**Relevant Jurisdiction**"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, a Surviving Person or the Parent Guarantor, as the case may be, will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holder of each Note of such amounts as would have been

received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note or the Parent Guarantee, as the case may be, and the Relevant Jurisdiction, other than merely holding such Note or the receipt of payments thereunder or under the Parent Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, the Parent Guarantor or a Surviving Person, addressed to the Holder, to provide information concerning such Holder's or its beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(iv) the presentation of such Note (where presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge; or

(c) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future U.S. Treasury regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(d) any taxes that are payable other than (i) by withholding or deduction from payments of principal of, or premium (if any) or interest on the Note, or (ii) by direct payment by the Issuer or the Parent Guarantor in respect of claims made against the Issuer or the Parent Guarantor, as the case may be; or

(e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c) and (d); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under the Parent Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Neither the Trustee nor the Agents shall be responsible for paying any Additional Amounts or for determining whether such Additional Amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Parent Guarantor or any Surviving Person, Holder or any third party to pay such Additional Amounts.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Parent Guarantee) in all respects (or in all respects except for the issue date, issue price and the first interest period and, to the extent necessary, certain temporary securities law transfer restrictions) (a "**Further Issue**") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes. Prior to the time such tranche of Additional Notes may be consolidated to form a single series with the previously outstanding Notes, such tranche of Additional Notes shall have a temporary ISIN and Common Code and be represented by a temporary global note.

Optional Redemption

At any time prior to January 15, 2028, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor the Agents shall be responsible for verifying or calculating the Applicable Premium.

At any time and from time to time prior to January 15, 2028, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 106.500% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 45 days after the closing of the related Equity Offering.

Neither the Trustee nor the Agents will be required to take any steps to monitor or verify the Net Cash Proceeds.

At any time from time to time on or after January 15, 2028, the Issuer may on any one or more occasions redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on January 15 of the years indicated below:

Year	Percentage
2028	103.250%
2029	101.625%
2030 and thereafter	100.000%

Any redemption described under this "— Optional Redemption" caption may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case the related notice will describe each such condition, and if applicable, shall state that, in the Issuer's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed.

If the optional redemption date is on or after a Record Date and on or before the related Interest Payment Date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such Record Date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Gaming Redemption

Each Holder, by accepting a Note, shall be deemed to have agreed that if the Gaming Authority of any jurisdiction in which the Parent Guarantor or any of its Subsidiaries conducts or proposes to conduct gaming requires that a person who is a Holder or the beneficial owner of Notes be licensed, qualified or found suitable under applicable Gaming Laws, such Holder or beneficial owner, as the case may be, shall apply for a license, qualification or a finding of suitability within the required time period. If such Person fails to apply or become licensed or qualified or is found unsuitable, the Issuer shall have the right, at its option:

(1) to require such Person to dispose of its Notes or beneficial interest therein within 30 days of receipt of notice of the Issuer's election or such earlier date as may be requested or prescribed by such Gaming Authority; or

(2) to redeem such Notes, which redemption may be less than ten days following the notice of redemption if so requested or prescribed by the applicable gaming authority, at a redemption price equal to:

    (a) the lesser of:

        (i) the Person's cost, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to but excluding the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; and

        (ii) 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to but excluding the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; or

    (b) such other amount as may be required by applicable law or order of the applicable Gaming Authority.

The Issuer and the Parent Guarantor shall notify the Trustee and the Paying Agents in writing prior to the Issuer exercising such option. None of the Issuer, the Parent Guarantor, the Trustee or the Agents shall be

responsible for any costs or expenses any Holder of Notes may incur in connection with the Parent Guarantor's application for a license, qualification or a finding of suitability.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, the Parent Guarantor or a Surviving Person (as defined under "— Consolidation, Merger and Sale of Assets"), as a whole but not in part, upon giving not less than ten days' nor more than 60 days' notice to the Holders and the Trustee (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Jurisdiction affecting taxation,

which change or amendment becomes effective (or in the case of an official position, is announced) (i) with respect to the Issuer or the Parent Guarantor, on or after the Original Issue Date relating to the issue of the Notes, or (ii) with respect to any Surviving Person, on or after the date such Surviving Person assumes its obligations under or in respect of the Notes and the Indenture, with respect to any payment due or to become due under the Notes or the Indenture, the Issuer, a Surviving Person, or the Parent Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Issuer, a Surviving Person, or the Parent Guarantor, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer, such Surviving Person, or the Parent Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, such Surviving Person, or the Parent Guarantor, as the case may be, will deliver to the Trustee at least ten days but not more than 60 days before a redemption date:

(1) an Officer's Certificate stating that such change, amendment, or stating of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, such Surviving Person, or the Parent Guarantor, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment, or stating of an official position referred to in the prior paragraph.

The Trustee shall and is entitled to accept and rely conclusively upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders. The Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate or opinion, and is not obligated to investigate or verify such certificate or opinion.

Any Notes that are redeemed for tax reasons will be canceled.

Selection and Notice

The Issuer will give not less than ten days' nor more than 60 days' notice of any redemption to the Holders and the Trustee, except that redemption notices may be given more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture or less than ten days prior to a redemption date as provided under "— *Gaming Redemption*". If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

(1) if the Notes are listed on any recognized securities exchange or held through a clearing system, in compliance with the requirements of the principal recognized securities exchange on which the Notes are listed or the requirement of the clearing system; or

(2) if the Notes are not listed on any recognized securities exchange or held through a clearing system, on a *pro rata* basis, by lot or by such other method as the Trustee in its sole discretion deems fair and appropriate, unless otherwise required by applicable law or by applicable clearing system requirements.

No Note of US$200,000 in principal amount or less shall be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

Repurchase of Notes at the Option of Holders

Change of Control Triggering Event

Not later than 20 days following a Change of Control Triggering Event, the Issuer and the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a "**Change of Control Offer**") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer and the Parent Guarantor shall agree in the Indenture that they shall timely repay all Indebtedness and obtain any necessary consent under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer and the Parent Guarantor, it is important to note that if the Issuer and the Parent Guarantor are unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the Holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, they would continue to be prohibited from purchasing the Notes. In that case, the failure by the Issuer and the Parent Guarantor to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain debt instruments of the Parent Guarantor and its Subsidiaries. Future debt of the Parent Guarantor and its Subsidiaries may also (1) prohibit the Parent Guarantor from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer and the Parent Guarantor to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Issuer and the Parent Guarantor. The Issuer and the Parent Guarantor's ability to pay cash to the Holders following the

occurrence of a Change of Control Triggering Event may be limited by their then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors — Risks Relating to the Notes and the Parent Guarantee — We may not be able to repurchase the Notes upon a Change of Control Triggering Event or a Special Put Option Triggering Event*".

Notes repurchased by the Issuer and the Parent Guarantor pursuant to a Change of Control Offer will have the status of Notes issued but not outstanding or will be retired and canceled at the option of the Issuer. Notes purchased by a third party (other than an Affiliate of the Parent Guarantor) pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

The phrase "all or substantially all", as used with respect to the assets of the Parent Guarantor in the definition of "Change of Control Triggering Event", will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Parent Guarantor has occurred.

Notwithstanding the above, the Issuer and the Parent Guarantor will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner within the same time frame and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and the Parent Guarantor and purchases all Notes validly tendered and not withdrawn, or (2) notice of redemption has been given in accordance with the terms of the Indenture, as described above under the caption "— *Optional Redemption*" or "— *Redemption for Taxation Reasons*", pursuant to which the Issuer has exercised its right to redeem the Notes in full, unless and until there is a default in payment of the applicable redemption price.

Neither the Trustee nor the Agents will be required to take any steps to monitor or ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred and none of them shall be liable to any person for any failure to do so. Each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer or the Parent Guarantor.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require the Issuer and the Parent Guarantor to purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Each of the Issuer and the Parent Guarantor will comply, to the extent applicable, with the requirements of Section 14(e) -1 under the Exchange Act and any other applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this provision.

Special Put Option

Not later than ten days following the occurrence of a Special Put Option Triggering Event, the Issuer and the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a "**Special Put Option Offer**") at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but not including) the Offer to Purchase Payment Date.

Notes repurchased by the Issuer and the Parent Guarantor pursuant to a Special Put Option Offer will have the status of Notes issued but not outstanding or will be retired and canceled at the option of the Issuer. Notes purchased by a third party (other than an Affiliate of the Parent Guarantor) pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

The provisions described above that require the Issuer and the Parent Guarantor to make a Special Put Option Offer following a Special Put Option Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable.

Except as described above with respect to a Special Put Option Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Issuer and the Parent Guarantor repurchase or redeem the Notes in the event of a termination, rescission or expiration of any gaming license held by the Parent Guarantor and its Subsidiaries.

Notwithstanding the above, the Issuer and the Parent Guarantor will not be required to make a Special Put Option Offer upon a Special Put Option Triggering Event if (1) a third party makes a Special Put Option Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Special Put Option Offer made by the Issuer and the Parent Guarantor and purchases all Notes properly tendered and not withdrawn, or (2) notice of redemption has been given in accordance with the terms of the Indenture, as described above under the caption "*— Optional Redemption*" or "*— Redemption for Taxation Reasons*", pursuant to which the Issuer has exercised its right to redeem the Notes in full, unless and until there is a default in payment of the applicable redemption price.

The Issuer and the Parent Guarantor have agreed in the Indenture that they shall timely repay all Indebtedness and obtain any necessary consent under, or terminate, agreements or instruments that would otherwise prohibit a Special Put Option Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer and the Parent Guarantor, it is important to note that if the Issuer and the Parent Guarantor are unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the Holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Special Put Option Offer, they would continue to be prohibited from purchasing the Notes. In that case, the failure by the Issuer and the Parent Guarantor to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Special Put Option Triggering Event under the Notes may also constitute an event of default under certain debt instruments of the Parent Guarantor and its Subsidiaries. Future debt of the Parent Guarantor and its Subsidiaries may also (1) prohibit the Parent Guarantor from purchasing Notes in the event of a Special Put Option Triggering Event; (2) provide that a Special Put Option Triggering Event is a default; or (3) require repurchase of such debt upon a Special Put Option Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer and the Parent Guarantor to purchase the Notes could cause a default under other Indebtedness, even if the Special Put Option Triggering Event itself does not, due to the financial effect of the purchase on the Issuer and the Parent Guarantor. The Issuer and the Parent Guarantor's ability to pay cash to the Holders following the occurrence of a Special Put Option Triggering Event may be limited by their then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors — Risks Relating to the Notes and the Parent Guarantee — We may not be able to repurchase the Notes upon a Change of Control Triggering Event or a Special Put Option Triggering Event*".

Each of the Issuer and the Parent Guarantor will comply, to the extent applicable, with the requirements of Section 14(e) -1 under the Exchange Act and any other applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this provision. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this provision, each of the Issuer and the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

Neither the Trustee nor the Agents will be required to take any steps to monitor or ascertain whether any event which could lead to the occurrence of a Special Put Option Triggering Event has occurred and none

of them shall be liable to any person for any failure to do so. Each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer or the Parent Guarantor.

STDM Loan Put Option

Not later than ten days following the occurrence of an STDM Loan Put Option Triggering Event, the Issuer and the Parent Guarantor will make an Offer to Purchase the Notes in principal amount equal to the STDM Loan Repayment Amount (the "**STDM Loan Put Option Offer**") at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, thereon to (but not including) the Offer to Purchase Payment Date.

Notes repurchased by the Issuer and the Parent Guarantor pursuant to an STDM Loan Put Option Offer will have the status of Notes issued but not outstanding or will be retired and canceled at the option of the Issuer. Notes purchased by a third party (other than an Affiliate of the Parent Guarantor) pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

If the aggregate principal amount of Notes validly tendered and not withdrawn pursuant to an STDM Loan Put Option Offer exceeds the relevant STDM Loan Repayment Amount, the Issuer will select the Notes to be purchased on a *pro rata* basis, *provided* that for so long as the Notes are held in global form, the redemption of the Notes shall be done in accordance with the rules and procedures of Clearstream and Euroclear.

If the aggregate principal amount of Notes validly tendered and not withdrawn pursuant to an STDM Loan Put Option Offer is less than the relevant STDM Loan Repayment Amount, the Parent Guarantor or any of its Subsidiaries may repay, prepay, or otherwise reduce the outstanding principal amount of the STDM Loan by an amount up to the STDM Loan Put Option Excess Amount and such repayment, prepayment or reduction shall be excluded from the determination of and shall not constitute an STDM Loan Put Option Triggering Event. Upon completion of each STDM Loan Put Option Offer, the STDM Loan Repayment Amount will be reset at zero.

The provisions described above that require the Issuer and the Parent Guarantor to make an STDM Loan Put Option Offer following the relevant STDM Loan Put Option Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable.

Notwithstanding the above, the Issuer and the Parent Guarantor will not be required to make an STDM Loan Put Option Offer upon the relevant STDM Loan Put Option Triggering Event if (1) a third party makes such STDM Loan Put Option Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to such STDM Loan Put Option Offer made by the Issuer and the Parent Guarantor and purchases all Notes properly tendered and not withdrawn, or (2) notice of redemption has been given in accordance with the terms of the Indenture, as described above under the caption "— *Optional Redemption*" or "— *Redemption for Taxation Reasons*", pursuant to which the Issuer has exercised its right to redeem the Notes in full, unless and until there is a default in payment of the applicable redemption price.

The Issuer and the Parent Guarantor have agreed in the Indenture that they shall timely repay all Indebtedness and obtain any necessary consent under, or terminate, agreements or instruments that would otherwise prohibit an STDM Loan Put Option Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer and the Parent Guarantor, it is important to note that if the Issuer and the Parent Guarantor are unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the Holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit an STDM Loan Put Option Offer, they would continue to be prohibited from purchasing the Notes. In that case, the failure by the Issuer and the Parent Guarantor to purchase tendered Notes would constitute an Event of Default under the Indenture.

Future debt of the Parent Guarantor and its Subsidiaries may also require repurchase of such debt upon an STDM Loan Put Option Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer and the Parent Guarantor to purchase the Notes could cause a default under other Indebtedness, even if an STDM Loan Put Option Triggering Event itself does not, due to the financial effect of the purchase on the Issuer and the Parent Guarantor. The Issuer and the Parent Guarantor's ability to pay cash to the Holders following the occurrence of an STDM Loan Put Option Triggering Event may be limited by their then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors — Risks Relating to the Notes and the Parent Guarantee — We may not be able to repurchase the Notes upon a Change of Control Triggering Event, a Special Put Option Triggering Event or an STDM Loan Put Option Trigger Event*".

Each of the Issuer and the Parent Guarantor will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this provision. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this provision, each of the Issuer and the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

Neither the Trustee nor the Agents will be required to take any steps to monitor or ascertain whether any event which could lead to the occurrence of an STDM Loan Put Option Triggering Event has occurred and none of them shall be liable to any person for any failure to do so. The Trustee and the Agents shall be entitled to assume that no such event has occurred until it has received an Officer's Certificate from the Issuer. Neither the Trustee nor the Agents shall be responsible for monitoring, verifying or calculating the STDM Loan Repayment Amount or the STDM Loan Put Option Excess Amount, and the Trustee and each Agent may conclusively rely on the calculation of the STDM Loan Repayment Amount (and if applicable, the STDM Loan Put Option Excess Amount) set forth on an Officer's Certificate by the Issuer and shall not be required to confirm the accuracy thereof. The Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate, and is not obligated to investigate or verify such certificate.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on the Issuer's Business Activities

The Issuer will not conduct any business or other activities other than the activities in connection with issuance of the Notes or the Incurrence of any other Indebtedness. Such activities shall, for the avoidance of doubt, include (a) the offering, sale or issuance of the Notes or other debt instruments and the Incurrence of Indebtedness represented by the Notes or such debt instruments, or the Incurrence of any other Indebtedness permitted under the Indenture; (b) the on-lending of the proceeds of the offering, sale or issuance of the Notes or any other Indebtedness to any Subsidiary of the Parent Guarantor located in a jurisdiction outside Hong Kong or Macau; (c) the activities related to the establishment and/or maintenance of the Issuer's corporate existence; and (d) any other activities in connection therewith.

The Issuer will at all times remain a directly or indirectly Wholly Owned Subsidiary of the Parent Guarantor. The Issuer will not issue any Capital Stock other than the issuance of its ordinary shares to the Parent Guarantor or a Wholly Owned Subsidiary of the Parent Guarantor. For so long as any Notes are outstanding, the Issuer will not, and the Parent Guarantor will procure that none of the Subsidiaries will, commence or take any action to cause a winding-up or liquidation of the Issuer.

Use of Proceeds

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any of its Subsidiaries to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than as specified under the caption "Use of Proceeds" in this offering memorandum (or in the case of Additional Notes, the offering document or other documents relating to the sale of such Additional Notes, if any).

Consolidation, Merger and Sale of Assets

The Parent Guarantor will not, directly or indirectly, consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person, unless:

(1) the Parent Guarantor shall be the continuing Person or the Person (if other than it) formed by or surviving such consolidation or merger or to which such sale, assignment, conveyance, transfer, lease or other disposition shall have been made (the "**Surviving Person**") shall be a corporation organized and validly existing under the laws of Hong Kong, Macau, the Cayman Islands, the British Virgin Islands or Bermuda;

(2) the Surviving Person shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Parent Guarantor under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, shall remain in full force and effect;

(3) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Issuer or the Parent Guarantor that may adversely affect Holders.

Provision of Financial Statements and Reports

(1) So long as any of the Notes remain outstanding, the Parent Guarantor will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than ten calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Parent Guarantor's Common Stock is at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; *provided* that if at any time the Common Stock of the Parent Guarantor ceases to be listed for trading on a recognized stock exchange, the Parent Guarantor will file with the Trustee and furnish to the Holders:

    (a) as soon as they are available, but in any event within 120 calendar days after the end of the fiscal year of the Parent Guarantor, copies of the financial statements (on a consolidated

basis and in the English language) of the Parent Guarantor in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an internationally recognized firm of independent accountants;

(b) as soon as they are available, but in any event within 60 calendar days after the end of the second financial quarter of the Parent Guarantor, copies of the financial statements (on a consolidated basis and in the English language) of the Parent Guarantor in respect of such half year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and reviewed by a member firm of an internationally recognized firm of independent accountants; and

(c) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third financial quarters of the Parent Guarantor, copies of the unaudited financial statements (on a consolidated basis and in the English language) of the Parent Guarantor, including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Parent Guarantor, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Parent Guarantor to the effect that such financial statements are true in all material respects and present fairly the financial position of the Parent Guarantor as at the end of, and the results of its operations for, the relevant quarterly period.

(2) So long as any of the Notes remain outstanding, the Parent Guarantor and the Issuer will provide to the Trustee:

(a) at the same time as the financial statements are provided pursuant to paragraph (1)(a) above an Officer's Certificate stating that (i) a review has been conducted of the activities of the Parent Guarantor and its Subsidiaries and the Parent Guarantor's and the Subsidiaries' performance under the Indenture and that the Parent Guarantor and each Subsidiary have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof, and (ii) having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer and the Parent Guarantor, as at a date (the "**Certification Date**") not more than five days before the date of the certificate, that no Event of Default or Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Original Issue Date or, if such an event had occurred, giving details of it and the action which the Parent Guarantor proposes to take with respect thereto; and

(b) as soon as possible and in any event within 30 days after the Parent Guarantor becomes aware or should reasonably become aware of the occurrence of an Event of Default, an Officer's Certificate setting forth the details of such event, and the action which the Parent Guarantor proposes to take with respect thereto, and the Trustee shall be entitled to accept such certificate as sufficient evidence thereof without any liability or responsibility to any person, in which event it shall be conclusive and binding on the Holders.

The Trustee shall be entitled to conclusively rely on any such certification or notification without any liability or responsibility to any person.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

(3) default in the performance or breach of the provisions of the covenants described under "— *Certain Covenants — Consolidation, Merger and Sale of Assets*", or the failure by the Issuer and the Parent Guarantor to make or consummate an Offer to Purchase in the manner described under the caption "— *Repurchase of Notes at the Option of Holders*";

(4) the Parent Guarantor or any of its Subsidiaries defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clauses (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;

(5) there occurs with respect to any Indebtedness of the Parent Guarantor or any of its Subsidiaries having an outstanding principal amount of US$50.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the Holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;

(6) one or more final judgments or orders for the payment of money are rendered against the Parent Guarantor or any of its Significant Subsidiaries and are not paid or discharged within the time frame specified in such final judgement or order, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$50.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Parent Guarantor's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Parent Guarantor or any of its Significant Subsidiaries with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any of its Significant Subsidiaries or for any substantial part of the property and assets of the Parent Guarantor or any of its Significant Subsidiaries and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Parent Guarantor or any of its Significant Subsidiaries under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Parent Guarantor or any of its Significant Subsidiaries (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) other than in connection with a solvent liquidation on reorganization (except for any solvent liquidation or reorganization of the Parent Guarantor), consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any of its Significant Subsidiaries or for all or substantially all of the property and assets of the Parent Guarantor or any of its Significant Subsidiaries or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Parent Guarantor, the Issuer or any Subsidiary on a pro rata basis or on a basis more favorable to the Parent Guarantor or the Issuer); or

(9) the Parent Guarantor denies or disaffirms its obligations under the Parent Guarantee or, except as permitted by the Indenture, the Parent Guarantee is determined to be illegal or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clauses (7) or (8) above) occurs and is continuing under the Indenture, the Trustee in its sole discretion and without further notice or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will (subject to being pre-funded and/or indemnified and/or secured to its satisfaction), declare the principal of, premium, if any, and any accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and any accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clauses (7) or (8) above occurs with respect to the Parent Guarantor or any of its Significant Subsidiaries, the principal of, premium, if any, and any accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of more than 50% in aggregate principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee, may on behalf of all the Holders, waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured; *provided* that no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

Without prejudice to the Holders' right to the Trustee to issue a declaration of acceleration, the Holders of more than 50% in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any legal proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee (in each case other than any remedy, trust or power for the Trustee's own benefit). However, the Trustee may refuse to follow any direction that is unclear, conflicting or equivocal, conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to act on the direction of Holders or expend its own funds in following such direction if it does not believe that reimbursement or satisfactory pre-funding and/or indemnity and/or security is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) such Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) such Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders provide the Trustee pre-funding and/or indemnity and/or security satisfactory to the Trustee in its sole discretion against any fees, costs, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the pre-funding and/or indemnity and/or security; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

Notwithstanding anything to the contrary in the Indenture or any other document relating to the Notes, in the event that the Trustee shall receive instructions from two or more groups of Holders, each holding at least 25% in aggregate principal amount of the then outstanding Notes, and the Trustee believes (in its sole discretion and may rely on such legal or other advice as it may deem appropriate) that such instructions are conflicting, the Trustee may, in its sole discretion, exercise any one or more of the following options:

(i) refrain from acting on any such conflicting instructions;

(ii) take the action requested by the Holders of the highest percentage of the aggregate principal amount of the then outstanding Notes, notwithstanding any other provisions of the Indenture (and always subject to such indemnity and/or security and/or pre-funding as is satisfactory to the Trustee in its sole discretion); and

(iii) petition a court of competent jurisdiction for further instructions.

In all such instances where the Trustee has acted or refrained from acting as outlined above, the Trustee shall not be responsible or liable for any losses or liability of any nature whatsoever to any party.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

None of the Trustee or the Agents is obligated to do anything to ascertain whether any Default or Event of Default has occurred or is continuing and none of them shall be responsible to Holders or any other person for any loss arising from any failure by it to do so, and each of the Trustee and the Agents may assume that no such event has occurred and that the Issuer and the Parent Guarantor are performing all of their respective obligations under the Indenture, the Notes and the Parent Guarantee, unless the Trustee or an Agent, as the case may be, has received written notice from the Issuer, the Parent Guarantor or Holders of at least 25% in aggregate principal amount of the Notes outstanding of the occurrence of such event or facts establishing that a Default or an Event of Default has occurred or that the Issuer and the Parent Guarantor are not performing all of their respective obligations under the Indenture, the Notes and the Parent Guarantee.

No Payments for Consents

The Parent Guarantor will not, and shall not permit any of its Subsidiaries (including the Issuer) to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, the Issuer shall be permitted, to the fullest extent permitted by applicable laws and regulations, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude or modify the offer or payment to (1) the Holders or beneficial owners of the Notes that are believed by the Issuer to be U.S. persons as defined in Regulation S of the Securities Act and (2) the Holders or beneficial owners in any jurisdiction where (A) the solicitation of such consent, waiver or amendment in the manner deemed appropriate by the Issuer and the payment of consideration therefor would require the Issuer or the Parent Guarantor to (i) file a registration statement, prospectus or similar document or subject the Issuer or the Parent Guarantor to ongoing periodic reporting or similar requirements under any securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), (ii) qualify as a foreign corporation or other entity as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (iii) generally consent to service of process in any such jurisdiction or (iv) subject the Issuer or the Parent Guarantor to material taxation in any such jurisdiction if it is not otherwise so subject or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction, in each case as determined by the Issuer in its sole discretion and the Trustee shall not have any responsibility or liability for such determination by the Issuer.

Amendments and Waivers

Amendments Without Consent of Holders

The Indenture, the Notes and the Parent Guarantee may be amended, without the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;

(2) comply with the provisions described under "— *Certain Covenants — Consolidation, Merger and Sale of Assets*";

(3) evidence and provide for the acceptance of appointment by a successor Trustee or successor Agent;

(4) add any guarantor, or any guarantee, or release any guarantor from any guarantee, as the case may be, as provided or permitted by the terms of the Indenture;

(5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(6) add collateral to secure the Notes or the Parent Guarantee;

(7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;

(9) make any other change that does not materially and adversely affect the rights of any Holder;

(10) to comply with requirements of applicable Gaming Laws or to provide for requirements imposed by applicable Gaming Authorities; or

(11) conform the text of the Indenture, the Note or the Parent Guarantee to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision in the Indenture, the Notes or the Parent Guarantee.

Amendments With Consent of Holders

The Indenture, the Notes and the Parent Guarantee may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes and the Holders of a majority in principal amount of the outstanding Notes may amend or waive past or future compliance by the Issuer, the Parent Guarantor or any of its Subsidiaries with any provision thereof; *provided*, *however*, that no such modification, amendment or waiver may, without the consent of holders of at least 90% in aggregate principal amount of the Notes then outstanding:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note and the Parent Guarantee;

(5) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(7) release the Parent Guarantor from the Parent Guarantee, except as provided in the Indenture;

(8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(9) amend, change or modify the Parent Guarantee in a manner that materially and adversely affects the Holders;

(10) reduce the amount payable upon a Special Put Option Offer or an STDM Loan Put Option Offer or, change the time or manner by which a Special Put Option Offer or an STDM Loan Put Option Offer may be made or by which the Notes must be repurchased pursuant to a Special Put Option Offer or an STDM Loan Put Option Offer, unless such amendment, waiver or modification shall take effect prior to the occurrence of a Special Put Option Triggering Event or an STDM Loan Put Option Triggering Event, as applicable;

(11) change the redemption date or the redemption price of the Notes from that stated under the caption "*— Optional Redemption*", "*— Gaming Redemption*", or "*— Redemption for Taxation Reasons*";

(12) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or the Parent Guarantee in a manner which materially and adversely affects the Holders; or

(13) make any change in the preceding amendment and waiver provisions.

Unclaimed Money

Claims against the Issuer or the Parent Guarantor for the payment of principal of, premium, if any, or interest, on the Notes or the Parent Guarantee will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer or the Parent Guarantor in the Indenture, or in any of the Notes or the Parent Guarantee, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Issuer or the Parent Guarantor, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Parent Guarantee. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws.

Concerning the Trustee and the Agents

DB Trustees (Hong Kong) Limited is to be appointed as Trustee under the Indenture with respect to the Notes. Deutsche Bank AG, Hong Kong Branch is to be appointed as paying agent (the "**Paying Agent**"), note registrar (the "**Registrar**") and transfer agent (the "**Transfer Agent**", together with the Registrar and the Paying Agent, the "**Agents**") with regard to the Notes. Except during the continuance of a Default of which a responsible office of the Trustee has received notice, the Trustee will not be liable, except for the performance of such duties and only such duties as are specifically set forth in the Indenture or the Notes, and no implied covenant or obligation shall be read into the Indenture or the Notes against the Trustee. If an Event of Default of which a responsible office of the Trustee has received notice has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture or the Notes as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture or the Notes at the request of any Holder, unless such Holder shall have provided to the Trustee pre-funding and/or indemnity and/or security satisfactory to it against any loss, liability or expense. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer or the Parent Guarantor to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Issuer or the Parent Guarantor and their respective Affiliates and shall not be obligated to account for any profits therefrom; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee is indemnified and given relief from responsibility in circumstances as set out in the Indenture.

The Trustee shall not be responsible for the performance by any other person appointed by the Issuer or the Parent Guarantor in relation to the Notes and shall assume that the same are being duly performed. The Trustee shall not be liable to any holders or any other person for any action taken by the holders or the Trustee, as the case may be, in accordance with the instructions of the holders pursuant to the Indenture. The Trustee shall be entitled to seek directions from, and rely on any written direction of, the holders which has been duly given by the holders of the requisite principal amount of the Notes outstanding pursuant to the Indenture and the Trustee, in the absence of fraud, gross negligence or willful misconduct on its part, is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

Each Holder, by accepting the Notes agrees, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the offering of the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

Book-Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the "**Global Note**"). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream. Any additional Notes will be represented by additional global notes in registered form without interest coupons attached (the "Additional Global Notes" and, together with the Global Note, the "**Global Notes**").

Global Notes

Ownership of beneficial interests in the Global Notes (the "**book-entry interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "— *Individual Definitive Notes*", the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of holders under the Indenture.

None of the Issuer, the Parent Guarantor, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Issuer and the Parent Guarantor will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "— *Additional Amounts*".

Under the terms of the Indenture, the Issuer, the Parent Guarantor, the Trustee and the Agents will treat the registered holder of the Global Notes (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Parent Guarantor, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any

of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no book-entry interest of US$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. However, if there is an Event of Default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed under "*Transfer Restrictions*".

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of

Euroclear and Clearstream participants on the Business Day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Parent Guarantor, the Trustee, the Agents or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Issuer within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with "— Events of Default" and the Issuer has received a written request from a Holder, the Issuer will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary, the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing in accordance with the terms of the Indenture and may be given or served by being sent by prepaid courier or mail (if intended for the Issuer or the Parent Guarantor) addressed to the Issuer or the Parent Guarantor at 18/F, China Merchants Tower, Shun Tak Centre, No. 168-200 Connaught Road Central, Hong Kong; facsimile number: +852 3960 8111), (if intended for the Trustee), at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

Each of the Issuer and the Parent Guarantor will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, the Parent Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Parent Guarantee and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of Notes" for which no definition is provided.

"Adjusted Treasury Rate" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after January 15, 2028, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

"Affiliate" means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or

officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Applicable Premium" means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of the principal amount of such Note on January 15, 2028 (such redemption price being described in the third paragraph in "Optional Redemption" exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through January 15, 2028 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London, Hong Kong or Macau (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible or exchangeable into such equity.

"Change of Control" means the occurrence of one or more of the following events:

(1) the merger, amalgamation or consolidation of the Parent Guarantor with or into another Person (other than STDM) or the merger or amalgamation of another Person (other than STDM) with or into the Parent Guarantor, or the sale of all or substantially all the assets of the Parent Guarantor to another Person (other than STDM);

(2) STDM is the "beneficial owner" (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 Parent Guarantor;

(3) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor; or

(4) the first day on which Parent Guarantor ceases to own, directly or indirectly, 100% of the Voting Stock of the Issuer or SJM Resorts, S.A. For the avoidance of doubt, reference to 100% of the Voting Stock should be construed as being subject to a 15% social and voting interest and MOP1.00 economic interest held by the managing director of SJM.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and, provided that the Notes are rated by at least one Rating Agency, a Rating Decline.

"Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

"Clearstream" means Clearstream Banking S.A.

"Common Stock" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's

common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

"Comparable Treasury Issue" means the U.S. Treasury security having a maturity comparable to January 15, 2028 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a comparable maturity to January 15, 2028.

"Comparable Treasury Price" means, with respect to any redemption date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three (or such lesser number as is available) Reference Treasury Dealer Quotations for such redemption date.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; provided that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of a "change of control" occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in "— Repurchase of Notes at the Option of Holders — Change of Control Triggering Event" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer's and the Parent Guarantor's repurchase of such Notes as are required to be repurchased pursuant to the covenants described under "*— Repurchase of Notes at the Option of Holders — Change of Control Triggering Event*".

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering" means (i) any bona fide public or private offering of Capital Stock (other than Disqualified Stock) of the Parent Guarantor, other than to Affiliates of the Parent Guarantor after the Original Issue Date, (ii) any bona fide underwritten secondary public offering or secondary private placement of Capital Stock (other than Disqualified Stock) of the Parent Guarantor beneficially owned by STDM or any other Person that directly or indirectly controls the Parent Guarantor, after the Original Issue Date, or (iii) any bona fide public or private offering of Capital Stock (other than Disqualified Stock) of STDM or any other Person that directly or indirectly controls the Parent Guarantor, other than to the Parent Guarantor or its Subsidiaries after the Original Issue Date; provided that in the instance of (ii) or (iii), to the extent that STDM or any other Person that directly or indirectly controls the Parent Guarantor, as the case may be, applies the net cash proceeds from such offering or private placement solely towards the Capital Stock of the Parent Guarantor.

"Euroclear" means Euroclear Bank SA/NV.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Fitch" means Fitch Ratings Ltd. and its successors.

"GAAP" means Hong Kong Financial Reporting Standards or other generally accepted accounting principles in Hong Kong as in effect from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with GAAP applied on a consistent basis.

"Gaming Authorities" means, in any jurisdiction in which the Parent Guarantor or any of its Subsidiaries manages or conducts any casino, gaming business or activities, the applicable gaming board, commission, or other governmental gaming regulatory body or agency which (a) has, or may at any time after issuance of the Notes have, jurisdiction over the gaming activities of the Parent Guarantor or any of its Subsidiaries, or any successor to such authority or (b) is, or may at any time after the issuance of the Notes be, responsible for interpreting, administering and enforcing the Gaming Laws.

"Gaming Laws" means all applicable constitutions, treatises, resolutions, laws, regulations, instructions and statutes pursuant to which any Gaming Authority possesses regulatory, licensing or permit authority over gaming, gambling or casino activities, and all rules, rulings, orders, ordinances, regulations of any Gaming Authority applicable to the gambling, casino, gaming businesses or activities of the Parent Guarantor (or any other operator of the casino including any of the Parent Guarantor's Affiliates) or the Parent Guarantor or any of its Subsidiaries in any jurisdiction, as in effect from time to time, including the policies, interpretations and administration thereof by the Gaming Authorities.

"Gaming License" means the license, concession, subconcession or other authorization from any Governmental Authority which authorizes, permits, concedes or allows the Parent Guarantor or any of its Subsidiaries, at the relevant time, to own or manage casino or gaming areas or operate casino games of fortune and chance.

"Governmental Authority" means the government of Macau or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Holder" means the Person in whose name a Note is registered in the Note register.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Incur" means, with respect to any Indebtedness, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; provided that the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence", "Incurred" and "Incurring" have meanings correlative with the foregoing.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments; and

(4) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person.

"Investment Grade" means a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P), a rating of BBB- or better by Fitch (or its equivalent under any successor rating category of Fitch), a rating of Baa3 or better by Moody's (or its equivalent under any successor rating category of Moody's), and the equivalent ratings of any other "nationally recognized statistical rating organization" selected by the Issuer and the Parent Guarantor as having been substituted as a Rating Agency for S&P, Fitch or Moody's, as the case may be.

"Macau" means the Macau Special Administrative Region of the People's Republic of China.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means with respect to any issuance or sale of Capital Stock or securities convertible or exchangeable into Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Offer to Purchase" means an offer to purchase Notes by the Issuer or the Parent Guarantor from the Holders commenced by the Issuer or the Parent Guarantor, sending a notice to the Trustee, the Paying Agent and each Holder at its last address appearing in the Note register stating:

(1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than ten days nor later than 60 days from the date such notice is sent) (the "**Offer to Purchase Payment Date**");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer or the Parent Guarantor defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the tender agent (the "**Tender Agent**") at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Tender Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof.

On one Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor shall deposit with the Tender Agent immediately available and cleared funds to pay the purchase price of

all Notes or portions thereof so accepted. On the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor shall (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to an Offer to Purchase and (b) deliver, or cause to be delivered, to the Trustee and the Agents all Notes or portions thereof so accepted (if applicable) and an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Issuer or the Parent Guarantor. The Tender Agent shall promptly transfer to the Holders so accepted payment an amount equal to the purchase price, and the Registrar shall promptly authenticate and give to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof. The Issuer and the Parent Guarantor will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. Each of the Issuer and the Parent Guarantor will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer and the Parent Guarantor are required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, each of the Issuer and the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Issuer and the Parent Guarantor will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Issuer and the Parent Guarantor and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Parent Guarantor and its Subsidiaries which the Issuer or the Parent Guarantor, as the case may be, in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer or the Parent Guarantor to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"Officer" means one of the executive officers of the Parent Guarantor, or, in the case of the Issuer, one of the directors or officers of the Issuer.

"Officer's Certificate" means a certificate signed by an Officer.

"Opinion of Counsel" means a written opinion from an external legal counsel reasonably acceptable to the Trustee.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Rating Agencies" means any of (i) S&P, (ii) Moody's, (iii) Fitch or (iv) if any or all of them shall not make a rating of the Notes publicly available, any other "nationally recognized statistical rating organization" that is registered as such pursuant to Section 15E of the Exchange Act and Rule 17g thereunder selected by the Issuer and the Parent Guarantor as a replacement agency.

"Rating Category" means: (1) with respect to S&P, any of the following categories: "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Aaa", "Aa", "A", "Baa", "Ba", "B", "Caa", "Ca", "C" and "D"

(or equivalent successor categories); (3) with respect to Fitch, any of the following categories "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories); and (4) the equivalent of any such category of S&P, Moody's or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P and Fitch; "1", "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB", as well as from "B+" to "B-", will constitute a decrease of one gradation).

"Rating Date" means in connection with a Change of Control Triggering Event, that date which is 60 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Parent Guarantor or any other Person or Persons to effect a Change of Control.

"Rating Decline" means in connection with a Change of Control Triggering Event, the occurrence on, or within 60 days after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Parent Guarantor or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below:

(1) in the event the Notes or the Parent Guarantor are rated by two Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes or the Parent Guarantor by either Rating Agency shall be below Investment Grade;

(2) in the event the Notes or the Parent Guarantor are rated by one, and only one, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes or the Parent Guarantor by such Rating Agency shall be below Investment Grade; or

(3) in the event either the Notes or the Parent Guarantor is rated below Investment Grade by any two Rating Agencies on the Rating Date, such rating of the Notes or the Parent Guarantor by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories);

provided that for a decline that occurs during the review period subsequent to the initial occurrence, public notice or notice of intention, such decline will only qualify as a Ratings Decline if (i) such Rating Agencies' published report refers to the Change of Control as a factor, or one of the factors in the downgrade, and (ii) such Rating Agencies have not previously affirmed their ratings following the initial occurrence, public notice or notice of intention.

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Parent Guarantor in good faith.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"S&P" means S&P Rating Inc., a division of S&P Global Ratings, and its successors.

"Significant Subsidiary" means a Subsidiary that would be a "significant subsidiary" within the meaning of the definition of "significant subsidiary" in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date; *provided* that in each instance in such definition in which the term "10 percent" is used, the term "5 percent" shall be

substituted therefor, and *provided further* that, in any fiscal year of the Parent Guarantor when the income before tax of the Parent Guarantor as shown in its consolidated financial statements for such fiscal year is negative or zero, the term "(3) The registrant's and its other subsidiaries' equity in the income from continuing operations before income taxes of the subsidiary exclusive of amounts attributable to any non-controlling interests exceeds 10 percent of such income of the registrant and its subsidiaries consolidated for the most recently completed fiscal year" shall be deemed to be deleted in its entirety from the definition of "significant subsidiary" in such Regulation.

"SJM" means SJM Resorts, S.A. (in Portuguese) SJM Resorts, Limited (in English) (name changed from Sociedade de Jogos de Macau, S.A., since June 9, 2021), a limited liability company by shares ("sociedade anónima") incorporated under the laws of Macau and a subsidiary of the Parent Guarantor.

"Special Put Option Triggering Event" means:

(1) any event after which none of the Parent Guarantor or any of its Subsidiaries has such licenses, concessions, subconcessions or other permits or authorizations as are necessary for the Parent Guarantor and its Subsidiaries to own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as the Parent Guarantor and its Subsidiaries are entitled to at the Original Issue Date, for a period of 20 consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Parent Guarantor and its Subsidiaries, taken as a whole; or

(2) the termination, rescission, revocation or modification of any Gaming License which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Parent Guarantor and its Subsidiaries, taken as a whole.

"Stated Maturity" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such interest or installment is due and payable as set forth in the documentation governing such Indebtedness.

"STDM" means Sociedade de Turismo e Diversões de Macau, S.A.

"STDM Loan" means the HK$2,000,000,000 intercompany loan advanced or agreed to be advanced by STDM in favour of the Parent Guarantor pursuant to a loan agreement dated August 3, 2022 (as may be amended or supplemented from time to time), which is currently repayable on December 1, 2028.

"STDM Loan Put Option Excess Amount" means, with respect to any STDM Loan Put Option Offer, if the STDM Loan Repayment Amount is greater than the aggregate principal amount of Notes validly tendered and not withdrawn pursuant to the relevant STDM Loan Put Option Offer, the difference, as determined by the Issuer and notified to the Holders with a copy to the Trustee, between the STDM Loan Repayment Amount and the aggregate principal amount of Notes validly tendered and not withdrawn pursuant to the relevant STDM Loan Put Option Offer; *provided* that the STDM Loan Put Option Excess Amount shall not be less than US$0.

"STDM Loan Repayment Amount" means the principal amount of the STDM Loan repaid, prepaid, or otherwise reduced by the Parent Guarantor or any of its Subsidiaries (whether through a single transaction or a series of transactions) using its or their internal funds; *provided* that the STDM Loan Repayment Amount shall be reset to zero after the completion of an STDM Loan Put Option Offer; *provided*, *further*, that (a) the principal amount of STDM Loan repaid, prepaid or reduced following an STDM Loan Put Option Offer up to the STDM Loan Put Option Excess Amount for such STDM Loan Put Option Offer shall be excluded from the STDM Loan Repayment Amount; and (b) for the avoidance of

doubt, to the extent that the Parent Guarantor or any of its Subsidiaries funds any repayment, prepayment or reduction of the STDM Loan (including any part thereof) through any external debt or equity financing transactions (whether though a single transaction or a series of transactions), the principal amount of STDM Loan repaid, prepaid, or reduced with the proceeds of such financings transactions shall be excluded from the STDM Loan Repayment Amount.

"STDM Loan Put Option Triggering Event" means at any time, the STDM Loan Repayment Amount exceeds US$5,000,000 (or the Dollar Equivalent thereof).

"Subsidiary" means, with respect to any Person, (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and (2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

TAXATION

The following summary of certain BVI, Hong Kong and Macau tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this offering memorandum are to be regarded as advice on the tax position of any holders of the Notes or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

BVI Taxation

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Notes to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realized with respect to the Notes by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes.

All instruments relating to transactions in respect of the Notes are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

Hong Kong Taxation

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Notes) or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(a) Interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(b) Interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business;

(c) Interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) (the "**IRO**") and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(d) Interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (as defined in section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or redemption of the Notes will be subject to profits tax.

In addition, with effect from January 1, 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

Macau Taxation

In general, it is not expected that the Notes will be subject to tax in Macau.

However, stamp duty will be chargeable if transfer of Notes takes place in Macau by means of a written agreement, at the rate of five per one thousand calculated over the transaction amount. Documents and contracts issued or signed out of Macau if needed to be presented before any Macau authority, public service or court, need to pay stamp duty as if they were issued or executed in Macau.

PLAN OF DISTRIBUTION

Deutsche Bank AG, Singapore Branch, BNP PARIBAS, China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited and UBS AG Hong Kong Branch are acting as joint global coordinators and joint bookrunners, Banco Comercial Portugues S.A. Macau Branch, Banco Nacional Ultramarino, S.A., Bank of China Limited, Macau Branch, Bank of Communications Co., Ltd. Macau Branch, China Construction Bank Corporation Macau Branch, Industrial and Commercial Bank of China (Macau) Limited and Tai Fung Bank Limited are acting as joint lead managers, of the offering, and, collectively, as Initial Purchasers, of the Notes. Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each Initial Purchaser named below has severally agreed to purchase, and we have agreed to sell to such Initial Purchaser, the principal amount of the Notes set forth opposite such Initial Purchaser's name.

Initial Purchaser	**Principal Amount of Notes**
Deutsche Bank AG, Singapore Branch	US$86,400,000
BNP PARIBAS[1]	US$86,400,000
China International Capital Corporation Hong Kong Securities Limited	US$86,400,000
China CITIC Bank International Limited	US$86,400,000
UBS AG Hong Kong Branch[2]	US$86,400,000
Banco Comercial Portugues S.A. Macau Branch	US$12,000,000
Banco Nacional Ultramarino, S.A.	US$12,000,000
Bank of China Limited, Macau Branch	US$12,000,000
Bank of Communications Co., Ltd. Macau Branch	US$12,000,000
CBRE Capital Advisors, Inc.	US$12,000,000
China Construction Bank Corporation Macau Branch	US$12,000,000
CLSA Limited	US$12,000,000
Industrial and Commercial Bank of China (Macau) Limited	US$12,000,000
Tai Fung Bank Limited	US$12,000,000
Total	**US$540,000,000**

[1] BNP Paribas is a public limited company (*société anonyme*) incorporated in France. The liability of its members is limited.

[2] UBS AG is incorporated in Switzerland with limited liability.

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are several and not joint and subject to approval of legal matters by counsel and to other conditions. The purchase agreement may be terminated by the Initial Purchasers in certain circumstances prior to the delivery and payment of the Notes. The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the Purchase Agreement, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. It is possible that affiliates of the Issuer may subscribe for a portion of the Notes in this Offering.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities. In addition, we have agreed to reimburse the Initial Purchasers for certain expenses incurred in connection with the offering of the Notes.

Notes and Parent Guarantee Are Not Being Registered

Neither the Notes nor the Parent Guarantee has been or will be registered under the Securities Act or any state securities laws. The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant

to Regulation S. The Initial Purchasers will not offer or sell the Notes except pursuant to offers and sales outside of the United States to certain non-U.S. persons within the meaning of, and in accordance with, Regulation S under the Securities Act.

The Notes sold pursuant to Regulation S may not be offered or resold in the United States or to U.S. persons (as defined in Regulation S), except under an exemption from the registration requirements of the Securities Act or under a registration statement declared effective under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions".

No Sale of Similar Securities

We have agreed that, for a period from the date hereof through and including the date that is 60 days after the Issue Date (save for (i) an issue of one or more series of Renminbi denominated bonds to be issued or guaranteed by the Parent Guarantor, as the case may be, or (ii) debt securities with a tenor of one year or less), we will not, without the prior written consent of Deutsche Bank AG, Singapore Branch, offer, sell, contract to sell or otherwise dispose, outside of the PRC, of any debt securities issued or guaranteed by the Issuer or the Parent Guarantor (other than the Notes and the Parent Guarantee).

Commissions and Discounts

The Initial Purchasers propose to resell the Notes at the issue price set forth on the cover page of this offering memorandum only to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S. After the initial offering, the prices at which the Notes are offered may be changed at any time without notice. The Initial Purchasers may offer and sell the Notes through certain of their affiliates.

New Issue of the Notes

The Notes will constitute a new class of securities with no established trading market. Application will be made to SEHK for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any such market making may be discontinued at any time without prior notice at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

Settlement

The Issuer expects to make delivery of the Notes against payment in same-day funds on or about January 15, 2026, which is the fifth business day after the date of this offering memorandum (such settlement being referred to as "T+5"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in one business day, purchasers who wish to trade Notes on the date of pricing or the next three succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next succeeding business day should consult their own advisor.

Price Stabilization and Short Positions

In connection with the Offering, Deutsche Bank AG, Singapore Branch (the "**Stabilization Manager**") may engage in transactions that stabilize the market price of the Notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Notes. If the Stabilization Manager creates a short position in the Notes in connection with the Offering by selling more Notes than are listed on the cover page of this offering memorandum, the Stabilization Manager may reduce that short position by purchasing the Notes in the open market. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of such purchases.

Neither we nor the Stabilization Manager make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the Stabilization Manager make any representation that the Stabilization Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued in its sole discretion without notice.

Other Relationships with the Initial Purchasers

Certain of the Initial Purchasers and their affiliates are agents, arrangers and/or lenders under the Syndicated Credit Facilities and, accordingly, may receive a portion of the net proceeds of this offering through any repayment of borrowings under the Syndicated Credit Facilities. See "*Description of Other Material Indebtedness*".

The Initial Purchasers or their affiliates have performed commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The Initial Purchasers or their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses. Furthermore, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge or are likely to hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views (positive or negative) in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. We may also enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the Notes, each Initial Purchaser and/or its affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any of our other securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Initial Purchasers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. An affiliate of Deutsche Bank AG, Singapore Branch is

acting as the trustee with respect to the 2026 Notes and the 2028 Notes and an affiliate of Deutsche Bank AG, Singapore Branch will act as the trustee with respect to the Notes.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes, the Parent Guarantee or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes and the Parent Guarantee may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or their respective affiliates on behalf of us in such jurisdiction.

United States

Each Initial Purchaser has agreed that, except as permitted by the Purchase Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date (the "**distribution compliance period**") within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells the Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons substantially to the following effect:

"The Notes and the Parent Guarantee covered hereby have not been registered under the Securities Act and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S".

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made the acknowledgements, representations and agreements as described under "Transfer Restrictions".

Prohibition of Sales to EEA Retail Investors

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the EU Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of sales to UK Retail Investors — Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of UK Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each Initial Purchaser has further represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issue or sale of the Notes in circumstances in which Section 21 (1) of the FSMA does not apply to the Issuer; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

BVI

Each Initial Purchasers has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands law.

This offering memorandum does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

Hong Kong

This offering memorandum neither constitutes a "prospectus" (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong))

(the "**C(WUMP)O**"), nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**"). This offering memorandum is for distribution in Hong Kong only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

Each Initial Purchaser has represented that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in circumstances which do not result in this offering memorandum being a "prospectus" as defined in the C(WUMP)O or which do not constitute an offer to the public within the meaning of C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Parent Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Company, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Parent Guarantor or any CMI (including its group companies) and inform the Initial Purchasers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this offering memorandum.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer, the Parent Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Initial Purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Initial Purchaser(s) (if any) to categorize it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order; and
- Underlying investor information in relation to omnibus order should be sent to: asiasyn.omnibus@list.db.com, dl.asia.syndicate@asia.bnpparibas.com, IB_Project_San_Jose@cicc.com.cn, TMG_Syndicate@cncbinternational.com and sh-asia-ccs-dcm-filing@ubs.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this Offering. The Initial Purchasers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Initial Purchasers with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Initial Purchasers that it is not a Sanctions Restricted Person. A "Sanctions Restricted Person" means an individual or entity (a "**Person**"): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/sdnlist.pdf) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/fse/fselist.pdf) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf) (the "**SSI List**"), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the "**EU Annexes**"), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**") under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of June 3, 2021 entitled "Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China" (known as the Non-SDN Chinese Military- Industrial Complex Companies List), which amends the Executive Order 13959 of November 12, 2020 entitled "Addressing the threat from Securities Investments that Finance Chinese Military Companies"; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic, Luhansk People's Republic, Zaporizhzhia or Kherson. "Sanctions Authority" means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

Macau

Each Initial Purchaser has represented, warranted and agreed that the Notes have not been and will not be promoted, distributed, sold or delivered in Macau, or any document relating to the Notes be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act, as approved by Law No. 13/2023 dated 14 August 2023 (the "**Macau Financial System Act**"), and any other applicable laws, regulations and guidelines in Macau that may apply to the offer and sale of the Notes in Macau. The Notes have not been and will not be registered or otherwise authorized for public offer under the Macau Financial System Act, and any other applicable laws, regulations and guidelines in Macau, thus such Notes may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and other applicable laws, regulations and guidelines, and upon their communication to the Monetary Authority of Macau, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time. The Initial Purchasers who are not Macau licensed entities will not promote, distribute, sell or deliver any of the Notes in Macau.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**"), and disclosure under the FIEA has not been made with respect to the Notes. Accordingly, each Initial Purchaser represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to any exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Initial Purchaser has acknowledged that this offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA), under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notification under Section 309B(1)(c) of the SFA: The Company has determined that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRC

Each Initial Purchaser has acknowledged that this offering memorandum does not constitute a public offer of the Notes, whether by way of sale or subscription, in the PRC. Each Initial Purchaser has represented and agreed that, except to the extent consistent with applicable laws and regulations in the PRC, the Notes are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to the laws and regulatory requirements in the PRC, with the exception to the extent consistent with applicable laws and regulations in the PRC, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are encouraged to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes. The Notes are subject to restrictions on transfer as summarized below. By purchasing the Notes, you will be deemed to have made the following acknowledgements, representations to, and agreements with, the Issuer, the Parent Guarantor, and the Initial Purchasers:

1. You understand and acknowledge that:

   - the Notes and the Parent Guarantee have not been registered under the Securities Act or any other applicable securities laws;

   - the Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;

   - the Notes are being offered and sold only to persons other than U.S. persons (as defined in rule 902 under the Securities Act) in offshore transactions in reliance on Rule 903 of Regulation S under the Securities Act;

   - until the expiration of the "distribution compliance period" (as defined below), you shall not make any offer or sale of these Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act. The "distribution compliance period" means the 40 day period following the issue date for the Notes; and

   - unless so registered, the Notes may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 4 below.

In addition, until 40 days after the later of the commencement of this Offering and the closing date of this Offering an offer or sale of the Notes within the United States by a dealer (whether or not participating in this Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, you are not acting on our behalf, are not a U.S. person (and are not purchasing the Notes for the account or benefit of a U.S. person) and you are purchasing the Notes in an offshore transaction in accordance with Regulation S.

3. You acknowledge that neither the Issuer nor the Parent Guarantor nor the Initial Purchasers nor any person representing the Issuer, the Parent Guarantor, or the Initial Purchasers have made any representation to you with respect to our Group or the offering of the Notes, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning our Group and the Notes as you have deemed necessary in connection with your decision to purchase the Notes including an opportunity to ask questions of and request information from our Group.

4. You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act.

5. You also acknowledge that each Note will contain a legend substantially to the following effect:

THIS NOTES AND THE PARENT GUARANTEE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER FOR THE BENEFIT OF SJM INTERNATIONAL LIMITED AND ANY OF ITS SUCCESSORS IN INTEREST (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION, (2) AGREES THAT IT WILL NOT PRIOR TO THE DATE WHICH IS 40 DAYS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY REGULATION S UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE DATE OF ORIGINAL ISSUE AND THE LAST DATE ON WHICH SJM INTERNATIONAL LIMITED OR ANY AFFILIATE OF SJM INTERNATIONAL LIMITED WAS THE OWNER OF THE NOTES (OR ANY PREDECESSOR THERETO) (THE "RESALE RESTRICTION TERMINATION DATE") RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE EXCEPT (A) TO SJM INTERNATIONAL LIMITED OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON THAT THE SELLER, AND ANY PERSON ACTING ON ITS BEHALF, REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. PROVIDED THAT SJM INTERNATIONAL LIMITED, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR PURSUANT TO CLAUSE (D) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO MELCO RESORTS FINANCE, THE TRUSTEE AND THE REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES", AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

6. You acknowledge that the Issuer, the Parent Guarantor, the Initial Purchasers, the Trustee, the Transfer Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify the Issuer, the Parent Guarantor, and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

7. You understand that the Notes initially will be represented by a global note and that transfers thereto are restricted as described under "Description of the Notes — Book-Entry; Delivery and Form".

RATINGS

The Notes are expected to be rated "B1" by Moody's and "BB-" by Fitch. The ratings reflect the rating agencies' assessment of the likelihood of timely payment of the principal of and interest on the Notes. The ratings do not constitute recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Each such rating should be evaluated independently of any other rating on the Notes, on other securities of ours, or on us. Additionally, we have been assigned a corporate family rating of "Ba3" with a negative outlook by Moody's and a long-term foreign-currency issuer default rating of BB- with a negative outlook by Fitch. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant.

LEGAL MATTERS

We are being represented by Davis Polk & Wardwell with respect to legal matters of U.S. federal and New York law and Hong Kong law. Certain legal matters with respect to legal matters of U.S. federal and New York law in connection with this offering will be passed upon for the Initial Purchasers by White & Case. Certain legal matters as to BVI law will be passed upon for us by Ogier. Certain legal matters as to Macau law will be passed upon for us by C&C Advogados. Certain legal matters as to Macau law will be passed upon for the Initial Purchasers by Manuela Antonio — Lawyers and Notaries.

INDEPENDENT AUDITOR

The consolidated financial statements as of and for the years ended December 31, 2023 and 2024 included in this offering memorandum, have been audited by Deloitte, independent certified public accountants, as stated in the reports appearing herein. The condensed consolidated financial statements as of and for the nine months ended September 30, 2025 have been reviewed by Deloitte as stated in the report appearing herein.

The consolidated financial statements as of and for the year ended December 31, 2022 are included as comparative information within the audited consolidated financial statements as of and for the year ended December 31, 2023. The condensed consolidated financial statements as of and for the nine months ended September 30, 2024 are included as comparative information within the reviewed condensed consolidated financial statements as of and for the nine months ended September 30, 2025.

GENERAL INFORMATION

Consents

We have obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes and the Parent Guarantee. The entering into of the Indenture and the issue of the Notes have been authorized by the minutes of the meeting of the board of directors of the Issuer passed on December 31, 2025. The entering into and performance of the Parent Guarantee has been authorized by a resolution of the board of directors of our Company dated December 31, 2025.

Documents Available

For so long as any of the Notes are outstanding, copies of the Indenture may be inspected free of charge at such reasonable time during normal business hours on any working day at the specified offices of the Trustee upon prior notice.

Litigation

Except as disclosed in this offering memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes and the Parent Guarantee.

No Material Adverse Change

Except as disclosed in this offering memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since September 30, 2025 that is material in the context of the issue of the Notes and the Parent Guarantee.

Clearing Systems and Settlement

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below:

ISIN	Common Code
XS3267117995	326711799

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream.

Listing of the Notes

Application will be made to the SEHK for the listing of, and permission to deal in, the Notes issued to Professional Investors only. A confirmation of the eligibility of the listing of the Notes has been received from the SEHK. Listing of the Notes on the SEHK is not to be taken as an indication of the merits of the Notes or us.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Unaudited Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2025	
Report on Review of Condensed Consolidated Financial Statements	F-4
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	F-6
Condensed Consolidated Statement of Financial Position	F-8
Condensed Consolidated Statement of Changes in Equity	F-10
Condensed Consolidated statement of Cash Flows	F-11
Notes to the Condensed Consolidated Financial Statements	F-12
Auditor's Report and Audited Financial Statements for the Year Ended December 31, 2024	
Independent Auditor's Report	F-42
Consolidated Statement of Profit or Loss and Other Comprehensive Income	F-47
Consolidated Statement of Financial Position	F-48
Consolidated Statement of Changes in Equity	F-50
Consolidated Statement of Cash Flows	F-51
Notes to the Consolidated Financial Statements	F-53
Auditor's Report and Audited Financial Statements for the Year Ended December 31, 2023	
Independent Auditor's Report	F-149
Consolidated Statement of Profit or Loss and Other Comprehensive Income	F-154
Consolidated Statement of Financial Position	F-155
Consolidated Statement of Changes in Equity	F-157
Consolidated Statement of Cash Flows	F-158
Notes to the Consolidated Financial Statements	F-160

SJM HOLDINGS LIMITED
澳門博彩控股有限公司

Condensed Consolidated Financial Statements
For the nine months ended 30 September 2025

SJM HOLDINGS LIMITED
澳門博彩控股有限公司

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

CONTENTS

	PAGE(S)
REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	1 & 2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3 & 4
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5 & 6
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	9 - 38

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 set out on pages 3 to 38, which comprise the condensed consolidated statement of financial position as of 30 September 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine month period then ended and notes to the condensed consolidated financial statements. The condensed consolidated financial statements have been prepared by the directors of the Company solely for the purpose of inclusion in the offering circular to be issued by the Company in connection with the proposed offering of notes. As a result, the condensed consolidated financial statements may not be suitable for another purpose. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). 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" ("HKSRE 2410") issued by the HKICPA. 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.

Other Matter

The comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine month period ended 30 September 2024 and the relevant notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
2 January 2026

SJM HOLDINGS LIMITED
澳門博彩控股有限公司

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

	NOTES	Nine months ended 30 September 2025 HK$ million (unaudited)	2024 HK$ million (unaudited)
Gaming, hotel, catering, retail, leasing and related services revenues		21,673.6	21,300.3
Gaming revenue	4	20,164.7	19,892.1
Special gaming tax and special levy		(8,785.1)	(8,515.7)
		11,379.6	11,376.4
Hotel, catering, retail, leasing and related services income		1,508.9	1,408.2
Cost of sales and services on hotel, catering, retail, leasing and related services		(575.1)	(545.9)
Other income, gains and losses		212.2	217.1
Marketing and promotional expenses		(3,718.8)	(3,728.8)
Operating and administrative expenses		(7,660.2)	(7,240.2)
Finance costs		(1,213.9)	(1,438.5)
Share of (loss) profit of an associate		(1.1)	2.1
Share of profit of a joint venture		5.9	6.3
(Loss) profit before taxation	5	(62.5)	56.7
Taxation	6	(46.1)	(36.2)
(Loss) profit for the period		(108.6)	20.5
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		(20.6)	(21.3)
Total comprehensive expense for the period		(129.2)	(0.8)
(Loss) profit for the period attributable to:			
owners of the Company		(173.3)	(61.1)
non-controlling interests		64.7	81.6
		(108.6)	20.5

	NOTE	Nine months ended 30 September 2025 HK$ million (unaudited)	2024 HK$ million (unaudited)
Total comprehensive (expense) income for the period attributable to:			
owners of the Company		(193.9)	(82.4)
non-controlling interests		64.7	81.6
		(129.2)	(0.8)
Loss per share:			
Basic	8	HK(2.4) cents	HK(0.9) cents
Diluted	8	HK(2.4) cents	HK(0.9) cents

SJM HOLDINGS LIMITED
澳門博彩控股有限公司

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2025

	NOTES	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Non-current assets			
Property and equipment	9	37,828.2	37,566.4
Right-of-use assets	9	2,419.3	2,507.7
Gaming concession right	10	1,843.1	2,097.7
Art works and diamonds		281.7	281.3
Interest in an associate		38.3	39.4
Interest in a joint venture		64.3	58.4
Investments in equity instruments designated at fair value through other comprehensive income	26	336.4	357.0
Pledged bank deposit	12	970.9	970.9
Other assets	11	1,353.8	1,584.6
		45,136.0	45,463.4
Current assets			
Inventories		142.9	148.1
Trade and other receivables	13	1,155.3	867.6
Pledged bank deposits	12	38.1	37.9
Financial asset at fair value through profit or loss	15	39.5	-
Short-term bank deposits		225.9	215.0
Bank balances and cash		2,213.2	1,992.9
		3,814.9	3,261.5
Current liabilities			
Trade and other payables	16	4,578.7	4,743.5
Taxation payable		37.9	50.1
Bank loans - due within one year	17	3,242.3	1,729.5
Lease liabilities		72.6	77.0
Amount due to non-controlling interests of a subsidiary	19	339.7	333.3
Unsecured notes	18	5,466.8	-
		13,738.0	6,933.4
Net current liabilities		(9,923.1)	(3,671.9)
Total assets less current liabilities		35,212.9	41,791.5

	NOTES	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Non-current liabilities			
Other payables	16	1,980.7	2,278.7
Bank loans - due after one year	17	11,138.4	11,769.7
Unsecured notes	18	3,755.9	9,349.9
Lease liabilities		561.3	595.4
Loan from ultimate holding company	20	2,026.7	2,006.8
Deferred taxation		21.4	12.7
Convertible bond	21	1,681.7	1,602.3
		21,166.1	27,615.5
Net assets		14,046.8	14,176.0
Capital and reserves			
Share capital	22	14,415.1	14,415.1
Reserves		(684.9)	(491.0)
Equity attributable to owners of the Company		13,730.2	13,924.1
Non-controlling interests		316.6	251.9
Total equity		14,046.8	14,176.0

The condensed consolidated financial statements on pages 3 to 38 were approved and authorised for issue by the board of directors on 2 January 2026 and are signed on its behalf by:

Ho Chiu Fung, Daisy
Director

Fok Tsun Ting, Timothy
Director

SJM HOLDINGS LIMITED
澳門博彩控股有限公司

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

	Share capital HK$ million	Share options reserve HK$ million	Convertible bond reserve HK$ million	Investment revaluation reserve HK$ million	Accumulated losses HK$ million	Attributable to owners of the Company HK$ million	Non-controlling interests HK$ million	Total HK$ million
At 1 January 2025 (audited)	14,415.1	16.9	574.7	(234.2)	(848.4)	13,924.1	251.9	14,176.0
(Loss) profit for the period	-	-	-	-	(173.3)	(173.3)	64.7	(108.6)
Other comprehensive expense for the period	-	-	-	(20.6)	-	(20.6)	-	(20.6)
Total comprehensive (expense) income for the period	-	-	-	(20.6)	(173.3)	(193.9)	64.7	(129.2)
At 30 September 2025 (unaudited)	14,415.1	16.9	574.7	(254.8)	(1,021.7)	13,730.2	316.6	14,046.8
At 1 January 2024 (audited)	14,415.1	384.5	574.7	(219.5)	(1,219.2)	13,935.6	149.6	14,085.2
(Loss) profit for the period	-	-	-	-	(61.1)	(61.1)	81.6	20.5
Other comprehensive expense for the period	-	-	-	(21.3)	-	(21.3)	-	(21.3)
Total comprehensive (expense) income for the period	-	-	-	(21.3)	(61.1)	(82.4)	81.6	(0.8)
Release of lapsed equity-settled share-based payments	-	(2.6)	-	-	2.6	-	-	-
Arising from changes in cash flow estimates on amount due to non-controlling interests of a subsidiary (note 19)	-	-	-	-	-	-	(1.0)	(1.0)
At 30 September 2024 (unaudited)	14,415.1	381.9	574.7	(240.8)	(1,277.7)	13,853.2	230.2	14,083.4

SJM HOLDINGS LIMITED
澳門博彩控股有限公司

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

	NOTE	Nine months ended 30 September 2025 HK$ million (unaudited)	2024 HK$ million (unaudited)
Net cash from operating activities	23	2,171.8	3,382.7
Investing activities			
Withdrawal of short-term bank deposits		215.0	452.6
Interest received		40.1	79.9
Proceeds from disposal of property and equipment		0.6	1.5
Proceeds of rental deposits refunded		0.4	2.1
Advance to a joint venture		(0.1)	-
Payment for rental deposits		(0.2)	(2.7)
Placement of pledged bank deposits		(0.2)	(0.2)
Acquisition of art work and diamonds		(0.4)	-
Placement of money market fund		(38.7)	-
Placement of short-term bank deposits		(225.9)	(106.5)
Deposits paid for acquisitions of property and equipment and right-of-use assets		(450.9)	(639.4)
Acquisition of property and equipment		(1,022.5)	(577.5)
Dividend received from investments in equity instruments designated at FVTOCI		-	0.5
Advance to ultimate holding company		-	(0.2)
Net cash used in investing activities		(1,482.8)	(789.9)
Financing activities			
Repayment of bank loans		(1,779.7)	(2,255.0)
Interest paid		(1,186.4)	(1,430.9)
Repayment of payable for gaming concession right		(82.3)	(57.1)
Repayment of lease liabilities		(59.8)	(47.4)
Repayment of unsecured notes		(59.4)	-
Payment of bank loan arrangement fee		(1.1)	-
New bank loans raised		2,700.0	800.0
Repayment to non-controlling interests of a subsidiary		-	(24.5)
Net cash used in financing activities		(468.7)	(3,014.9)
Net increase (decrease) in cash and cash equivalents		220.3	(422.1)
Cash and cash equivalents at 1 January		1,992.9	3,089.1
Cash and cash equivalents at 30 September, represented by bank balances and cash		2,213.2	2,667.0

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 immediate and 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 nine months ended 30 September 2025 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 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and should be read in conjunction with annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the year ended 31 December 2024 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 2024 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 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

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$9,923.1 million and the Group had capital commitments of HK$1,001.8 million.

The directors of the Company 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 September 2025 by taking into considerations of the operating cash flows, the existing undrawn bank loans facility and the additional bank loans facility expected to be successfully obtained. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements for the nine months ended 30 September 2025 have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than change in accounting policies resulting from application of amendments to an HKFRS Accounting Standard, the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 30 September 2025 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 2024.

Application of amendments to an HKFRS Accounting Standard

In the current interim period, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

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

3. OPERATING SEGMENTS

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

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

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

The CODM regularly analyses gaming operations in terms of rolling revenue, non-rolling revenue and electronic gaming revenue 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".

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	
	Nine months ended 30 September			
	2025	2024	2025	2024
	HK$ million (unaudited)	HK$ million (unaudited)	HK$ million (unaudited)	HK$ million (unaudited)
Gaming operations:				
recognised at a point in time	20,164.7	19,892.1	332.5	352.5
Hotel, catering, retail and leasing operations:				
External sales:				
Catering and retail operations:				
recognised at a point in time	580.5	549.2		
Hotel operations:				
recognised over time	780.7	741.2		
Leasing operations:				
revenue from operating leases	147.7	117.8		
	1,508.9	1,408.2		
Inter-segment sales:				
Catering and retail operations:				
recognised at a point in time	189.4	160.3		
Hotel operations:				
recognised over time	102.2	75.3		
	291.6	235.6		
	1,800.5	1,643.8	(304.2)	(207.3)
Eliminations	(291.6)	(235.6)		
	1,508.9	1,408.2		
Total:				
Revenue from contracts with customers:				
recognised at a point in time	20,745.2	20,441.3		
recognised over time	780.7	741.2		
	21,525.9	21,182.5		
Revenue from operating leases:				
lease payments	147.7	117.8		
	21,673.6	21,300.3		
Reconciliation from segment results to profit before taxation:			28.3	145.2
Unallocated corporate income			8.7	8.0
Unallocated corporate expenses			(104.3)	(104.9)
Share of (loss) profit of an associate			(1.1)	2.1
Share of profit of a joint venture			5.9	6.3
(Loss) profit before taxation			(62.5)	56.7

3. OPERATING SEGMENTS - continued

Segment information about these businesses is presented below: - 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) profit before taxation from each segment without allocation of corporate income and expenses and share of (loss) profit of an associate and share of profit of 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.

	Nine months ended 30 September	
	2025	2024
	HK$ million (unaudited)	HK$ million (unaudited)
Revenue excluded inter-segment sales:		
- Gross gaming revenue (note 4)	21,962.8	21,289.5
- Hotel, catering, retail, leasing and related services income	1,508.9	1,408.2
	23,471.7	22,697.7

3. OPERATING SEGMENTS - continued

Segment information about these businesses is presented below: - continued

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

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
ASSETS		
Segment assets:		
- gaming operations	35,606.4	35,117.6
- hotel, catering, retail and leasing operations	10,502.3	10,460.4
	46,108.7	45,578.0
Interest in an associate	38.3	39.4
Interest in a joint venture	64.3	58.4
Unallocated bank deposits, bank balances and cash	131.7	111.2
Other unallocated assets	2,607.9	2,937.9
Group's total	48,950.9	48,724.9
LIABILITIES		
Bank loans:		
- gaming operations	14,006.1	13,094.4
- hotel, catering, retail and leasing operations	374.6	404.8
	14,380.7	13,499.2
Unsecured notes:		
- gaming operations	9,222.7	9,349.9
Convertible bond:		
- gaming operations	1,226.4	1,168.5
- hotel, catering, retail and leasing operations	455.3	433.8
	1,681.7	1,602.3
Other segment liabilities:		
- gaming operations	8,468.2	8,871.0
- hotel, catering, retail and leasing operations	495.8	600.7
	8,964.0	9,471.7
Total segment liabilities	34,249.1	33,923.1
Unallocated liabilities	655.0	625.8
Group's total	34,904.1	34,548.9

3. OPERATING SEGMENTS - continued

Segment information about these businesses is presented below: - continued

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

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

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

4. GAMING REVENUE

	Nine months ended 30 September	
	2025	2024
	HK$ million (unaudited)	HK$ million (unaudited)
Gaming revenue comprises of:		
Rolling gross gaming revenue	1,811.7	1,955.9
Non-rolling gross gaming revenue	18,044.1	17,589.3
Electronic game gross gaming revenue	2,107.0	1,744.3
Gross gaming revenue	21,962.8	21,289.5
Less: commissions and incentives	(1,798.1)	(1,397.4)
	20,164.7	19,892.1

5. (LOSS) PROFIT BEFORE TAXATION

	Nine months ended 30 September	
	2025	2024
	HK$ million (unaudited)	HK$ million (unaudited)
(Loss) profit before taxation has been arrived at after charging :		
Directors' remuneration	35.8	35.4
Retirement benefits scheme contributions for other staff	166.2	161.7
Less: Forfeited contributions	(7.3)	(9.6)
	158.9	152.1
Other staff costs	4,778.9	4,538.9
Total employee benefit expenses	4,973.6	4,726.4
Amortisation of gaming concession right (included in operating and administrative expenses)	190.5	196.2
Depreciation of property and equipment	1,206.8	1,125.5
Less: capitalised in construction in progress	(0.3)	(0.9)
	1,206.5	1,124.6
Depreciation of right-of-use assets	106.0	95.5
Loss on modification on a bank loan	0.4	16.1
Loss on disposal/write-off of property and equipment	1.6	10.3
and after crediting:		
Bank interest income	42.4	81.8
Dividend income	-	1.4
Dredging services income	122.7	139.5
Gain on fair value changes of financial asset at FVTPL	0.8	-
Gain on early repurchase of unsecured note	2.4	-
Gain on modifications on a bank loan	21.5	-

6. TAXATION

	Nine months ended 30 September	
	2025	2024
	HK$ million (unaudited)	HK$ million (unaudited)
Current tax - Macau SAR Complementary Tax ("CT")	37.3	36.2
Deferred taxation	8.8	-
	46.1	36.2

6. TAXATION - continued

No provision for CT on gaming related income has been made for SJM Resorts, S.A. ("SJM"). SJM has applied for obtaining approval from the Financial Services Bureau of the Macau SAR Government for the exemption of CT from 1 January 2023 to 31 December 2032. Pursuant to the approval notice issued by the Macau SAR Government dated 29 January 2024, the Company has been exempted from CT for income generated from gaming operations for the period from 1 January 2023 to 31 December 2027.

In addition, in accordance with an approval letter dated 24 January 2024 issued by Financial Services Bureau of the Macau SAR Government, SJM's shareholders are obligated to pay the Special Complementary Tax at an applicable rate of gross gaming revenue for the period from 1 January 2023 to 31 December 2025 regardless of any dividend distributed.

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.

7. DIVIDENDS

The board of directors of the Company has resolved not to declare the payment of dividend for the nine months ended 30 September 2025 (nine months ended 30 September 2024: 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:

	Nine months ended 30 September	
	2025	2024
	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)	(173.3)	(61.1)

	Nine months ended 30 September	
	2025	2024
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note)	7,101,805,366	7,101,805,366

8. LOSS PER SHARE - continued

	Nine months ended 30 September	
	2025 (unaudited)	2024 (unaudited)
Loss per share:		
- Basic	HK(2.4) cents	HK(0.9) cents
- Diluted	HK(2.4) cents	HK(0.9) cents

Note: For the nine months ended 30 September 2024 and 2025, 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.

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

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Property and equipment		
Carrying values		
Leasehold land and buildings	22,778.4	22,864.5
Chips	140.8	79.1
Furniture, fixtures and equipment	12,720.5	12,653.2
Gaming equipment	247.5	212.2
Leasehold improvements	763.6	232.4
Motor vehicles	23.6	26.3
Vessels	132.6	139.6
Construction in progress	1,021.2	1,359.1
Total	37,828.2	37,566.4
Right-of-use assets		
Carrying values		
Leasehold lands	2,269.2	2,316.7
Leasehold land and buildings	150.1	191.0
Total	2,419.3	2,507.7

At 30 September 2025, the carrying values of the property and equipment of HK$31,944.9 million (31 December 2024: HK$32,151.5 million) represented the property and equipment of the project of Grand Lisboa Palace Resort ("GLP Project").

At 30 September 2025, the carrying values of the right-of-use assets of HK$1,749.0 million (31 December 2024: HK$1,783.9 million) represented the right-of-use assets related to GLP Project.

10. GAMING CONCESSION RIGHT

As at 1 January 2023, an intangible asset of gaming concession right of Macau pataca(s) ("MOP") 2,635.9 million (approximately HK$2,559.1 million), representing the right to operate games of fortune and chance or other games in Macau SAR and the unconditional obligation to make payments under 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 SAR Government and SJM for the new concession period which commences from 1 January 2023 to 31 December 2032 (the "New Gaming Concession Contract"), was initially recognised, which was estimated as the net present value of the future payments for an annual utilisation fee (the "Utilisation Fee") and an annual gaming premium (the "Annual Premium"), with a corresponding amount recognised as financial liabilities set out in note 16.

The gaming concession right will be amortised on a straight-line basis over the 10-year term of the New Gaming Concession Contract. The future payments of Utilisation Fee will be adjusted according to inflation adjustment and 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 (including inflation adjustment, changes in variable premium depending on the actual number of VIP table, mass market table and gaming machines) will be recognised as an adjustment to the carrying amount of the gaming concession right and corresponding financial liability. During the nine months ended 30 September 2025, a negative adjustment to the carrying amount of the gaming concession right of HK$64.1 million (nine months ended 30 September 2024: a positive adjustment of HK$60.6 million) had been recognised.

11. OTHER ASSETS

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Deposits made on acquisitions of property and equipment and right-of-use assets	1,200.5	1,432.5
Rental deposits	11.2	10.1
Amount due from an associate	88.4	88.4
Amount due from a joint venture	14.7	14.6
Amount due from an investee company	39.0	39.0
	1,353.8	1,584.6

The amounts due from an associate/a joint venture/an investee company are unsecured, interest-free and repayable on demand. At 30 September 2025, the management of the Group expects that these amounts will not be realised within 12 months from the end of the reporting period, hence, these amounts are classified as non-current assets.

12. PLEDGED BANK DEPOSITS

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Non-current portion		
Bank deposit pledged:		
- to secure a bank facility (Note)	970.9	970.9
Current portion		
Bank deposits pledged:		
- to secure bank facilities	36.6	36.5
- in favour of the Macau SAR court against any future legal proceedings of labour disputes	1.1	1.0
- others	0.4	0.4
	38.1	37.9

Note:

The amount represents a deposit pledged to secure the bank facility granted to SJM. 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.

At 30 September 2025, the pledged bank deposits carry fixed interest rates ranging from 1.50% to 2.55% (31 December 2024: ranging from 3.10% to 3.80%) per annum.

13. TRADE AND OTHER RECEIVABLES

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Advances to gaming patrons, net	215.0	153.9
Lease receivables	261.2	213.4
Prepayments	353.1	231.8
Other sundry receivables	326.0	268.5
	1,155.3	867.6

13. TRADE AND OTHER RECEIVABLES - continued

Advances to gaming patrons mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming patrons are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. As at 30 September 2025, the Group's advances to gaming patrons with aggregate carrying amount of HK$118.2 million (31 December 2024: HK$28.7 million) were past due as at the reporting date. Out of the past due balances, HK$44.4 million (31 December 2024: HK$8.5 million) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

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

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Age		
0 to 30 days	77.1	30.0
31 to 60 days	27.7	99.3
61 to 90 days	25.3	16.1
Over 90 days	84.9	8.5
	215.0	153.9

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

13. TRADE AND OTHER RECEIVABLES - continued

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

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	143.8	178.3
An associate and a joint venture of the Group	3.0	3.0
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	74.0	63.7
	220.8	245.0

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 patrons. The Group assesses the ECL for advances to gaming patrons and lease receivables individually or based on provision matrix.

During the nine months ended 30 September 2024 and 2025, no addition or reversal of impairment allowance for advance to gaming patrons and lease receivables was provided.

15. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Financial asset at FVTPL HK$ million
At 1 January 2024 (audited), 30 September 2024 (unaudited) and 31 December 2024 (audited)	-
Purchase of money market fund	38.7
Fair value change of money market fund	0.8
At 30 September 2025 (unaudited)	39.5

16. TRADE AND OTHER PAYABLES

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Trade payables	296.0	395.6
Special gaming tax payable	872.1	955.1
Chips in circulation	366.9	386.7
Chips in custody and deposits received from gaming patrons and gaming promoters	577.5	502.4
Payable for acquisition of property and equipment	375.1	456.1
Construction payables	78.0	81.9
Accrued staff costs	705.9	855.2
Accrued operating expenses	67.0	59.8
Payable for gaming concession right	2,347.2	2,493.4
Withholding tax payable	24.4	22.8
Other sundry payables and accruals	849.3	813.2
	6,559.4	7,022.2
Less: Non-current portion of other payables and payable for gaming concession right (Note)	(1,980.7)	(2,278.7)
	4,578.7	4,743.5

Note: As at 30 September 2025, non-current portion of other payables comprise of deposits received for rentals of HK$64.0 million (31 December 2024: HK$69.0 million) and payable for gaming concession right of HK$1,916.7 million (31 December 2024: HK$2,209.7 million). The amounts are classified as non-current portion of other payables based on the contractual or scheduled repayment terms.

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

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Age		
0 to 30 days	268.7	363.1
31 to 60 days	23.6	29.3
61 to 90 days	2.8	2.5
Over 90 days	0.9	0.7
	296.0	395.6

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.

16. TRADE AND OTHER PAYABLES - continued

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

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	112.6	106.3
An associate and a joint venture of the Group	10.5	14.1
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	102.9	99.1
	226.0	219.5

17. BANK LOANS

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
The syndicated secured bank loans are repayable:		
Within one year	3,242.3	1,729.5
Within a period of more than one year but not exceeding two years	1,310.7	1,719.7
Within a period of more than two years but not exceeding five years	9,827.7	10,050.0
	14,380.7	13,499.2
Less: Amounts due within one year shown under current liabilities	(3,242.3)	(1,729.5)
Amounts shown under non-current liabilities	11,138.4	11,769.7

17. BANK LOANS - continued

Variable-rate bank loans comprise:

	Carrying amounts	
	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Secured bank loans for Grand Lisboa Palace Resort ("GLP Bank Loans")	14,006.1	13,094.4
Secured bank loans for Ponte 16 ("P16 Bank Loans")	374.6	404.8
	14,380.7	13,499.2

GLP Bank Loans

During the nine months ended 30 September 2025, the Group recorded a gain of HK$21.5 million (nine months ended 30 September 2024: a loss of HK$16.1 million) on modification of the GLP Bank Loans facilities because of the modified repayment schedule of the GLP Bank Loans facilities.

The effective interest rate of the secured bank loan carries interest at 5.44% (31 December 2024: 6.53%) per annum. The purpose of the secured syndicated loan facilities is for financing the GLP Project.

At 30 September 2025, 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$33,340.4 million (31 December 2024: HK$32,999.7) and HK$1,584.5 million (31 December 2024: HK$1,616.2 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.

17. BANK LOANS - continued

P16 Bank Loans

During the nine months ended 30 September 2025, the Group recorded a loss of HK$0.4 million (nine months ended 30 September 2024: nil) on modification of the P16 Bank Loans facilities because of the modified repayment schedule of the P16 Bank Loans facilities. 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 2025 to June 2026 with revised limits of MOP273 million and HK$130 million.

At 30 September 2025, the effective interest rate of the secured bank loans is 6.17% (31 December 2024: 7.10%) 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.

At 30 September 2025, the P16 Bank Loans are secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK$364.3 million (31 December 2024: HK$373.8 million) and HK$66.3 million (31 December 2024: HK$68.0 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 2024: HK$1,000 million) and HK$490 million (31 December 2024: 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.

18. UNSECURED NOTES

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 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	3,903.7	3,942.4
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	3,755.9	3,861.3
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	1,267.6	1,253.8
MOP300,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	295.5	292.4
	9,222.7	9,349.9
Less: Amounts due within one year shown under current liabilities	(5,466.8)	-
Amounts shown under non-current liabilities	3,755.9	9,349.9

The proceeds from the issuance of unsecured notes were 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.

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

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

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

During the nine months ended 30 September 2025, imputed interest of HK$6.4 million (31 December 2024: HK$8.6 million) on the amount due to the non-controlling interests of a subsidiary of HK$339.7 million (31 December 2024: HK$333.3 million) has been recognised at an effective interest rate of approximately 2.57% (31 December 2024: 2.57%) per annum. At 30 September 2025, the principal amount was HK$341.9 million (31 December 2024: HK$341.9 million).

During the nine months ended 30 September 2024, the carrying amount has been adjusted by HK$1.0 million (nine months ended 30 September 2025: nil) because of the changes in cash flow estimates, computed based on the present value of future cash outflows discounted at the original effective interest rate.

At 30 September 2025 and 31 December 2024, the total carrying amount was classified as current liabilities.

20. 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 nine months ended 30 September 2025, the finance cost related to the loan from ultimate holding company was HK$59.8 million (nine months ended 30 September 2024: HK$60.1 million). The loan amount would be repayable in full on 1 December 2028. At 30 September 2025 and 31 December 2024, the loan amount was classified as non-current liabilities.

21. CONVERTIBLE BOND

Champion Power Global Limited, a subsidiary of the Company, 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 convertible bond and the date falling 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 convertible bond 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 9.54%.

21. CONVERTIBLE BOND - continued

The movement of the liability and equity component of the convertible bond since the issuance of the convertible bond are set out below:

	Liability Component HK$ million	Equity Component HK$ million
At 1 January 2024 (audited)	1,493.4	574.7
Interest expenses	147.0	-
Interest repayment	(38.1)	-
At 31 December 2024 (audited)	1,602.3	574.7
Interest expenses	117.5	-
Interest repayment	(38.1)	-
At 30 September 2025 (unaudited)	1,681.7	574.7

22. SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amount HK$ million
Ordinary shares with no par value		
At 1 January 2024 (audited), 30 September 2024 (unaudited), 31 December 2024 (audited) and 30 September 2025 (unaudited)	7,101,805,366	14,415.1

23. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months ended 30 September	
	2025 HK$ million (unaudited)	2024 HK$ million (unaudited)
Operating cash flows before movements in working capital	2,584.8	2,847.8
(Decrease) increase in trade and other payables	(81.9)	744.3
Other changes in working capital	(281.5)	(173.3)
Cash from operations	2,221.4	3,418.8
Income tax paid	(49.6)	(36.1)
Net cash from operating activities	2,171.8	3,382.7

24. SHARE OPTION SCHEME

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

A summary of the movements of the outstanding options during the nine months ended 30 September 2025 under the Scheme is as follows:

					Number of share options			
Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK$	Outstanding at 1.1.2025	Reclassified during the period	Lapsed during the period	Outstanding at 30.9.2025
Directors	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
					4,815,000	-	-	4,815,000
Weighted average exercise price per share					HK$8.99	-	-	HK$8.99

At the end of the reporting period, 4,815,000 (31 December 2024: 4,815,000) share options are exercisable.

25. CAPITAL COMMITMENTS

	At 30 September 2025 HK$ million (unaudited)	At 31 December 2024 HK$ million (audited)
Contracted for but not provided in the condensed consolidated financial statements:	1,001.8	759.6

At 31 December 2025, capital expenditure in respect of acquisition of property and equipment committed to acquire from related parties amounted to HK$529.0 million (31 December 2024: HK$149.4 million).

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's investments in equity instruments designated at FVTOCI and financial asset at FVTPL 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).

	Fair value as at			
Financial assets	30 September 2025 HK$ million	31 December 2024 HK$ million	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial asset at FVTPL				
Money market fund	39.5	-	Level 2	Quoted prices in an inactive market
Investments in equity instruments designated at FVTOCI				
Listed equity securities	22.2	42.8	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
	375.9	357.0		

There were no transfers between Levels 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 valuer 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.

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

The estimated fair value of the Group's unsecured notes as at 30 September 2025 listed on the Stock Exchange and Chongwa (Macao) Financial Asset Exchange Co., Ltd. ("MOX") were HK$7,534.0 million and HK$1,550.7 million with its corresponding carrying amount of HK$7,659.6 million and HK$1,563.1 million, respectively. The estimated fair value of unsecured notes listed on the Stock Exchange were derived from the quoted prices that were observable from market information which is classified as Level 2 in the fair value hierarchy. The estimated fair value of unsecured notes listed on MOX were derived from discounted cash flows which is classified as Level 3 in the fair value hierarchy. The most significant input is the discount rates of the instruments.

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

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	Nine months ended 30 September 2025 HK$ million (unaudited)	Nine months ended 30 September 2024 HK$ million (unaudited)
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group ("STDM Group")	**Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules**		
	Laundry services (note 27 (e))	19.3	16.5
	Entertainment (note 27(e))	2.2	4.3
	Hotel accommodation (note 27(e))	44.5	36.6
	Hotel management and operation (note 27(e))	3.1	3.9
	Maintenance services (note 27(e))	8.4	7.6
	Promotional and advertising services (note 27(e))	15.3	12.1
	Rental income (note 27(c))	33.2	59.6
	Property rentals (note 27(d))	0.1	0.1
	Transportation (note 27(e))	1.1	1.7
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Loan interest (note 20)	59.8	60.1
	Others (note 27(f))	5.4	7.3
	Non-exempt connected transactions under Chapter 14A of the Listing Rules		
	Acquisition of a property (note 27(l))	149.4	16.6
	Acquisition of subsidiaries (note 27(m))	-	31.5
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 service providers in relation to the promotion of casinos (notes 27(k) and (n))	713.0	445.5
	Property rentals (note 27(g))	0.1	7.4
	Non-exempt connected transactions under Chapter 14A of the Listing Rules		
	Right-of-use assets - HKFRS 16 (note 27(g))	-	136.3
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Others (note 27(f))	25.4	18.1
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	102.4	80.2
	Others	1.6	10.9
A joint venture	Property rentals (note 27(j))	10.8	10.8

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 dated 28 March 2002 between the Macau SAR Government and SJM, 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 nine months ended 30 September 2025, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK$0.1 million (nine months ended 30 September 2024: HK$0.2 million).

(c) SJM entered into an agreement dated 21 January 2020 with NYH Gesta˜o de Vendas a Retalho Limitada ("NYH"), an indirect wholly-owned subsidiary of STDM, for which SJM grant the rights to use the shop to NYH for the purpose of operating a department store at the premises located in Grand Lisboa Palace Resort. 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 a premises leasing master 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 "PLMA 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 PLMA 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 PLMA 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 amounts of transactions during the period were disclosed in note 27(a) above.

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

During the nine months ended 30 September 2025, the lease transaction with related parties represented expenses relating to the relevant short-term leases of HK$0.1 million (nine months ended 30 September 2024: HK$0.1 million) and interest expenses of HK$0.1 million (nine months ended 30 September 2024: HK$0.2 million) on the relevant lease liabilities with carrying amount of HK$1.7 million as at 30 September 2025 (30 September 2024: HK$7.6 million).

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, laundry 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 laundry services, hotel management and operation and maintenance services were de minimis as described in note 27(f). The Renewed 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) These are individually de minimis transactions as defined under Rule 14A.76 of the Listing Rules, which are continuing connected transactions on normal commercial terms, exempt from reporting, annual review, announcement and independent shareholders' approval requirements as defined under Rule 14A.76(1) of the Listing Rules.

(g) The Company entered into a premises leasing master agreement dated 22 November 2013 with Deputada Leong On Kei, Angela, a director of the Company for the leasing of properties by her and/or her associates to the Group (the "PLMA with Deputada Leong") for a term of three years 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 renewed the PLMA with Deputada Leong which expired on 31 December 2019. The PLMA with Deputada Leong 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 PLMA with Deputada Leong 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.

As detailed in the Company's announcement dated 31 May 2024, SJM entered into a sublease contract with the sublessor of Jai Alai Building for the period from 1 April 2024 to 31 March 2027.

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.

27. RELATED PARTY TRANSACTIONS - continued

(g) - continued

During the nine months ended 30 September 2024, the lease transactions with related parties represent addition of right-of-use assets of HK$136.3 million (nine months ended 30 September 2025: nil), incurred expenses relating to the relevant short-term leases of HK$7.4 million (nine months ended 30 September 2025: HK$0.1 million) and interest expenses of HK$2.3 million (nine months ended 30 September 2025: HK$2.5 million) on the relevant lease liabilities with carrying amount of HK$117.5 million as at 30 September 2024 (30 September 2025: HK$76.0 million).

(h) As disclosed in note 17, in addition to the securities provided by the Group to the relevant banks, the non-controlling interests of a subsidiary also provided securities to secure the syndicate secured bank loans of the Group. At the end of the reporting period, the key terms and securities pledged are set out as follows:

(i) financial guarantee with promissory note of HK$490 million (31 December 2024: HK$490 million); and
(ii) share pledges over all shares in Pier 16 - Property and its subsidiaries.

(i) In November 2007, the then 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.

27. RELATED PARTY TRANSACTIONS - continued

(j) 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.

(k) 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 for 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 and amended by the first addendum dated 3 April 2023 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 2025.

(l) As detailed in the Company's announcement dated 21 May 2024, the Group entered into a promissory agreement to acquire Kam Pek Market (formerly known as "Kam Pek Community Centre") ("Kam Pek") with STDM at a cash consideration of HK$166 million. During the nine months ended 30 September 2024, the Group had paid the deposit for acquisition of Kam Pek amounting to HK$16.6 million in cash. During the nine months ended 30 September 2025, the remaining consideration of HK$149.4 million was settled in cash and the acquisition of Kam Pek was completed. The seller in the acquisition is a connected person of the Company, and hence the acquisition constituted a connected transaction pursuant to Chapter 14A of the Listing Rules.

(m) As detailed in the Company's announcement dated 21 May 2024, the Group entered into transfer agreements to acquire the entire equity interests in SJM European Fine Cuisine Company Limited (formerly known as "NYH European Fine Cuisine Company Limited") ("SJM Euro") and SJM Italian Fine Cuisine Company Limited (formerly known as "NYH Italian Fine Cuisine Company Limited") ("SJM Italian") with STDM and the members of the STDM Group at a cash consideration of HK$18.9 million and HK$12.6 million respectively. SJM Euro and SJM Italian are principally engaged in the food and beverage service in Grand Lisboa Palace Resort and were acquired with the objective of improving the Group's food and beverage service. The acquisitions were completed on the same date.

27. RELATED PARTY TRANSACTIONS - continued

(n) SJM entered into an agreement with Tin Hou Limited ("Tin Hou") dated 30 December 2022, supplemented by an addendum dated 26 April 2023, regarding the provision of services and use of space to SJM for operating a casino in the gaming area of Grand Emperor Hotel until 31 December 2025. Based on the Company's annual results for the year ended 31 December 2024 published on 4 March 2025, certain subsidiaries of the Company are no longer classified as insignificant subsidiaries under Rule 14A.09 of the Listing Rules. As Tin Hou is indirectly controlled over 50% by a private discretionary trust set up by a family member of a director of those subsidiaries, Tin Hou has become a connected person of the Company at the subsidiary level under the Listing Rules. Consequently, the arrangements under the agreement have become continuing connected transactions for the Company requiring compliance with annual review and disclosure requirements under Chapter 14A of the Listing Rules, including publication of announcements and annual reporting.

(o) As detailed in the Company's announcement dated 28 July 2025, the Group entered into a promissory agreement to acquire a property which consists of strata office units and a retail unit in a mixed-use development project comprising office, hotel, retail and apartment units now know as Xin De Kou An Shang Wu Zhong Xin* (信德口岸商務中心) located in Hengqin New District, Zhuhai with Shun Tak Holdings Limited at a cash consideration of Renminbi 724.2 million. The seller in the acquisition is a connected person of the Company, and hence the acquisition constituted a connected transaction pursuant to Chapter 14A of the Listing Rules. The acquisition has not completed up to the date of the issuance of these condensed consolidated financial statements.

* *for identification purpose only*

(p) As detailed in the Company's announcement dated 28 August 2025, the Group entered into a promissory agreement to acquire certain areas of Hotel Lisboa located in Macau SAR with STDM at a cash consideration of HK$529 million. The seller in the acquisition is a connected person of the Company, and hence the acquisition constituted a connected transaction pursuant to Chapter 14A of the Listing Rules. In November 2025, cash consideration of HK$529 million has been prepaid and the acquisition has not completed up to the date of the issuance of these condensed consolidated financial statements.

28. EVENTS AFTER THE REPORTING PERIOD

(a) On 20 November 2025, SJM entered into an acquisition agreement with Goldarch Holdings Limited, Solar King Investments Limited and Deputada Leong to acquire the entire issued share capital of Arc of Triumph Development Company Limited (the "Target Group") for a nominal purchase price of MOP180,000 (approximately HK$174,757). As part of the transaction, SJM also procured the repayment of the Target Group's bank loan up to an amount of HK$1,749,825,243, resulting in a total consideration of HK$1,750,000,000. The principal asset of the Target Group is L'Arc Hotel, located in Macau, which houses Casino L'Arc Macau, currently operated by SJM. The acquisition is subject to various conditions including independent shareholders' approval and is completed on 17 December 2025. Further details of this disclosable and connected transaction are set out in the Company's announcements dated 20 November 2025 and 28 December 2025.

28. EVENTS AFTER THE REPORTING PERIOD - continued

(a) - continued

In connection with the above acquisition, on 16 December 2025, SJM entered into a loan agreement with Deputada Leong to advance a loan of HK$177,525,000 with a term of three years to finance her portion of the repayment of the Target Group's bank loan. The loan bears interest at the same rate determined under the Group's credit facilities and is secured by a share charge over shares to be entered into by Deputada Leong as chargor and SJM as chargee in respect of the shares of the Company owned by Deputada Leong based on a loan-to-value ratio of 50%.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE MEMBERS OF
SJM HOLDINGS LIMITED
澳門博彩控股有限公司
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of SJM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 106 to 207, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter

Impairment assessment of property and equipment and right-of-use assets related to the project of Grand Lisboa Palace Resort ("GLP Project")

We identified the impairment assessment of property and equipment and right-of-use assets related to GLP Project as a key audit matter because the estimation of the recoverable amount of these assets involved significant management judgement and estimation.

As at 31 December 2024, the carrying amounts of property and equipment and right-of-use assets related to GLP Project were HK$32,151.5 million and HK$1,783.9 million, respectively, as set out in note 4 to the consolidated financial statements. The management of the Group considered there was indication for impairment for these property and equipment and right-of-use assets and prepared discounted cash flow projections for GLP Project based on the financial budget approved by the management of the Group and engaged an independent professional valuer (the "Valuer") to conduct impairment assessment on their recoverable amount of property and equipment and right-of-use assets as at 31 December 2024. The key assumptions adopted by the management of the Group are the pre-tax discount rate, terminal growth rate and expected changes in revenues and costs in the discounted cash flow projections.

The Group estimated the recoverable amount of the property and equipment and right-of-use assets related to GLP Project based on higher of fair value less costs of disposal and value in use and concluded that the carrying amount of these assets does not exceed their recoverable amount based on value in use. Accordingly, no impairment loss has been recognised as at 31 December 2024 or for the year then ended.

Our procedures in relation to the impairment assessment of property and equipment and right-of-use assets related to GLP Project included:

- Understanding the impairment assessment process of the Group, including the involvement of the Valuer engaged by the management of the Group to estimate the recoverable amount based on the value in use of the property and equipment and right-of-use assets related to GLP Project;
- Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
- Assessing the reasonableness of the key assumptions adopted by the management of the Group, namely the terminal growth rate and expected changes in revenues and costs, in determining the recoverable amount based on the value in use of property and equipment and right-of-use assets related to GLP Project by comparing the management's expectations for the market development to relevant industry growth forecasts;
- Assessing the reasonableness of pre-tax discount rate applied by the management of the Group in the discounted cash flow projections by comparing it to our independent estimation for the discount rate based on market data and certain entity specific input data with the assistance of our valuation specialists; and
- Performing sensitivity analysis to determine the extent of change in pre-tax discount rate and terminal growth rate, either individually or collectively, to assess the potential impact on the value in use.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Au Mei Yin.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

4 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$ million	2023 HK$ million
Gaming, hotel, catering, retail, leasing and related services revenues	5(a)	**28,768.9**	21,623.2
Gaming revenue	6	**26,846.1**	20,059.2
Special gaming tax and special levy		**(11,528.3)**	(8,486.6)
		15,317.8	11,572.6
Hotel, catering, retail, leasing and related services income		**1,922.8**	1,564.0
Cost of sales and services on hotel, catering,retail, leasing and related services		**(741.0)**	(632.0)
Other income, gains and losses		**263.2**	250.9
Marketing and promotional expenses		**(5,071.8)**	(3,825.4)
Operating and administrative expenses		**(9,654.7)**	(8,837.6)
Finance costs	7	**(1,892.6)**	(1,930.1)
Share of profit (loss) of an associate	17	**7.0**	(7.8)
Share of profit of a joint venture	18	**8.1**	6.5
Profit (loss) before taxation	8	**158.8**	(1,838.9)
Taxation	10	**(52.3)**	(36.1)
Profit (loss) for the year		**106.5**	(1,875.0)
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		**(14.7)**	(53.2)
Total comprehensive income (expense) for the year		**91.8**	(1,928.2)
Profit (loss) for the year attributable to:			
— owners of the Company		**3.2**	(2,009.8)
— non-controlling interests		**103.3**	134.8
		106.5	(1,875.0)
Total comprehensive (expense) income for the year attributable to:			
— owners of the Company		**(11.5)**	(2,063.0)
— non-controlling interests		**103.3**	134.8
		91.8	(1,928.2)
Earnings (loss) per share:			
— Basic	12	**HK0.04 cents**	HK(28.30) cents
— Diluted	12	**HK0.04 cents**	HK(28.30) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$ million	2023 HK$ million
Non-current assets			
Property and equipment	13	**37,566.4**	38,353.9
Right-of-use assets	14	**2,507.7**	2,483.5
Gaming concession right	15	**2,097.7**	2,297.1
Art works and diamonds	16	**281.3**	281.3
Interest in an associate	17	**39.4**	32.9
Interest in a joint venture	18	**58.4**	50.3
Investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")	19	**357.0**	370.9
Pledged bank deposit	21	**970.9**	970.9
Other assets	20	**1,584.6**	465.1
		45,463.4	45,305.9
Current assets			
Inventories		**148.1**	147.9
Trade and other receivables	22	**867.6**	706.5
Pledged bank deposits	21	**37.9**	37.7
Short-term bank deposits	23	**215.0**	452.6
Bank balances and cash	23	**1,992.9**	3,089.1
		3,261.5	4,433.8
Current liabilities			
Trade and other payables	24	**4,743.5**	4,231.2
Taxation payable		**50.1**	36.1
Bank loans — due within one year	25	**1,729.5**	970.7
Lease liabilities	27	**77.0**	37.5
Amount due to non-controlling interests of a subsidiary	28	**333.3**	—
		6,933.4	5,275.5
Net current liabilities		**(3,671.9)**	(841.7)
Total assets less current liabilities		**41,791.5**	44,464.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$ million	2023 HK$ million
Non-current liabilities			
Other payables	24	**2,278.7**	2,283.2
Bank loans — due after one year	25	**11,769.7**	14,265.2
Unsecured notes	26	**9,349.9**	9,413.7
Lease liabilities	27	**595.4**	558.0
Amount due to non-controlling interests of a subsidiary	28	**—**	348.2
Loan from ultimate holding company	29	**2,006.8**	2,006.8
Deferred taxation	30	**12.7**	10.5
Convertible bond	31	**1,602.3**	1,493.4
		27,615.5	30,379.0
Net assets		**14,176.0**	14,085.2
Capital and reserves			
Share capital	32	**14,415.1**	14,415.1
Reserves		**(491.0)**	(479.5)
Equity attributable to owners of the Company		**13,924.1**	13,935.6
Non-controlling interests		**251.9**	149.6
Total equity		**14,176.0**	14,085.2

The consolidated financial statements on pages 106 to 207 were approved and authorised for issue by the Board of Directors on 4 March 2025 and are signed on its behalf by:

Ho Chiu Fung, Daisy
Director

Fok Tsun Ting, Timothy
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	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	14,415.1	674.6	574.7	(166.3)	500.5	15,998.6	14.8	16,013.4
(Loss) profit for the year	—	—	—	—	(2,009.8)	(2,009.8)	134.8	(1,875.0)
Other comprehensive expense for the year	—	—	—	(53.2)	—	(53.2)	—	(53.2)
Total comprehensive (expense) income for the year	—	—	—	(53.2)	(2,009.8)	(2,063.0)	134.8	(1,928.2)
Release of lapsed/forfeited share-based payments	—	(290.1)	—	—	290.1	—	—	—
At 31 December 2023	**14,415.1**	**384.5**	**574.7**	**(219.5)**	**(1,219.2)**	**13,935.6**	**149.6**	**14,085.2**
Profit for the year	**—**	**—**	**—**	**—**	**3.2**	**3.2**	**103.3**	**106.5**
Other comprehensive expense for the year	**—**	**—**	**—**	**(14.7)**	**—**	**(14.7)**	**—**	**(14.7)**
Total comprehensive (expense) income for the year	**—**	**—**	**—**	**(14.7)**	**3.2**	**(11.5)**	**103.3**	**91.8**
Release of lapsed/forfeited share-based payments	**—**	**(367.6)**	**—**	**—**	**367.6**	**—**	**—**	**—**
Arising from changes in cash flow estimates on amount due to non-controlling interests of a subsidiary *(note 28)*	**—**	**—**	**—**	**—**	**—**	**—**	**(1.0)**	**(1.0)**
At 31 December 2024	**14,415.1**	**16.9**	**574.7**	**(234.2)**	**(848.4)**	**13,924.1**	**251.9**	**14,176.0**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK$ million	2023 HK$ million
Operating activities		
Profit (loss) before taxation	**158.8**	(1,838.9)
Adjustments for:		
Interest income	**(101.0)**	(123.0)
Interest expenses	**1,884.0**	1,921.4
Imputed interest on an amount due to non-controlling interests of a subsidiary	**8.6**	8.7
Share of (profit) loss of an associate	**(7.0)**	7.8
Share of profit of a joint venture	**(8.1)**	(6.5)
Loss on modification of a bank loan	**25.6**	59.0
Depreciation of property and equipment	**1,496.2**	1,471.8
Depreciation of right-of-use assets	**130.8**	112.0
Amortisation of intangible asset	**261.7**	255.7
Loss on disposals/write-off of property and equipment	**10.7**	6.5
Gain on modification of a bank loan	**—**	(0.4)
Gain on modification/early termination of lease contracts	**—**	(3.3)
Dividend income	**(1.4)**	—
Gain on early repurchase of unsecured notes	**(4.1)**	—
Operating cash flows before movements in working capital	**3,854.8**	1,870.8
Increase in inventories	**(0.2)**	(1.2)
Increase in trade and other receivables	**(170.4)**	(34.5)
Increase in trade and other payables	**409.4**	2,010.8
Cash generated from operations	**4,093.6**	3,845.9
Income tax paid	**(36.1)**	(50.5)
Net cash generated from operating activities	**4,057.5**	3,795.4

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK$ million	2023 HK$ million
Investing activities		
Withdrawal of short-term bank deposits	**452.6**	933.1
Interest received	**106.4**	135.8
Proceeds of rental deposits refunded	**2.1**	11.1
Proceeds from disposal of property and equipment	**1.7**	2.1
Dividend received from investments in equity instruments designated at FVTOCI	**0.6**	—
Placement of pledged bank deposits	**(0.2)**	(1.2)
Advance to ultimate holding company	**(0.2)**	(0.2)
Payments for rental deposits	**(2.7)**	(0.6)
Payment for leasehold lands	**(16.8)**	—
Placement of short-term bank deposits	**(215.0)**	(813.1)
Acquisitions of property and equipment	**(439.0)**	(1,529.1)
Deposits paid for acquisitions of property and equipment and right-of-use assets	**(1,298.3)**	(159.1)
Withdrawal of pledged bank deposits	**—**	146.6
Advance to a joint venture	**—**	(0.1)
Net cash used in investing activities	**(1,408.8)**	(1,274.7)
Financing activities		
Repayment of bank loans	**(3,127.3)**	(3,800.0)
Interest paid	**(1,756.1)**	(1,801.5)
Repayments of unsecured notes	**(73.5)**	—
Repayments of lease liabilities	**(66.1)**	(52.7)
Repayment of payable for gaming concession right	**(62.4)**	(59.3)
Repayment to non-controlling interests of a subsidiary	**(24.5)**	—
New bank loans raised	**1,365.0**	—
Payment of bank loans arrangement fee	**—**	(1.0)
Net cash used in financing activities	**(3,744.9)**	(5,714.5)
Net decrease in cash and cash equivalents	**(1,096.2)**	(3,193.8)
Cash and cash equivalents at 1 January	**3,089.1**	6,282.9
Cash and cash equivalents at 31 December	**1,992.9**	3,089.1
Analysis of the balances of cash and cash equivalents, representing bank balances and cash	**1,992.9**	3,089.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

SECTION A

THE COMPANY'S STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

	Notes	2024 HK$ million	2023 HK$ million
Non-current assets			
Investments in subsidiaries	43	**8,630.9**	8,630.9
Amount due from a subsidiary	44	**19,173.4**	19,173.4
		27,804.3	27,804.3
Current assets			
Other receivables, deposits and prepayments		**1.5**	3.9
Amounts due from subsidiaries	44	**4,868.3**	5,211.8
Short-term bank deposits		**—**	90.7
Bank balances and cash		**98.2**	278.4
		4,968.0	5,584.8
Current liabilities			
Other payables and accruals		**6.0**	4.9
Amounts due to subsidiaries	44	**9,349.8**	9,411.2
		9,355.8	9,416.1
Net current liabilities		**(4,387.8)**	(3,831.3)
Total assets less current liabilities		**23,416.5**	23,973.0
Non-current liability			
Loan from ultimate holding company	29	**2,006.8**	2,006.8
Net assets		**21,409.7**	21,966.2
Capital and reserves			
Share capital	32	**14,415.1**	14,415.1
Reserves	34	**6,994.6**	7,551.1
Total equity		**21,409.7**	21,966.2

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 4 March 2025 and is signed on its behalf by:

Ho Chiu Fung, Daisy
Director

Fok Tsun Ting, Timothy
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

SECTION B

1. GENERAL INFORMATION

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 Macau Special Administrative Region, the People's Republic of China ("Macau SAR"). Its immediate and ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), a company established in Macau SAR. The address of the registered office and principal place of business of the Company is disclosed in Corporate information of the annual report.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within twelve months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 *Effective for annual periods beginning on or after a date to be determined.*
2 *Effective for annual periods beginning on or after 1 January 2025.*
3 *Effective for annual periods beginning on or after 1 January 2026.*
4 *Effective for annual periods beginning on or after 1 January 2027.*

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by The Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the 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 consolidated financial statements.

In preparing the 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$3,671.9 million and the Group had capital commitments of HK$759.6 million.

The Group has undrawn facility from the bank loans facility agreement amounting to HK$4,380.0 million as at 31 December 2024. The directors of the Company reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2024 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 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* ("HKFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets* ("HKAS 36").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Material accounting policy information

3.2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.1 Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3.2.2 Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at deemed cost plus additional capital contribution, less any identified impairment loss. The deemed cost represents the carrying amounts of consolidated net assets of the subsidiaries at the date on which they were transferred to the Company at the time of a group reorganisation in prior accounting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.3 Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When an objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.4 Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When an objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.5 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations (including allocation of transaction price)
For contracts that contain more than one performance obligations including obligation to provide goods or services to patrons on complementary basis and patron's options to acquire additional goods or services for free or at a discount in future granted under customer relationship programs, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.5 Revenue from contracts with customers (Continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or service before that goods or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or service by another party. In this case, the Group does not control the specified goods or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The directors of the Company considered that the Group acts as a principal for gaming operations in casinos with services provided by gaming promoters and service providers as the Group controls the specified service to be provided by the Group before services transferred to a customer.

Revenue recognition

The Group's revenue contracts with customers consist of casino, hotel rooms, food and beverage, retail and other transactions.

Gaming revenue is the aggregate net difference between gaming wins and losses. Commissions paid to gaming promoters and rebates paid to patrons are recorded as a reduction to gaming revenue. The Group accounts for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognising net win per gaming day.

For gaming operations that the Group provides complimentary goods and services to gaming customers to incentivise gaming, the Group allocates a portion of the gaming revenue to the respective type of revenue from complimentary goods or services based on its relative stand-alone selling price. Discretionary complimentaries supplied by third parties are recorded as payables to third parties. The Group accounts for complimentaries on a portfolio basis given the similar characteristics of the incentives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.5 Revenue from contracts with customers (Continued)

Revenue recognition (Continued)

For gaming operations that the Group provides award points to customers under loyalty programs, the Group allocates a portion of the gaming revenue to the loyalty programs liabilities based on its relative stand-alone selling price of such award points (less estimated breakage). Such allocated amount is deferred revenue and recognised as loyalty programs liabilities until customers redeem the award points for free goods and services. Upon redemption, the deferred consideration of each good and service is allocated to the respective type of revenue. Redemption of award points at third party outlets are recorded as payables to third parties.

The transaction price of hotel rooms, food and beverage, and retail transactions is the net amount collected from the customer for such goods and services. The transaction price for such transactions is recorded as revenue when the good or service is transferred or rendered to the customer during their stay at the hotel or when the delivery is made for the food and beverage, retail and other services.

The Group has other contracts that include multiple goods and services, such as packages that bundle food and beverage and other services with hotel stays. For such arrangements, the Group allocates revenue to each good or service based on its relative stand-alone selling price. The Group primarily determines the stand-alone selling price of hotel rooms, food and beverage, and retail transactions based on the amount that the Group charges when each is sold separately in similar circumstances to similar customers.

3.2.6 Property and equipment

Property and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

When the buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as right-of-use assets and amortised over a straight line basis over the shorter of its estimated useful life and the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of construction in progress. Construction in progress is carried at cost, less any identified impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of buildings commences when they are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.6 Property and equipment (Continued)

The cost of leasehold improvements is depreciated on a straight line basis over their respective estimated useful lives.

Depreciation is recognised so as to write off the cost of other property and equipment, less their residual values over their estimated useful lives, using the straight line method, at the following rates per annum:

Chips	6.7% – 25%
Furniture, fixtures and equipment	2.4% – 50%
Gaming equipment	20% – 25%
Motor vehicles	14.3% – 20%
Vessels	3.3% – 10%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the item and is recognised in profit or loss.

3.2.7 Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

For the leasehold land and buildings in Macau SAR and Hong Kong, where the cost of right-of-use assets cannot be reliably separated from the cost of land and buildings, the entire cost of land and buildings is treated as property and equipment and depreciated on a straight line basis over the estimated useful life of the buildings.

The cost of other buildings in Macau SAR is depreciated over 25 years to 50 years using the straight line method, which represents the shorter of respective lease term or estimated useful life of buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.2.9 Special gaming tax and special levy

In December 2022, a subsidiary of the Company, SJM Resorts, S.A. ("SJM") entered into a definitive gaming concession contract (the "New Gaming Concession Contract") with the Macau SAR Government, pursuant to which SJM was granted a 10-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 (details are disclosed in note 15). According to the New Gaming Concession Contract, the Group is required to pay a special gaming tax, tourism contribution and cultural contribution, which are equivalent to 35%, 3% and 2% of the gross gaming revenue, respectively. These expenses are recognised as "Special gaming tax and special levy" in profit or loss in the period in which they are incurred.

3.2.10 Intangible asset

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 (see details in note 4), 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.10 Intangible asset (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 Macau Pataca(s) ("MOP") 30.0 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 (approximately HK$291,000) per gaming table located in special gaming halls reserved exclusively to particular games or players ("VIP table"), MOP150,000 (equivalent to approximately HK$145,000) per gaming table that is not reserved exclusively to particular games or players ("Mass market table"), and MOP1,000 (equivalent to approximately HK$970) per gaming machine, including slot machines, operated by SJM.

When the Group has a 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, it recognises an intangible asset at the net present value of the future payments for the Utilisation Fee based on the agreed fee taking into account the inflation adjustment estimated as of the date of initial recognition and Annual Premium based on the existing composition of VIP table, Mass market table and gaming machine, with a corresponding amount recognised as financial liability. The intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible asset is recognised on a straight-line basis over their estimated useful lives (i.e. 10-year term of the New Gaming Concession Contract). The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Any changes in the estimated future payments (including inflation adjustment, changes in variable premium depending on the actual number of VIP table, Mass market table and gaming machines) will be recognised as an adjustment to the carrying amount of the gaming concession right and corresponding financial liability.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.11 Art works and diamonds

Art works and diamonds are stated at cost less accumulated impairment loss.

3.2.12 Inventories

Inventories, which mainly represent food and beverage held for sale, are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3.2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling the financial assets and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments designated at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments and will be transferred to retained profits/accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses" line item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 Financial Instruments ("HKFRS 9")

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including advances to gaming patrons, other receivables from service providers, other sundry receivables, rental deposits, pledged bank deposits, short-term bank deposits, bank balances, amounts due from an associate/a joint venture/an investee company) and lease receivables which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group applies simplified approach to recognise lifetime ECL for advances to gaming patrons and lease receivables. For all other instruments, the Group measures the loss allowance equal to 12m ECL under general approach, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the ability of gaming promoters or service provider to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the gaming promoters or service providers;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the gaming promoters or service providers that results in a significant decrease in the ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The ECL on advances to gaming patrons, other receivables from services providers, lease receivables and amounts due from an associate/a joint venture/an investee company are assessed individually.

Other sundry receivables, rental deposits, pledged bank deposits, short-term bank deposits and bank balances are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivables is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits/accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, loan from ultimate holding company, amount due to non-controlling interests of a subsidiary, unsecured notes, liability component of convertible bond and bank loans are subsequently measured at amortised cost using the effective interest method.

Convertible bond

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The above said fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.14 Impairment losses on property and equipment, right-of-use assets and intangible asset

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, and intangible asset with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment, right-of-use assets, and intangible asset are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.14 Impairment losses on property and equipment, right-of-use assets and intangible asset (Continued)

If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to reduce the carrying amount of assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.2.15 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.16 Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit/loss for the year. Taxable profit/loss differs from profit/loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in a joint venture and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.16 Taxation (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3.2.17 Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.17 Leases (Continued)

The Group as a lessee (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold land and buildings and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever (i) the lease payments change due to changes in market rental rates following a market rent review, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate, or (ii) a lease contract is modified and the lease modification is not accounted for as a separate lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.17 Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentive receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

The Group as a lessor

Classification and measurement of leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.17 Leases (Continued)

The Group as a lessor (Continued)

Classification and measurement of leases (Continued)

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

3.2.18 Equity-settled share-based payment transactions

(a) Share options granted to directors, employees and other participants of the Group

Equity-settled share based payments to directors, employees and other participants providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest with a corresponding increase in equity (share options reserve). At the end of the reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits/accumulated losses.

(b) Share options granted to other participants

Equity-settled share-based payment transactions with parties other than directors and employees are measured at the fair values of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the goods or the counterparty renders service. The fair values of the goods or services received are recognised as expenses, unless the goods or services qualify for recognition as assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.19 Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Judgement in determining whether reversion of gaming assets and equipment and ownership rights to the casino properties in Macau to Macau Government upon expiration of the Gaming Concession Contract (as defined below) would result in derecognition

In 2002, Macau SAR Government granted to SJM one of the three concessions for the exploitation of games of fortune and chance or other games in casino in Macau SAR (the "Gaming Concession Contract"), which was expired on 31 December 2022.

Upon expiration of the Gaming Concession Contract, all of SJM's casinos, gaming assets and equipment and ownership rights to the casino properties in Macau were reverted to the Macau Government without compensation to SJM (the "Assets Reverted to the Macau Government").

On 16 December 2022, Macau government had awarded SJM the New Gaming Concession Contract for a 10-year period. On 30 December 2022, SJM signed a deed with the Macau Government where SJM agreed with the Assets Reverted to the Macau Government. Macau Government temporarily transferred the Assets Reverted to the Macau Government to SJM for its operation of games of chance or other games in the casinos during the concession period under the New Gaming Concession Contract.

The management of the Company assessed whether the reversion of gaming assets and equipment and ownership rights to the casino properties in Macau to Macau Government upon expiration of the Gaming Concession Contract would result in derecognition of the Asset Reverted to the Macau Government. The management of the Company believe that SJM will be in a good position for the renewal, extension or application process for gaming concession retendering or extension upon the expiration of the New Gaming Concession Contract. The management of the Company have established that the Group can continue to direct the use of and obtain substantially all of the remaining benefits from the Assets Reverted to the Macau Government and therefore the Group can retain control of the Assets Reverted to the Macau Government. As a result, the management of the Company concluded that the reversion of Assets Reverted to the Macau Government will not result in derecognition and the Group shall continue to recognise the Assets Reverted to the Macau Government in the respective categories of property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Determination on recognition of an intangible asset of the gaming concession right

The Group applies judgement to determine the recognition of an intangible asset of the gaming concession right with a corresponding financial liability, representing the right to operate games of fortune and chance or other games in Macau and the unconditional obligations to make payments under the New Gaming Concession Contract, which was estimated as the net present value of the future payments for the Utilisation Fee and Annual Premium based on the existing composition of VIP table, Mass market table and gaming machines.

As at 31 December 2024, the carrying amounts of gaming concession right and payable for gaming concession right are HK$2,097.7 million (2023: HK$2,297.1 million) and HK$2,493.4 million (2023: HK$2,493.5 million) as set out in notes 15 and 24 respectively.

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to leasehold lands.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by Group; and
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

As at 31 December 2024, the carrying amounts of right-of-use assets and lease liabilities for the lease contracts which the Group is reasonably certain to exercise the renewal option are HK$2,238.2 million and HK$470.8 million (2023: HK$2,298.4 million and HK$470.4 million) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of the property and equipment and right-of-use assets related to the project of Grand Lisboa Palace Resort ("GLP Project")

In determining whether property and equipment and right-of-use assets related to GLP Project are impaired, the management of the Group has to exercise significant judgement and make estimation on the recoverable amounts of the property and equipment and right-of-use assets related to GLP Project. Changes in the key assumptions, including the pre-tax discount rate, terminal growth rate and expected changes in revenues and costs in the discounted cash flow projections, could materially affect the recoverable amounts.

The management of the Group considered there was indication for impairment for these property and equipment and right-of-use assets and prepared discounted cash flow projections for GLP Project based on the financial budget approved by the management of the Group and engaged an independent professional valuer to conduct impairment assessment on their recoverable amount of property and equipment and right-of-use assets.

At 31 December 2024, the carrying amounts of the property and equipment and right-of-use assets related to GLP Project were HK$32,151.5 million and HK$1,783.9 million (2023: HK$33,227.2 million and HK$1,830.4 million), respectively.

The Group estimated the recoverable amount of the property and equipment and right-of-use assets related to GLP Project based on higher of fair value less costs of disposal and value in use and concluded that the carrying amount of these assets does not exceed their recoverable amount based on value in use. Accordingly, no impairment has been recognised as at 31 December 2024 or for the year then ended.

Estimates of timing and amount of repayment of amount due to non-controlling interests of a subsidiary

As disclosed in note 28, the amount due to non-controlling interests of a subsidiary as at 31 December 2024 of HK$333.3 million (2023: HK$348.2 million) is repayable only when the subsidiary has surplus funds which require significant estimates. Surplus fund represents cash available in the subsidiary after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. As such, the carrying amount of such amount due to non-controlling interests of a subsidiary may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the surplus funds and consequently the timing and amount of repayment to the non-controlling interests, and will affect the amount of imputed interest to be recognised in profit or loss over the expected life of such amount due to non-controlling interests of a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Useful lives of property and equipment

The Group depreciates property and equipment over their estimated useful lives, using the straight-line method, commencing from the date the property and equipment are ready for the intended use. The useful lives that the Group estimated for property and equipment reflects the Group management's estimate of the period that the Group intends to derive future economic benefits from the use of the assets. Future events could result in a change in the manner in which the Group uses certain assets and could have an impact on the estimated useful lives of such assets. Should there be any changes in such estimates, the depreciation of property and equipment may vary with changes affecting profit or loss in the period of the change.

The management of the Group believe SJM will be successful in extending the term of concession and/or obtaining a new gaming concession when the New Gaming Concession Contract expires. Therefore, the useful lives of property and equipment has taken into consideration of such factor.

5. OPERATING SEGMENTS

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

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

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

The CODM regularly analyses gaming operations in terms of rolling revenue, non-rolling revenue and electronic gaming revenue 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. 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	
	2024 HK$ million	2023 HK$ million	**2024 HK$ million**	2023 HK$ million
Gaming operations:				
recognised at a point in time	**26,846.1**	20,059.2	**363.9**	(1,228.3)
Hotel, catering, retail and leasing operations:				
External sales:				
Catering and retail operations:				
recognised at a point in time	**748.9**	651.2		
Hotel operations:				
recognised over time	**1,013.3**	765.5		
Leasing operations:				
revenue from operating leases	**160.6**	147.3		
	1,922.8	1,564.0		
Inter-segment sales:				
Catering and retail operations:				
recognised at a point in time	**226.5**	93.2		
Hotel operations:				
recognised over time	**112.8**	70.1		
	339.3	163.3		
	2,262.1	1,727.3	**(96.5)**	(505.6)
Eliminations	**(339.3)**	(163.3)		
	1,922.8	1,564.0		
Total:				
Revenue from contracts with customers:				
recognised at a point in time	**27,595.0**	20,710.4		
recognised over time	**1,013.3**	765.5		
	28,608.3	21,475.9		
Revenue from operating leases:				
lease payments	**160.6**	147.3		
	28,768.9	21,623.2		
Reconciliation from segment results to profit (loss) before taxation:			**267.4**	(1,733.9)
Unallocated corporate income			**13.8**	18.9
Unallocated corporate expenses			**(137.5)**	(122.6)
Share of profit (loss) of an associate			**7.0**	(7.8)
Share of profit of a joint venture			**8.1**	6.5
Profit (loss) before taxation			**158.8**	(1,838.9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. 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 profit (loss) before taxation from each segment without allocation of corporate income and expenses and share of profit (loss) 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.

	2024 **HK$ million**	2023 HK$ million
Revenues excluded inter-segment sales:		
Gross gaming revenue	**28,823.7**	21,204.5
Hotel, catering, retail, leasing and related services income	**1,922.8**	1,564.0
	30,746.5	22,768.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. OPERATING SEGMENTS (Continued)

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

	2024 HK$ million	2023 HK$ million
ASSETS		
Segment assets:		
— gaming operations	**35,117.6**	35,996.7
— hotel, catering, retail and leasing operations	**10,460.4**	10,298.7
	45,578.0	46,295.4
Interest in an associate	**39.4**	32.9
Interest in a joint venture	**58.4**	50.3
Unallocated bank deposits, bank balances and cash	**111.2**	380.3
Other unallocated assets	**2,937.9**	2,980.8
Group's total	**48,724.9**	49,739.7
LIABILITIES		
Bank loans:		
— gaming operations	**13,094.4**	15,056.7
— hotel, catering, retail and leasing operations	**404.8**	179.2
	13,499.2	15,235.9
Unsecured notes:		
— gaming operations	**9,349.9**	9,413.7
Convertible bond:		
— gaming operations	**1,168.5**	1,089.1
— hotel, catering, retail and leasing operations	**433.8**	404.3
	1,602.3	1,493.4
Other segment liabilities:		
— gaming operations	**8,871.0**	8,063.7
— hotel, catering, retail and leasing operations	**600.7**	638.6
	9,471.7	8,702.3
Total segment liabilities	**33,923.1**	34,845.3
Unallocated liabilities	**625.8**	809.2
Group's total	**34,548.9**	35,654.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. OPERATING SEGMENTS (Continued)

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

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

(i) other unallocated assets include mainly certain property and equipment, certain right-of-use assets, certain 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 FVTOCI.

(ii) unallocated liabilities include mainly certain construction payables, certain lease liabilities and amount due to non-controlling interests of a subsidiary.

(iii) all assets are allocated to reportable segments, other than interest in an associate/a joint venture, unallocated bank deposits, bank balances and cash and those mentioned in above (i).

(iv) all liabilities are allocated to reportable segments, other than liabilities not attributable to respective segments as mentioned in above (ii).

(c) Other segment information of the Group

	2024 **HK$ million**	2023 HK$ million
Additions to non-current assets (other than financial instruments):		
— gaming operations	**1,259.9**	2,775.0
— hotel, catering, retail and leasing operations	**717.2**	43.6
— corporate level*	**14.8**	46.3
	1,991.9	2,864.9

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. OPERATING SEGMENTS (Continued)

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

	2024 HK$ million	2023 HK$ million
Depreciation and amortisation:		
— gaming operations	**846.8**	812.3
— hotel, catering, retail and leasing operations	**977.6**	953.8
— corporate level	**63.9**	73.4
	1,888.3	1,839.5
Loss (gain) on disposals/write-off of property and equipment:		
— gaming operations	**10.8**	6.3
— hotel, catering, retail and leasing operations	**(0.1)**	0.2
	10.7	6.5
Gain on modification of lease contracts:		
— corporate level	**—**	(3.3)
Gain on early repurchase of unsecured notes:		
— gaming operations	**(4.1)**	—
Finance costs:		
— gaming operations	**1,780.4**	1,816.1
— hotel, catering, retail and leasing operations	**20.7**	21.2
— corporate level	**91.5**	92.8
	1,892.6	1,930.1
Interest income:		
— gaming operations	**(53.7)**	(61.4)
— hotel, catering, retail and leasing operations	**(42.3)**	(45.4)
— corporate level	**(5.0)**	(16.2)
	(101.0)	(123.0)
Loss (gain) on modification on bank loans:		
— gaming operations	**25.6**	59.0
— hotel, catering, retail and leasing operations	**—**	(0.4)
	25.6	58.6

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. GAMING REVENUE

	2024 HK$ million	2023 HK$ million
Gaming revenue comprises of:		
Rolling gross gaming revenue	**2,687.4**	1,556.7
Non-rolling gross gaming revenue	**23,762.1**	17,874.4
Electronic game gross gaming revenue	**2,374.2**	1,773.4
Gross gaming revenue	**28,823.7**	21,204.5
Less: commissions and incentives	**(1,977.6)**	(1,145.3)
	26,846.1	20,059.2

7. FINANCE COSTS

	2024 HK$ million	2023 HK$ million
Interests on:		
— bank loans	**971.4**	1,021.4
— unsecured notes	**436.9**	435.8
— gaming concession right	**230.1**	230.7
— convertible bond	**147.0**	137.2
— loan from ultimate holding company	**80.2**	80.0
— lease liabilities	**18.4**	16.3
Imputed interest on an amount due to non-controlling interests of a subsidiary	**8.6**	8.7
	1,892.6	1,930.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. PROFIT (LOSS) BEFORE TAXATION

	2024 HK$ million	2023 HK$ million
Profit (loss) before taxation has been arrived at after charging:		
Directors' remuneration *(note 9)*	**47.0**	51.2
Less: Amount capitalised	**—**	(2.6)
	47.0	48.6
Retirement benefits scheme contributions for other staff	**216.7**	205.4
Less: Forfeited contributions	**(12.4)**	(15.4)
	204.3	190.0
Other staff costs	**6,046.2**	5,484.7
Total employee benefit expenses	**6,297.5**	5,723.3
Auditor's remuneration	**16.0**	15.8
Amortisation of gaming concession right (included in operating and administrative expenses)	**261.7**	255.7
Depreciation of property and equipment	**1,496.2**	1,471.8
Less: capitalised in construction in progress	**(0.4)**	—
	1,495.8	1,471.8
Depreciation of right-of-use assets	**130.8**	112.0
Loss on modification on a bank loan	**25.6**	59.0
Loss on disposals/write-off of property and equipment	**10.7**	6.5
and after crediting:		
Bank interest income	**101.0**	123.0
Dividend income	**1.4**	—
Dredging services income	**163.7**	164.7
Gain on early repurchase of unsecured notes	**4.1**	—
Gain on modification of lease contracts	**—**	3.3
Gain on modification on a bank loan	**—**	0.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of directors during the year are analysed as follows:

	2024				2023			
	Base fees HK$ million *(Note (a))*	**Special fees HK$ million *(Note (b))***	**Other fees HK$ million *(Note (c))***	**Total HK$ million**	Base fees HK$ million *(Note (a))*	Special fees HK$ million *(Note (b))*	Other fees HK$ million *(Note (c))*	Total HK$ million
THE COMPANY								
Executive directors:								
Ms. Ho Chiu Fung, Daisy	**1.2**	**0.1**	**—**	**1.3**	1.2	0.1	—	1.3
Mr. Fok Tsun Ting, Timothy	**1.1**	**0.1**	**—**	**1.2**	1.1	0.1	—	1.2
Deputada Leong On Kei, Angela	**1.1**	**0.1**	**—**	**1.2**	1.1	0.1	—	1.2
Dr. So Shu Fai *(Note (d))*	**—**	**—**	**—**	**—**	0.5	—	—	0.5
Mr. Shum Hong Kuen, David	**0.6**	**—**	**—**	**0.6**	0.6	—	—	0.6
Dr. Chan Un Chan	**0.6**	**—**	**—**	**0.6**	0.6	—	—	0.6
Non-executive director:								
Mr. Tsang On Yip, Patrick	**0.6**	**—**	**—**	**0.6**	0.6	—	—	0.6
Independent non-executive directors:								
Mr. Tse Hau Yin *(Note (e))*	**0.4**	**—**	**—**	**0.4**	0.9	0.1	—	1.0
Ms. Wong Yu Pok, Marina	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
Mr. Yeung Ping Leung, Howard	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
Mr. Ho Hau Chong, Norman *(Note (f))*	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
	8.0	**0.6**	**—**	**8.6**	9.0	0.7	—	9.7
SUBSIDIARIES								
Executive directors:								
Ms. Ho Chiu Fung, Daisy	**12.0**	**1.0**	**0.6**	**13.6**	12.0	1.0	0.6	13.6
Mr. Fok Tsun Ting, Timothy	**8.0**	**0.7**	**0.4**	**9.1**	6.1	0.5	0.3	6.9
Deputada Leong On Kei, Angela	**5.8**	**0.5**	**1.7**	**8.0**	6.6	0.6	1.6	8.8
Dr. So Shu Fai *(Note (d))*	**—**	**—**	**—**	**—**	4.9	0.4	0.2	5.5
Mr. Shum Hong Kuen, David	**3.2**	**0.3**	**0.2**	**3.7**	2.5	0.2	0.1	2.8
Dr. Chan Un Chan	**2.8**	**0.2**	**0.1**	**3.1**	2.2	0.2	0.1	2.5
Non-executive director:								
Mr. Tsang On Yip, Patrick	**—**	**—**	**0.5**	**0.5**	—	—	0.5	0.5
Independent non-executive directors:								
Mr. Tse Hau Yin *(Note (e))*	**—**	**—**	**0.4**	**0.4**	—	—	0.9	0.9
Ms. Wong Yu Pok, Marina	**—**	**—**	**—**	**—**	—	—	—	—
Mr. Yeung Ping Leung, Howard	**—**	**—**	**—**	**—**	—	—	—	—
Mr. Ho Hau Chong, Norman *(Note (f))*	**—**	**—**	**—**	**—**	—	—	—	—
	31.8	**2.7**	**3.9**	**38.4**	34.3	2.9	4.3	41.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

	2024				2023			
	Base fees HK$ million *(Note (a))*	**Special fees HK$ million *(Note (b))***	**Other fees HK$ million *(Note (c))***	**Total HK$ million**	Base fees HK$ million *(Note (a))*	Special fees HK$ million *(Note (b))*	Other fees HK$ million *(Note (c))*	Total HK$ million
THE GROUP								
Executive directors:								
Ms. Ho Chiu Fung, Daisy	**13.2**	**1.1**	**0.6**	**14.9**	13.2	1.1	0.6	14.9
Mr. Fok Tsun Ting, Timothy	**9.1**	**0.8**	**0.4**	**10.3**	7.2	0.6	0.3	8.1
Deputada Leong On Kei, Angela	**6.9**	**0.6**	**1.7**	**9.2**	7.7	0.7	1.6	10.0
Dr. So Shu Fai *(Note (d))*	**—**	**—**	**—**	**—**	5.4	0.4	0.2	6.0
Mr. Shum Hong Kuen, David	**3.8**	**0.3**	**0.2**	**4.3**	3.1	0.2	0.1	3.4
Dr. Chan Un Chan	**3.4**	**0.2**	**0.1**	**3.7**	2.8	0.2	0.1	3.1
Non-executive director:								
Mr. Tsang On Yip, Patrick	**0.6**	**—**	**0.5**	**1.1**	0.6	—	0.5	1.1
Independent non-executive directors:								
Mr. Tse Hau Yin *(Note (e))*	**0.4**	**—**	**0.4**	**0.8**	0.9	0.1	0.9	1.9
Ms. Wong Yu Pok, Marina	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
Mr. Yeung Ping Leung, Howard	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
Mr. Ho Hau Chong, Norman *(Note (f))*	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
	39.8	**3.3**	**3.9**	**47.0**	43.3	3.6	4.3	51.2

Notes:

(a) Base fee represents a fixed fee paid for the holding of an office as a director and, where appropriate, a board committee member.

(b) Special fee represents a performance-based discretionary payment.

(c) Other fees paid to Deputada Leong On Kei, Angela include the fee (including performance-based discretionary payment) acting as the chairman of the Staff Welfare Consultative Committee of SJM, a subsidiary of the Company. Other fees paid to Mr. Tse Hau Yin represent the fee (including performance-based discretionary payment) acting as supervisory committee chairman of SJM and its certain subsidiaries. Other fees paid to Mr. Tsang On Yip, Patrick represent the fee acting as supervisory committee member of SJM and its certain subsidiaries. Other fees paid to all directors also include various allowances.

(d) Retired as an executive director of the Company and appointed as advisor of the Company on 15 June 2023. He continues to act as director of SJM and a number of subsidiaries of the Company.

(e) Retired as an independent non-executive director and Chairman of Audit Committee of the Company and appointed as an advisor of the Company on 26 June 2024. He continues to act as the Chairman of Supervisory Committee of SJM and a number of subsidiaries of the Company.

(f) Elected as an independent non-executive director on 15 June 2022 and Chairman of Audit Committee on 26 June 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Executive directors are also senior management of the Group.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive director's and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The five highest paid individuals of the Group for the year ended 31 December 2024 included two (2023: two) directors of the Company, whose emoluments are disclosed above, and the remaining three (2023: three) are employees of the Group, details of whose emolument are as follows:

	2024	2023
	HK$ million	HK$ million
Employee:		
Salaries and allowances	**37.4**	37.6

Their emoluments were within the following bands:

	Number of employees	
	2024	2023
HK$10,500,001 to HK$11,000,000	**1**	—
HK$11,500,001 to HK$12,000,000	**—**	1
HK$12,000,001 to HK$12,500,000	**1**	—
HK$12,500,001 to HK$13,000,000	**—**	1
HK$13,000,001 to HK$13,500,000	**—**	1
HK$14,000,001 to HK$14,500,000	**1**	—

No emoluments were paid by the Group to the directors and the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office in both years. None of the directors and the five highest paid individuals has waived any emoluments during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. TAXATION

	2024 HK$ million	2023 HK$ million
Macau SAR Complementary Tax ("CT"):		
— current tax	**50.1**	36.1
Deferred taxation charge *(note 30)*	**2.2**	—
	52.3	36.1

No provision for CT on gaming related income has been made for SJM. SJM has applied for obtaining approval from the Financial Services Bureau of the Macau SAR Government for the exemption of CT from 1 January 2023 to 31 December 2032. Pursuant to the approval notice issued by the Macau SAR Government dated 29 January 2024, the Company has been exempted from CT for income generated from gaming operations for the period from 1 January 2023 to 31 December 2027.

In addition, during the year ended 31 December 2023, SJM has applied for obtaining approval for the dividend tax which the shareholders are obligated to pay to Macau SAR Government for dividend distribution (the "Special Complementary Tax") from the Financial Services Bureau of the Macau SAR Government. Pursuant to the approval letter dated 24 January 2024 issued by Financial Services Bureau of the Macau SAR Government, SJM's shareholders are obligated to pay the Special Complementary Tax at an applicable rate of gross gaming revenue for the period from 1 January 2023 to 31 December 2025 regardless of any dividend distributed.

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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. TAXATION (Continued)

Tax charge for the year is reconciled to profit (loss) before taxation as follows:

	2024 HK$ million	2023 HK$ million
Profit (loss) before taxation	**158.8**	(1,838.9)
Tax charge (credit) at the applicable income tax rate of 12%	**19.1**	(220.7)
Effect of tax exemption granted to the Group	**(103.5)**	134.7
Effect of share of results of an associate and a joint venture	**(1.8)**	0.1
Effect of income not taxable for tax purpose	**(2.1)**	(2.9)
Effect of expenses not deductible for tax purpose	**77.5**	67.8
Effect of tax losses not recognised	**44.0**	73.0
Deductible temporary difference not recognised	**0.6**	0.7
Utilisation of deductible temporary difference previously not recognised	**(0.5)**	(13.3)
Utilisation of tax losses previously not recognised	**(30.0)**	(39.4)
Special Complementary Tax	**49.0**	36.1
Tax charge for the year	**52.3**	36.1

11. DIVIDENDS

	2024 HK$ million	2023 HK$ million
Final dividend per ordinary share paid: — nil (2023: nil)	**—**	—

On 4 March 2025, the board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. EARNINGS (LOSS) PER SHARE

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

Profit (loss)

	2024 HK$ million	2023 HK$ million
Profit (loss) for the purposes of basic and diluted earnings (loss) per share (profit (loss) for the year attributable to owners of the Company)	**3.2**	(2,009.8)

Number of shares

	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**7,101,805,366**	7,101,805,366

Earnings (loss) per share

	2024	2023
— Basic	**HK0.04 cents**	HK(28.30) cents
— Diluted	**HK0.04 cents**	HK(28.30) cents

Note: For the years ended 31 December 2024 and 2023, the diluted earnings (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 an increase in earnings per share (2023: decrease in loss per share).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. PROPERTY AND EQUIPMENT

	Leasehold land and buildings HK$ million	Chips HK$ million	Furniture, fixtures and equipment HK$ million	Gaming equipment HK$ million	Leasehold improvements HK$ million	Motor vehicles HK$ million	Vessels HK$ million	Construction in progress HK$ million	Total HK$ million
COST									
At 1 January 2023	25,663.3	529.2	19,644.9	710.0	4,295.1	98.7	286.1	4,978.0	56,205.3
Adjustment upon finalisation of costs	—	—	—	—	—	—	—	(364.3)	(364.3)
Additions	—	0.1	91.1	6.6	11.3	—	—	39.8	148.9
Disposals/write-off	—	—	(106.6)	—	(148.0)	(9.3)	—	—	(263.9)
Transfers	1,764.0	—	1,495.8	—	30.4	—	—	(3,290.2)	—
At 31 December 2023	**27,427.3**	**529.3**	**21,125.2**	**716.6**	**4,188.8**	**89.4**	**286.1**	**1,363.3**	**55,726.0**
Adjustment upon finalisation of costs	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(0.7)**	**(0.7)**
Additions	**23.9**	**36.3**	**330.0**	**132.9**	**189.6**	**4.4**	**—**	**4.7**	**721.8**
Disposals/write-off	**—**	**—**	**(240.2)**	**(3.4)**	**(164.6)**	**(4.9)**	**—**	**—**	**(413.1)**
Transfers	**1.5**	**—**	**2.5**	**—**	**4.2**	**—**	**—**	**(8.2)**	**—**
At 31 December 2024	**27,452.7**	**565.6**	**21,217.5**	**846.1**	**4,218.0**	**88.9**	**286.1**	**1,359.1**	**56,034.0**
DEPRECIATION AND IMPAIRMENT									
At 1 January 2023	3,330.9	469.3	7,392.5	518.1	4,256.8	60.7	127.3	—	16,155.6
Provided for the year	616.9	8.4	749.5	59.5	19.1	8.5	9.9	—	1,471.8
Eliminated on disposals/write-off	—	—	(98.0)	—	(148.0)	(9.3)	—	—	(255.3)
At 31 December 2023	**3,947.8**	**477.7**	**8,044.0**	**577.6**	**4,127.9**	**59.9**	**137.2**	**—**	**17,372.1**
Provided for the year	**640.4**	**8.8**	**748.2**	**59.7**	**22.2**	**7.6**	**9.3**	**—**	**1,496.2**
Eliminated on disposals/write-off	**—**	**—**	**(227.9)**	**(3.4)**	**(164.5)**	**(4.9)**	**—**	**—**	**(400.7)**
At 31 December 2024	**4,588.2**	**486.5**	**8,564.3**	**633.9**	**3,985.6**	**62.6**	**146.5**	**—**	**18,467.6**
CARRYING VALUES									
At 31 December 2024	**22,864.5**	**79.1**	**12,653.2**	**212.2**	**232.4**	**26.3**	**139.6**	**1,359.1**	**37,566.4**
At 31 December 2023	23,479.5	51.6	13,081.2	139.0	60.9	29.5	148.9	1,363.3	38,353.9

During the year ended 31 December 2023, SJM reached an agreement with the principal contractors in relation to the settlement amount of the finalised construction costs of the GLP Project.

At 31 December 2024, the carrying values of the property and equipment of HK$32,151.5 million (2023: HK$33,227.2 million) represented the property and equipment of GLP Project.

For the year ended 31 December 2024, other staff costs of HK$0.4 million and depreciation expenses of property and equipment of HK$0.4 million have been capitalised in construction in progress.

For the year ended 31 December 2023, other staff costs of HK$5.3 million, short-term lease rentals in respect of rented premises of HK$1.1 million and depreciation expenses of right-of-use assets of HK$1.1 million have been capitalised in construction in progress.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. RIGHT-OF-USE ASSETS

	Leasehold lands HK$ million	Leasehold land and buildings HK$ million	Total HK$ million
COST			
At 1 January 2023	2,685.7	282.3	2,968.0
Adjustment to lease modification	—	(47.2)	(47.2)
Additions	—	43.7	43.7
Early termination/end of lease contracts	—	(48.9)	(48.9)
At 31 December 2023	**2,685.7**	**229.9**	**2,915.6**
Adjustment to lease modification	**—**	**(0.3)**	**(0.3)**
Additions	**16.8**	**138.5**	**155.3**
Early termination/end of lease contracts	**—**	**(44.3)**	**(44.3)**
At 31 December 2024	**2,702.5**	**323.8**	**3,026.3**
DEPRECIATION			
At 1 January 2023	260.5	108.5	369.0
Charge for the year	62.6	49.4	112.0
Early termination/end of lease contracts	—	(48.9)	(48.9)
At 31 December 2023	**323.1**	**109.0**	**432.1**
Charge for the year	**62.7**	**68.1**	**130.8**
Early termination/end of lease contracts	**—**	**(44.3)**	**(44.3)**
At 31 December 2024	**385.8**	**132.8**	**518.6**
CARRYING VALUES			
At 31 December 2024	**2,316.7**	**191.0**	**2,507.7**
At 31 December 2023	2,362.6	120.9	2,483.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. RIGHT-OF-USE ASSETS (Continued)

	2024 HK$ million	2023 HK$ million
Expense relating to short-term leases	**42.8**	51.2
Total cash outflow for leases	**122.5**	115.5

At 31 December 2024, the carrying values of the right-of-use assets of HK$1,783.9 million (2023: HK$1,830.4 million) represented the right-of-use assets related to GLP Project.

During the years ended 31 December 2023 and 2024, SJM entered into several agreements with landlords in terminating lease terms before original maturity dates during the respective years.

For both years, the Group leases certain leasehold lands, commercial properties and carparks for its operations. Lease contract are entered into for fixed term from 1 to 25 years. Certain leases of leasehold lands in Macau SAR are negotiated for an initial term of 25 years with extension options exercisable by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns commercial properties. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests and fixed payments are paid annually. The leasehold land components of these owned properties are not presented separately only if the payments made cannot be allocated reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. GAMING CONCESSION RIGHT

	2024 HK$ million	2023 HK$ million
Carrying amount at 1 January	**2,297.1**	2,559.1
Amortisation	**(261.7)**	(255.7)
Adjustment	**62.3**	(6.3)
Carrying amount at 31 December	**2,097.7**	2,297.1

In December 2022, SJM entered into the New Gaming Concession Contract with the Macau SAR Government, pursuant to which SJM was granted a 10-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 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 MOP68.8 million (equivalent to approximately HK$66.8 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 annual 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.

Pursuant to the terms of the New Gaming Concession Contract, SJM is required to pay the Macau SAR Government 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 (approximately HK$291,000) per VIP table, MOP150,000 (equivalent to approximately HK$145,000) per Mass market table, and MOP1,000 (equivalent to approximately HK$970) per gaming machine, including slot machines, operated by SJM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. GAMING CONCESSION RIGHT (Continued)

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) (the "Basic Investment") 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.

During the year ended 31 December 2023, since the overall gross gaming revenue in Macau exceeds MOP180 billion (equivalent to approximately HK$174.8 billion), SJM is required to increase the total amount of the non-gaming investment obligations by MOP2,400 million (equivalent to approximately HK$2,330 million) in addition to the Basic Investment amount.

As at 1 January 2023, an intangible asset of gaming concession right 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 SAR and the unconditional obligation to make payments under 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 SAR Government and SJM for the new concession period which commences from 1 January 2023 to 31 December 2032, was initially recognised, which was estimated as the net present value of the future payments for the Utilisation Fee and the Annual Premium, with a corresponding amount recognised as financial liabilities set out in note 24.

The gaming concession right will be amortised on a straight-line basis over the 10-year term of the New Gaming Concession Contract. The future payments of Utilisation Fee will be adjusted according to inflation adjustment and 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 (including inflation adjustment, changes in variable premium depending on the actual number of VIP table, Mass market table and gaming machines) will be recognised as an adjustment to the carrying amount of the gaming concession right and corresponding financial liability. During the year ended 31 December 2024, a positive adjustment to the carrying amount of the gaming concession right of HK$62.3 million (2023: a negative adjustment of HK$6.3 million) had been recognised.

16. ART WORKS AND DIAMONDS

The amounts represent the aggregate cost of art works and diamonds held by the Group. In the opinion of the directors of the Company, the recoverable amounts of the art works and diamonds are at least their carrying amounts at the end of both reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. INTEREST IN AN ASSOCIATE

	2024 HK$ million	2023 HK$ million
Cost of unlisted investment	**25.0**	25.0
Discount on acquisition	**6.8**	6.8
Share of post-acquisition profits, net of distributions	**7.6**	1.1
	39.4	32.9

The cost of investment in an associate represents the Group's 49% quota capital in an entity, Zhen Hwa Harbour Construction Company Limited, which is established in Macau SAR and engaged in the provision of construction services in Macau SAR and investment holding business.

The associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

	2024 HK$ million	2023 HK$ million
Current assets	**461.5**	440.8
Non-current assets	**92.0**	87.1
Current liabilities	**(472.7)**	(461.2)
Revenue	**137.8**	50.7
Profit (loss) for the year	**13.3**	(14.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. INTEREST IN AN ASSOCIATE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate and share of profit (loss) recognised in the consolidated financial statements:

Reconciliation of interest in an associate

	2024 HK$ million	2023 HK$ million
Net assets of an associate	**80.8**	66.7
Unrecognised share of gain of an associate *(Note)*	**(4.1)**	(4.0)
Adjusted net assets of an associate	**76.7**	62.7
Proportion of the Group's ownership interest in an associate	**49%**	49%
	37.6	30.7
Effect of fair value adjustments at acquisition	**1.8**	2.2
Carrying amount of the Group's interest in an associate	**39.4**	32.9

Reconciliation of share of profit (loss) of an associate

	2024 HK$ million	2023 HK$ million
Results for the year of an associate	**13.3**	(14.1)
Unrecognised share of results for the year *(Note)*	**(0.1)**	(4.1)
Unrealised losses for the year	**1.1**	2.3
Adjusted profit (loss) for the year of an associate	**14.3**	(15.9)
Proportion of the Group's ownership interest in an associate	**49%**	49%
Share of profit (loss) of an associate	**7.0**	(7.8)

Note: The Group's share of accumulated losses on a construction project is limited to a fixed amount as agreed with the holding company of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTEREST IN A JOINT VENTURE

	2024 **HK$ million**	2023 HK$ million
Cost of unlisted investment	**39.7**	39.7
Share of post-acquisition profits, net of dividends received	**18.7**	10.6
	58.4	50.3

The cost of investment in a joint venture represents the Group's 49% quota capital in an entity, Chong Fung Real Estate Investment Limited, which is established in Macau SAR and engaged in property investment business in Macau SAR.

According to the legal form and terms of the contractual arrangements, each of the two joint venturers that have joint control of the arrangement have rights to the net assets of the arrangement, hence it is regarded as a joint venture.

At the end of the reporting period, included in the cost of investment is goodwill of HK$34.3 million (2023: HK$34.3 million) arising on acquisition of the joint venture.

The joint venture is accounted for using the equity method in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTEREST IN A JOINT VENTURE (Continued)

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

	2024 HK$ million	2023 HK$ million
Current assets	**168.9**	151.5
Non-current assets	**21.8**	22.6
Current liabilities	**(141.6)**	(141.4)
Revenue	**14.4**	11.5
Profit for the year	**16.6**	13.3
The above profit for the year includes the following:		
Depreciation	**0.9**	0.9
Interest income	**5.8**	4.7

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in the consolidated financial statements:

	2024 HK$ million	2023 HK$ million
Net assets of a joint venture	**49.1**	32.7
Proportion of the Group's ownership interest in a joint venture	**49%**	49%
	24.1	16.0
Goodwill	**34.3**	34.3
Carrying amount of the Group's interest in a joint venture	**58.4**	50.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. INVESTMENTS IN EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

At 31 December 2024, the amounts comprise equity shares listed in Hong Kong of HK$42.8 million (2023: HK$56.7 million) and unlisted equity shares in a private entity established in the British Virgin Islands of HK$314.2 million (2023: HK$314.2 million) that are carried at fair value. These investments are not held for trading, instead, they are held for long-term strategic purposes. The management has elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

20. OTHER ASSETS

	2024 **HK$ million**	2023 HK$ million
Deposits made on acquisitions of property and equipment and right-of-use assets	**1,432.5**	317.7
Rental deposits	**10.1**	5.4
Amount due from an associate	**88.4**	88.4
Amount due from a joint venture	**14.6**	14.6
Amount due from an investee company	**39.0**	39.0
	1,584.6	465.1

The amounts due from an associate/a joint venture/an investee company are unsecured, interest-free and have no fixed repayment terms. 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. PLEDGED BANK DEPOSITS

	2024 HK$ million	2023 HK$ million
Non-current portion:		
Bank deposit pledged:		
— to secure a bank facility *(Note)*	**970.9**	970.9
Current portion:		
Bank deposits pledged:		
— to secure bank facilities	**36.5**	36.3
— in favour of the Macau SAR court against any future legal proceedings of labour disputes	**1.0**	1.0
— others	**0.4**	0.4
	37.9	37.7

Note:

The amount represents a deposit pledged to secure the bank facility granted to SJM. 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.

At 31 December 2024, the pledged bank deposits carry fixed interest rate ranging from 3.10% to 3.80% (2023: 3.60% to 4.60%) per annum.

Details of impairment assessment of pledged bank deposits for the year ended 31 December 2024 are set out in note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22. TRADE AND OTHER RECEIVABLES

	2024 HK$ million	2023 HK$ million
Advances to gaming patrons, net	**153.9**	38.0
Lease receivables	**213.4**	164.8
Other receivables from service providers, net	**—**	42.6
Prepayments	**231.8**	179.5
Other sundry receivables	**268.5**	281.6
	867.6	706.5

As at 1 January 2023, the carrying amount of advances to gaming patrons was HK$2.3 million.

Advances to gaming patrons mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming patrons are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. As at 31 December 2024, included in the Group's advances to gaming patrons with aggregate carrying amount of HK$28.7 million (2023: HK$30.5 million) which are past due as at the reporting date. Out of the past due balances, HK$8.5 million (2023: HK$1.4 million) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Advances are only granted to gaming 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 patrons. In addition, in the event that a gaming patron fails to repay, the Group has the right, pursuant to the relevant gaming patrons agreement, to realise cheques and execute guarantees.

As at 31 December 2023, other receivables from service providers represent certain costs to be reimbursed from a service provider. With the consent of service provider, the Group can offset the outstanding balances against commission and service fee payables to or deposits from relevant service provider. In the event that a service provider fails to repay, the Group has the right, pursuant to the relevant service provider agreement, to offset or withhold the payables to that service provider, realise cheques and execute guarantees, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

22. TRADE AND OTHER RECEIVABLES (Continued)

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

	2024 HK$ million	2023 HK$ million
Age		
0 to 30 days	**30.0**	7.5
31 to 60 days	**99.3**	0.3
61 to 90 days	**16.1**	28.8
Over 90 days	**8.5**	1.4
	153.9	38.0

The lease receivables are partly arising from rent-free periods provided to the tenants.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2024 are set out in note 40.

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:

	2024 HK$ million	2023 HK$ million
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	**178.3**	115.1
An associate and a joint venture of the Group	**3.0**	3.0
Entities in which STDM, certain directors of the Company and of its subsidiaries and/or their close family members have control/significant influence/beneficial interests	**63.7**	55.0
	245.0	173.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH

At 31 December 2024, the short-term bank deposits carry fixed interest rates ranging from 3.10% to 4.00% (2023: 3.15% to 4.80%) per annum with original maturity of 3 months to 6 months (2023: 6 months) and are classified as current assets since their remaining maturity is within 12 months from the end of the reporting period.

At 31 December 2024, bank balances carry effective interest rates ranging from 1.00% to 4.10% (2023: 4.70% to 5.10%) per annum.

24. TRADE AND OTHER PAYABLES

	2024 HK$ million	2023 HK$ million
Trade payables	**395.6**	348.6
Special gaming tax payable	**955.1**	873.1
Chips in circulation	**386.7**	407.7
Chips in custody and deposits received from gaming patrons and gaming promoters	**502.4**	379.6
Payables for acquisition of property and equipment	**456.1**	179.0
Construction payables	**81.9**	260.3
Accrued staff costs	**855.2**	829.0
Accrued operating expenses	**59.8**	43.4
Payable for gaming concession right	**2,493.4**	2,493.5
Withholding tax payable	**22.8**	17.7
Other sundry payables and accruals	**813.2**	682.5
	7,022.2	6,514.4
Less: Non-current portion of other payables and payable for gaming concession right *(Note)*	**(2,278.7)**	(2,283.2)
	4,743.5	4,231.2

Note: Non-current portion of other payables comprise of deposits received for rentals of HK$69.0 million (2023: HK$70.7 million) and payable for gaming concession right of HK$2,209.7 million (2023: HK$2,212.5 million) at 31 December 2024. These liabilities are classified as non-current based on the contractual or scheduled repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

24. 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:

	2024 HK$ million	2023 HK$ million
Age		
0 to 30 days	**363.1**	325.3
31 to 60 days	**29.3**	13.5
61 to 90 days	**2.5**	7.6
Over 90 days	**0.7**	2.2
	395.6	348.6

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 time frame.

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

	2024 HK$ million	2023 HK$ million
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	**106.3**	113.3
An associate and a joint venture of the Group	**14.1**	12.2
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	**99.1**	170.7
	219.5	296.2

	2024 HK$ million	2023 HK$ million
The payable for gaming concession right are repayable:		
Within one year	**283.7**	281.0
Within a period of more than one year but not exceeding two years	**409.8**	263.1
Within a period of more than two years but not exceeding five years	**1,024.3**	931.4
Within a period of more than five years	**775.6**	1,018.0
	2,493.4	2,493.5
Less: Amounts due within one year shown under current liabilities	**(283.7)**	(281.0)
Amounts shown under non-current liabilities	**2,209.7**	2,212.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. BANK LOANS

	2024 HK$ million	2023 HK$ million
The syndicated secured bank loans are repayable:		
Within one year	**1,729.5**	970.7
Within a period of more than one year but not exceeding two years	**1,719.7**	1,460.3
Within a period of more than two years but not exceeding five years	**10,050.0**	12,804.9
	13,499.2	15,235.9
Less: Amounts due within one year shown under current liabilities	**(1,729.5)**	(970.7)
Amounts shown under non-current liabilities	**11,769.7**	14,265.2

Variable-rate bank loans comprise:

	Carrying amounts	
	2024 HK$ million	2023 HK$ million
Secured bank loans for GLP Project ("GLP Bank Loans")		
HK$ bank loan at 1-month Hong Kong Interbank Offered Rate ("HIBOR") +1.25% to 2.25% per annum	**12,405.2**	14,264.2
MOP bank loan at 1-month Macau Interbank Offered Rate ("MAIBOR") +1.25% to 2.25% per annum	**689.2**	792.5
	13,094.4	15,056.7
Secured bank loans for Ponte 16 ("P16 Bank Loans")		
HK$ bank loan at 1-month HIBOR + 2.50% per annum	**404.8**	179.2
Total bank loans	**13,499.2**	15,235.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. BANK LOANS (Continued)

GLP Bank Loans

During the year ended 31 December 2024, the Group recorded a loss of HK$25.6 million (2023: HK$59.0 million) on modification of the GLP Bank Loans facilities because of the modified repayment schedule of the GLP Bank Loans facilities.

The Company is not subject to the financial covenant tests on consolidated interest coverage ratio and consolidated leverage ratio during year ended 31 December 2024.

At 31 December 2024, the effective interest rates of the secured bank loans is 6.53% (2023: 7.33%) per annum. The purpose of the secured syndicated loan facilities is for financing the GLP Project.

At 31 December 2024, 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$32,999.7 million and HK$1,616.2 million respectively (2023: secured by certain non-gaming property and equipment and right-of-use assets of the Group with carrying values of HK$33,665.9 million and HK$1,658.3 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 (31 December 2023: HK$20,900 million) issued by SJM and endorsed by the Company and certain subsidiaries of SJM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

25. BANK LOANS (Continued)

P16 Bank Loans

During the year ended 31 December 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. The purpose for the facilities are for the use of non-gaming working capital.

At 31 December 2024, the effective interest rate of the secured bank loans is 7.10% (2023: 8.09%) per annum. The main purpose of the loans is to finance the payment of the land premium and the related cost for any land concession modification in respect of the phase 3 development project at Ponte 16 and settle certain loans from non-controlling shareholders.

At 31 December 2024, the P16 Bank Loans are secured by certain property and equipment and right-of-use assets of the Group with carrying values of HK$373.8 million (2023: HK$388.7 million) and HK$68.0 million (2023: HK$53.0 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 HK$1,000 million (2023: HK$1,000 million) and HK$490 million (2023: HK$490 million), respectively;

(ii) an assignment of all receivables and income from gaming and hotel operation of Pier 16 – Property Development Limited ("Pier 16 – Property") and its subsidiaries, if default;

(iii) floating charges over all assets (except immovable property) and legal charges over certain bank accounts of certain subsidiaries;

(iv) assignments of all the rights and benefits of insurance policies relating to certain properties held by the Group, if default; and

(v) share pledges over the shares of certain subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. UNSECURED NOTES

	2024 HK$ million	2023 HK$ million
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	**3,942.4**	3,935.0
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	**3,861.3**	3,934.9
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	**1,253.8**	1,251.8
MOP300,000,000 unsecured notes carry fixed coupon rate of 3.90% per annum, payable semi-annually with maturity in 2026 at carrying amounts	**292.4**	292.0
	9,349.9	9,413.7

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27. LEASE LIABILITIES

	2024 HK$ million	2023 HK$ million
Lease liabilities payable:		
Within one year	**77.0**	37.5
Within a period of more than one year but not exceeding two years	**69.5**	32.9
Within a period of more than two years but not exceeding five years	**69.2**	54.3
Within a period of more than five years	**456.7**	470.8
	672.4	595.5
Less: Amount due for settlement within 12 months shown under current liabilities	**(77.0)**	(37.5)
Amount due for settlement after 12 months shown under non-current liabilities	**595.4**	558.0

The weighted average incremental borrowing rate applied to lease liabilities is 2.66% (2023: 2.48%).

Restrictions or covenants on leases

Lease liabilities of HK$672.4 million are recognised with related right-of-use assets of HK$2,507.7 million as at 31 December 2024 (2023: lease liabilities of HK$595.5 million and related right-of-use assets of HK$2,483.5 million). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. The related leased assets may not be used as security for borrowing purposes.

As at 31 December 2024, the amounts are secured by rental deposits with carrying values of HK$13.6 million (2023: HK$8.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

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

During the year ended 31 December 2024, imputed interest of HK$8.6 million (2023: HK$8.7 million) on the amount due to the non-controlling interests of a subsidiary of HK$333.3 million (2023: HK$348.2 million) has been recognised at an effective interest rate of approximately 2.57% (2023: 2.55%) per annum. At 31 December 2024, the principal amount was HK$341.9 million (2023: HK$366.4 million). During the year ended 31 December 2024, these carrying amounts were adjusted by HK$1.0 million (2023: nil) because of changes in cash flow estimates, computed based on the present value of future cash outflows discounted at the original effective interest rate.

At 31 December 2024, the total carrying amounts were classified as current liabilities (2023: non-current liabilities).

29. 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. The loan amount would be repayable in full on 1 December 2028. At 31 December 2024, the loan amount was classified as non-current liabilities.

30. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities need to be offset for both years.

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the year:

	Accelerated tax depreciation HK$ million	**Tax losses** HK$ million	**Right-of-use assets** HK$ million	**Lease liabilities** HK$ million	**Total** HK$ million
At 1 January 2023 (restated)	(24.6)	14.1	(48.2)	48.2	(10.5)
(Charge) credit to profit or loss *(note 10)*	(21.2)	21.2	7.0	(7.0)	—
At 31 December 2023	**(45.8)**	**35.3**	**(41.2)**	**41.2**	**(10.5)**
(Charge) credit to profit or loss *(note 10)*	**(30.7)**	**28.5**	**7.5**	**(7.5)**	**(2.2)**
At 31 December 2024	**(76.5)**	**63.8**	**(33.7)**	**33.7**	**(12.7)**

At 31 December 2024, the Group has unrecognised tax losses of HK$2,227.4 million (2023: HK$3,175.7 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. These unrecognised tax losses will expire in three years from the year of assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. CONVERTIBLE BOND

Champion Power Global Limited, a subsidiary of the Company, 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 were 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 9.54%.

The movement of the liability and equity component of the convertible bond since the issuance of the convertible bond to 31 December 2024 is set out below:

	Liability Component HK$ million	**Equity Component** HK$ million
At 1 January 2023	1,394.3	574.7
Interest expenses	137.2	—
Interest repayment	(38.1)	—
At 31 December 2023	**1,493.4**	**574.7**
Interest expenses	**147.0**	**—**
Interest repayment	**(38.1)**	**—**
At 31 December 2024	**1,602.3**	**574.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

32. SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amount HK$ million
Ordinary shares with no par value		
At 1 January 2023, 31 December 2023 and 31 December 2024	**7,101,805,366**	**14,415.1**

33. SHARE OPTION SCHEME

According to an ordinary resolution passed at the annual general meeting held on 13 May 2009, the Company adopted a share option scheme (the "Scheme"), which lapsed automatically on 13 May 2019 upon the expiry of 10-year period, for the purpose of providing incentives to participants to contribute to the Group and/or to enable the Group to recruit high-calibre employees and/or attract human resources that are valuable to the Group. Under the Scheme, the directors might grant options to any employees, officers, agents, consultants or representatives of the Company or any subsidiary, including directors of the Company and any subsidiary (the "Participants") who, as the directors might determine in their absolute discretion, are regarded as valuable human resources of the Group. Following the expiry of the Scheme, no further share options can be granted thereunder but the outstanding share options granted under the Scheme shall continue to be valid and exercisable.

One-third of the options granted are exercisable for a period of nine years commencing on the date each falling six months, 1.5 years and 2.5 years after the date of grant. All options granted are expiring on the last day of the said nine years period; where the acceptance date should not be later than 28 days after the date of grant. A nominal consideration of HK$1 is payable on acceptance of the grant of options. The subscription price of the option shares is not less than the higher of (i) the closing price of the shares on the date of grant; (ii) the average closing price of the shares on the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed in nominal amount of 10% of the issued share capital of the Company at the date of adoption of the Scheme. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital from time to time.

The maximum entitlement of each Participant, excluding substantial shareholders and independent non-executive directors, in any 12-month period (including the date of grant) is 1% of the number of shares in issue as at the date of grant. No grant may be made to substantial shareholders and independent non-executive directors of the Company or their respective associates if such grant would result in the shares issued and falling to be issued upon the exercise of such options proposed to be granted and all other options already granted and to be granted (a) representing in aggregate over 0.1% of the number of shares then in issue; and (b) having an aggregate value, based on the closing price of the shares on each relevant date on which the grant of such options is made, is in excess of HK$5 million, unless such grant has first been approved by the independent shareholders in general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. SHARE OPTION SCHEME (Continued)

A summary of the movements of the outstanding options during the year ended 31 December 2024 under the Scheme is as follows:

					Number of share options						
Type of participants	**Date of grant**	**Vesting period**	**Exercise period**	**Exercise price per share** HK$	Outstanding at 1.1.2023	Reclassified in 2023	Lapsed/ forfeited in 2023	**Outstanding at 31.12.2023**	**Reclassified in 2024**	**Lapsed/ forfeited in 2024**	**Outstanding at 31.12.2024**
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**	**(178,690)**	**(12,840,000)**	**—**
	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**	**(178,690)**	**(12,840,000)**	**—**
	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**	**(177,620)**	**(12,840,000)**	**—**
	22.6.2017	22.6.2017 to 21.12.2018	22.12.2018 to 21.12.2026	7.785	535,000	—	—	**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**	**—**	**—**	**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**	**—**	**—**	**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**	**—**	**—**	**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**	**—**	**—**	**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)	**—**	**—**	**—**	**—**
	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)	**—**	**—**	**—**	**—**
	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)	**—**	**—**	**—**	**—**
	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	(498,620)	**17,039,750**	**—**	**(17,039,750)**	**—**
	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	(498,620)	**17,044,030**	**—**	**(17,044,030)**	**—**
	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	(490,060)	**16,965,920**	**—**	**(16,965,920)**	**—**
Other participants	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	1,071,070	—	(178,690)	**892,380**	**178,690**	**(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	—	(178,690)	**11,592,380**	**178,690**	**(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	—	(177,620)	**11,590,240**	**177,620**	**(11,767,860)**	**—**
					156,175,060	—	(37,180,360)	**118,994,700**	**—**	**(114,179,700)**	**4,815,000**
Weighted average exercise price per share					HK$11.74	—	HK$19.94	**HK$9.18**	**—**	**HK$9.18**	**HK$8.99**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. SHARE OPTION SCHEME (Continued)

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.

On 26 June 2024, one director of the Company retired but remained as an advisor of the Company and continues to act as the chairman of Supervisory Committee of SJM and its certain subsidiaries in Macau SAR. The classification of outstanding number of such retired director's share options are reclassified to service providers' section.

At the end of the reporting period, 4,815,000 (2023: 118,994,700) share options are exercisable.

During the year ended 31 December 2024, the Group has not recognised expenses (2023: nil) in relation to share options granted by the Company.

34. RESERVES

	Share options reserve HK$ million	**Retained profits** HK$ million	**Total** HK$ million
THE COMPANY			
At 1 January 2023	674.6	7,307.3	7,981.9
Loss and total comprehensive expense for the year	—	(430.8)	(430.8)
Release of lapsed/forfeited share-based payments	(290.1)	290.1	—
At 31 December 2023	**384.5**	**7,166.6**	**7,551.1**
Loss and total comprehensive expense for the year	**—**	**(556.5)**	**(556.5)**
Release of lapsed/forfeited share-based payments	**(367.6)**	**367.6**	**—**
At 31 December 2024	**16.9**	**6,977.7**	**6,994.6**

35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2024, property and equipment totalling HK$183.5 million (2023: HK$50.8 million) were acquired by utilising deposits made on acquisitions of property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. CAPITAL COMMITMENTS

	2024 HK$ million	2023 HK$ million
Contracted for but not provided in the consolidated financial statements:		
— GLP Project	**—**	96.0
— Others	**759.6**	331.3
	759.6	427.3

At 31 December 2024, capital expenditure in respect of acquisitions of property and equipment committed to acquire from related parties amounted to HK$149.4 million (2023: HK$0.1 million).

37. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Certain premises in the Group's properties and equipment have committed lessees ranging from 1 to 12 years respectively (2023: 1 to 12 years), and the rentals are pre-determined at fixed amounts except for certain leases of which contingent rentals are charged based on the percentage of sales. The lease commitments presented below is based on the existing committed monthly minimum lease payments.

Undiscounted lease payments receivable on leases are as follows:

	2024 HK$ million	2023 HK$ million
Within one year	**130.5**	83.5
In the second year	**112.2**	127.3
In the third year	**23.9**	108.7
In the fourth year	**22.2**	21.0
In the fifth year	**18.9**	20.7
After five years	**78.7**	96.5
	386.4	457.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. RETIREMENT BENEFITS SCHEMES

Employees employed by the Group's operations in Macau SAR are members of government-managed social benefits schemes operated by the Macau SAR government. The Macau SAR operations are required to pay a monthly fixed contribution to the social benefits schemes to fund the benefits. The only obligation of the Group with respect to the social benefits schemes operated by the Macau SAR government is to make the required contributions under the schemes.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of a trustee. The Group contributes 5% of the relevant payroll costs to the MPF Scheme, which is matched with mandatory contribution of all employees. For certain employees, the maximum monthly contribution was limited to HK$1,500 per employee.

The Group operates a defined contribution retirement scheme for all qualifying employees since 2003. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees. The retirement scheme cost recognised in profit or loss represents contributions payable to the funds by the Group at rates specified in the rules of the scheme.

The Group operates a Non-mandatory Central Provident Fund (the "CPF") for all qualifying employees since 2020. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees. The Group contributes 5% of the relevant payroll costs to the CPF, which is matched with contribution of all relevant employees.

Where there are employees of the Group who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank loans, unsecured notes, lease liabilities, amount due to non-controlling interests of a subsidiary, loan from ultimate holding company, payable for gaming concession right (included in trade and other payables), convertible bond and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in these consolidated financial statements.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends and new share issues, as well as raising bank borrowings and issuing new debt or the redemption of existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

Financial instruments are fundamental to the Group's daily operations. The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(b) Categories of financial instruments

	2024 HK$ million	2023 HK$ million
Financial assets		
Investments in equity instruments designated at FVTOCI	**357.0**	370.9
Amortised cost	**3,899.8**	5,120.0
	4,256.8	5,490.9
Financial liabilities		
Amortised cost	**31,094.8**	32,609.9

Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

(c) Credit risk management and impairment assessment

As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the Group's statement of financial position.

The Group has concentration of credit risk as 83% (2023: 94%) of the advances and receivables are due from the Group's four largest patrons (2023: four largest patrons). Other than concentration of credit risk on advances to gaming patrons, the Group does not have any other significant concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (Continued)

(c) Credit risk management and impairment assessment (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for the patrons and service providers. The Group may at its discretion extend credit periods for certain patrons and service provider with long-term relationship and good repayment patterns. The Group assessed the ECL for advances to gaming patrons, other receivables from service providers and lease receivables individually as at 31 December 2024 and 31 December 2023.

During the year ended 31 December 2024 and 2023, no addition or reversal of impairment allowance for advances to gaming patrons, other receivables from service providers was provided. As at 31 December 2024, loss allowance with an aggregate balance of HK$523.2 million (2023: HK$523.2 million) represents individually credit-impaired advances to gaming patrons and other receivables from service providers which are impaired as the management considered the outstanding balances from these gaming patrons and service providers were uncollectible given that one or more events of default occurred.

No impairment allowance is recognised for the non-credit-impaired advances to gaming patrons, other receivables from service providers and lease receivables since the loss given default and exposure at default are significantly reduced as those advances to gaming patrons are subject to certain offsetting and enforceable netting agreements, certain service providers provided bank guarantees and rental deposits received to the Group as well as due to the low probability of default of the patrons and service providers based on historical credit loss experience. The management has also assessed all available forward looking information, including but not limited to expected growth rate and future development of gaming industry, and concluded that there is no significant credit risk.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to its bank balances and bank loans. The Group is also exposed to fair value interest rate risk in relation to its fixed-rate bank deposits, pledged bank deposits, short-term bank deposits, unsecured notes, payable for gaming concession right (included in trade and other payables), convertible bond, loan from ultimate holding company and lease liabilities. The Group currently does not have a policy on hedging of interest rate risks. However, the management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR/MAIBOR arising from bank loans.

The sensitivity analyses below have been determined based on the exposure to interest rates for bank balances and bank loans. The analyses were prepared assuming these balances outstanding at the end of the reporting period were outstanding for the whole year. 5 basis points and 50 basis points (2023: 5 basis points and 50 basis points) increase, respectively, represent management's assessment of the reasonably possible change in interest rates.

Interest rates had been 5 or 50 basis points higher/lower for bank balances and bank loans, respectively, and all other variables were held constant, the Group's post-tax profit for the year would decrease by HK$66.9 million (2023: post-tax loss would increase by HK$75.2 million). This is mainly attributable to the Group's exposure to interest rates on its bank balances and bank loans with variable rate.

	2024	2023
	HK$ million	HK$ million
Decrease in profit for the year (2023: Increase in loss for the year)	**(66.9)**	(75.2)

If interest rates had been lower in an opposite magnitude and all other variables held constant, the potential effect on the results would be equal and opposite.

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (Continued)

(e) Price risk management

The Group is exposed to equity price risk on the investments in listed equity securities measured at FVTOCI, operating in gaming, entertainment and hotel industry sector. The Group currently does not have a policy to hedge such risk. In addition, the Group also invested in certain unquoted equity securities for investees operating in gaming, entertainment and hotel industry sector for long-term strategic purposes which were designated at FVTOCI. The Group has designated a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risk on the equity securities in investments in equity securities designated at FVTOCI at the end of the reporting period. If the fair value on such equity securities had been 10% (2023: 10%) higher/lower, the potential effect on the investment revaluation reserve is as follows:

The Group's investment revaluation reserve would increase/decrease by HK$35.7 million (2023: HK$37.1 million) arising from the listed equity securities and unlisted equity shares in investments in equity instruments designated at FVTOCI.

In the management's opinion, the sensitivity analysis is unrepresentative of the price risk as the year end exposure does not reflect the exposure during the year.

(f) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The management of the Group are taking active steps to improve the future liquidity position of the Group by generating sufficient operating funds internally and utilising undrawn banking facilities.

The following table details the Group's remaining contractual maturities of financial liabilities that are exposed to liquidity risk based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The maturity dates for other financial liabilities are based on agreed payment terms. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount of interest payment is estimated based on the interest rate at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (Continued)

(f) Liquidity risk management (Continued)

	Weighted average effective interest rate	Not more than 3 months or on demand HK$ million	Over 3 months but not more than 1 year HK$ million	1 year to 5 years HK$ million	Over 5 years HK$ million	Total undiscounted cash flow HK$ million	Carrying amount HK$ million
At 31 December 2024							
Trade payables	—	**387.7**	**7.9**	—	—	**395.6**	**395.6**
Chips in circulation	—	**386.7**	—	—	—	**386.7**	**386.7**
Other payables	—	**344.7**	**613.9**	**33.4**	**35.6**	**1,027.6**	**1,027.6**
Payable for gaming concession right	**9.31%**	**147.8**	**145.3**	**1,836.2**	**1,377.2**	**3,506.5**	**2,493.4**
Amount due to non-controlling interests of a subsidiary	**2.57%**	—	**341.9**	—	—	**341.9**	**333.3**
Loan from ultimate holding company	**4.00%**	—	**80.0**	**2,240.2**	—	**2,320.2**	**2,006.8**
Bank loans *(Note)*	**6.54%**	**450.9**	**2,119.0**	**13,337.0**	—	**15,906.9**	**13,499.2**
Unsecured notes	**4.68%**	**179.3**	**239.4**	**9,792.3**	—	**10,211.0**	**9,349.9**
Convertible bond	**9.54%**	—	**38.1**	**1,982.2**	—	**2,020.3**	**1,602.3**
Lease liabilities	**2.66%**	**23.3**	**70.8**	**191.5**	**682.3**	**967.9**	**672.4**
		1,920.4	**3,656.3**	**29,412.8**	**2,095.1**	**37,084.6**	**31,767.2**
At 31 December 2023							
Trade payables	—	344.1	4.5	—	—	348.6	348.6
Chips in circulation	—	407.7	—	—	—	407.7	407.7
Other payables	—	231.7	559.7	33.5	37.2	862.1	862.1
Payable for gaming concession right	9.31%	144.3	146.2	1,629.5	1,785.3	3,705.3	2,493.5
Amount due to non-controlling interests of a subsidiary	2.55%	—	—	366.4	—	366.4	348.2
Loan from ultimate holding company	4.00%	—	80.2	2,320.2	—	2,400.4	2,006.8
Bank loans *(Note)*	7.33%	522.1	1,540.0	17,219.9	—	19,282.0	15,235.9
Unsecured notes	4.68%	181.2	241.5	10,301.6	—	10,724.3	9,413.7
Convertible bond	9.54%	—	38.1	2,020.4	—	2,058.5	1,493.4
Lease liabilities	2.48%	14.4	38.1	140.2	708.7	901.4	595.5
		1,845.5	2,648.3	34,031.7	2,531.2	41,056.7	33,205.4

Note: The amounts included above for variable-rate bank loans are subject to change if variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement 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 inputs are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 inputs 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 inputs are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 31 December 2024 HK$ million	31 December 2023 HK$ million	Fair value hierarchy	Valuation technique(s) and key input(s)
Investments in equity instruments designated at FVTOCI				
Listed equity securities	**42.8**	56.7	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

There were no transfers between Levels 1 and 2 during the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement of financial instruments (Continued)

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 31 December 2024 listed on the Stock Exchange and MOX were HK$7,382.9 million and HK$1,500.9 million respectively. The estimated fair value of unsecured notes listed on the Stock Exchange were derived from the quoted prices that were observable from an inactive market 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 consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows (used in) from financing activities.

	Bank loans HK$ million *(note 25)*	**Unsecured notes** HK$ million *(note 26)*	**Amount due to non-controlling interests of a subsidiary** HK$ million *(note 28)*	**Loan from ultimate holding company** HK$ million *(note 29)*	**Convertible bond** HK$ million *(note 31)*	**Interest payables** HK$ million *(Note)*	**Payable for gaming concession right** HK$ million *(Note)*	**Lease liabilities** HK$ million *(note 27)*	**Total** HK$ million
At 1 January 2023	18,975.3	9,400.6	339.5	2,006.8	1,394.3	0.2	—	650.3	32,767.0
Net financing cash flows	(3,801.0)	(422.7)	—	(80.0)	(38.1)	(1,018.4)	(290.0)	(64.3)	(5,714.5)
Loss on modification of bank loans, net	58.6	—	—	—	—	—	—	—	58.6
Lease modification *(note 14)*	—	—	—	—	—	—	—	(50.5)	(50.5)
New leases entered	—	—	—	—	—	—	—	43.7	43.7
Interest expenses	3.0	435.8	8.7	80.0	137.2	1,018.4	230.7	16.3	1,930.1
Recognition of gaming concession right	—	—	—	—	—	—	2,559.1	—	2,559.1
Adjustment to future payments *(note 15)*	—	—	—	—	—	—	(6.3)	—	(6.3)
At 31 December 2023	15,235.9	9,413.7	348.2	2,006.8	1,493.4	0.2	2,493.5	595.5	31,587.2
Net financing cash flows	**(1,762.3)**	**(496.6)**	**(24.5)**	**(80.2)**	**(38.1)**	**(971.0)**	**(292.5)**	**(79.7)**	**(3,744.9)**
Loss on modification of bank loans, net	**25.6**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**25.6**
Lease modification *(note 14)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(0.3)**	**(0.3)**
New leases entered	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**138.5**	**138.5**
Interest expenses	**—**	**436.9**	**8.6**	**80.2**	**147.0**	**971.4**	**230.1**	**18.4**	**1,892.6**
Early repurchase of unsecured notes	**—**	**(4.1)**	**—**	**—**	**—**	**—**	**—**	**—**	**(4.1)**
Adjustment to future payments *(note 15)*	**—**	**—**	**—**	**—**	**—**	**—**	**62.3**	**—**	**62.3**
Arising from changes in cash flow estimates on amount due to non-controlling interests of a subsidiary *(note 28)*	**—**	**—**	**1.0**	**—**	**—**	**—**	**—**	**—**	**1.0**
At 31 December 2024	**13,499.2**	**9,349.9**	**333.3**	**2,006.8**	**1,602.3**	**0.6**	**2,493.4**	**672.4**	**29,957.9**

Note: The amount is included in trade and other payables as set out in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS

(a) Other than the transactions and balances with related parties disclosed in respective notes in the consolidated financial statements, during the year, 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	2024 HK$ million	2023 HK$ million
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group ("STDM Group")	***Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules***		
	Laundry services *(note 42(e))*	**22.9**	22.9
	Entertainment *(note 42(e))*	**5.4**	5.8
	Hotel accommodation *(note 42(e))*	**49.3**	49.1
	Hotel management and operation *(note 42(e))*	**5.2**	5.9
	Maintenance services *(note 42(e))*	**9.1**	9.7
	Promotional and advertising services *(note 42(e))*	**18.2**	11.2
	Rental income *(note 42(c))*	**79.7**	79.6
	Property rentals *(note 42(d))*	**0.1**	2.2
	Transportation *(note 42(e))*	**2.3**	0.5
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Loan interest *(note 29)*	**80.2**	80.0
	Others *(note 42(f))*	**10.8**	10.9
	Non-exempt connected transactions under Chapter 14A of the Listing Rules		
	Right-of-use assets — HKFRS 16 *(note 42(d))*	**—**	16.2
	Deposit paid for acquisition of property *(note 42(l))*	**16.6**	—
	Acquisition of subsidiaries *(note 42(m))*	**31.5**	—
Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	***Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules***		
	Service fees paid to a service provider in relation to the promotion of a casino *(note 42(k))*	**607.3**	325.7
	Property rentals *(note 42(g))*	**7.4**	34.3
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Others *(note 42(f))*	**23.7**	24.3
	Non-exempt connected transactions under Chapter 14A of the Listing Rules		
	Right-of-use assets — HKFRS 16 *(note 42(g))*	**136.3**	0.5
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	**111.6**	117.1
	Construction costs	**—**	5.1
	Promotion and advertising expenses	**0.5**	2.4
	Others	**11.1**	18.7
An associate	Construction costs and management fee paid	**—**	6.6
A joint venture	Property rentals *(note 42(j))*	**14.4**	11.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS (Continued)

(b) In 2002, SJM was granted a concession to operate casinos in Macau SAR. For this purpose, SJM has been borrowing casino chips from STDM for the purpose of its business operation since SJM, as a new concessionaire from 2002, did not have sufficient casino chips to meet its business needs. According to the Gaming Concession Contract, SJM is permitted to use STDM's casino chips, both in treasury and those put in circulation by STDM prior to 1 April 2002 and should honour such casino chips. In order to regulate the borrowing and use of STDM chips, the Group entered into an agreement with STDM dated 18 June 2008 (the "Chips Agreement") regarding the honouring and borrowing of STDM chips. Under the Chips Agreement, the Group has agreed to honour the STDM chips in circulation upon their redemption by patrons or clients. In addition, STDM has agreed to reimburse the STDM chips presented by the Group to STDM, by paying to the Group in cheque the aggregate face value of chips so presented within the same quarter when such presentation takes place. During the year ended 31 December 2024, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK$0.2 million (2023: nil).

(c) SJM entered into an agreement dated 21 January 2020 with NYH Gestão de Vendas a Retalho Limitada ("NYH"), an indirect wholly-owned subsidiary of STDM, for which SJM grant the rights to use the shop to NYH for the purpose of operating a department store at the shop located in Grand Lisboa Palace Resort. The term of the lease will be 12 years and 6 months commencing on 27 July 2021. The amounts of transactions during the period were disclosed in note 42(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 "PLMA 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 PLMA 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 PLMA 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 of transactions during the period were disclosed in note 42(a) above.

The amount disclosed in note 42(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 year ended 31 December 2024, the lease transactions with related parties represent addition of right-of-use assets of nil (2023: HK$16.2 million), incurred expenses relating to the relevant short-term leases of HK$0.1 million (2023: HK$2.2 million) and interest expenses of HK$0.3 million (2023: HK$0.4 million) on the relevant lease liabilities with carrying amount of HK$6.0 million as at 31 December 2024 (2023: HK$12.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. 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 and were de minimis as described in note 42(f). The Renewed 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) These are individually de minimis transactions as defined under Rule 14A.76 of the Listing Rules, which are continuing connected transactions on normal commercial terms, exempt from reporting, annual review, announcement and independent shareholders' approval requirements as defined under Rule 14A.76(1) of the Listing Rules.

(g) 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 "PLMA with Deputada Leong") 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 renewed the PLMA with Deputada Leong which expired on 31 December 2019. The PLMA with Deputada Leong was further renewed on 23 December 2019 for a term of three years from 1 January 2020 with similar terms as the previous agreement, and 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 of transactions during the period were disclosed in note 42(a) above.

The amount disclosed in note 42(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS (Continued)

(g) (Continued)

During the year ended 31 December 2024, the lease transactions represent addition of right-of-use assets of HK$136.3 million (2023: HK$0.5 million), incurred expenses relating to the relevant short-term leases of HK$7.4 million (2023: HK$34.3 million) and interest expenses of HK$3.3 million (2023: nil) on the relevant lease liabilities with carrying amount of HK$108.0 million as at 31 December 2024 (2023: HK$0.4 million).

As detailed in the Company's announcement dated 31 May 2024, the Company entered into a sublease contract with the sublessor of Jai Alai Building for the period from 1 April 2024 to 31 March 2027. The amounts of transactions during the period were disclosed in note 42(a) above.

(h) Save as disclosed in note 25, 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 (2023: HK$490 million); and

(ii) share pledges over all shares in Pier 16 – Property and its subsidiaries.

(i) In November 2007, the then 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. RELATED PARTY TRANSACTIONS (Continued)

(j) The amount disclosed in note 42(a) represents the property rentals with related parties and/or connected parties for the expenses relating to the relevant short-term leases.

(k) 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 for 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 transaction since 17 May 2021. The agreement with L'Arc Entertainment was further renewed on 30 December 2022, regarding the services and licensing for occupation and use of designated area in L'Arc Hotel to SJM for the operation of a casino until 31 December 2025.

(l) As detailed in the Company's announcement dated 21 May 2024, the Group entered into a promissory agreement to acquire Kam Pek Community Centre (now known as "Kam Pek Market") ("Kam Pek") with STDM at a cash consideration of HK$166 million. During the year ended 31 December 2024, the Group had paid the deposit for acquisition of Kam Pek amounting to HK$16.6 million and the remaining consideration will be settled in cash by 31 March 2025. The seller in the acquisition is a connected person of the Company, and hence the acquisition constituted a connected transaction pursuant to Chapter 14A of the Listing Rules.

(m) As detailed in the Company's announcement dated 21 May 2024, the Group entered into transfer agreements to acquire the entire equity interests in NYH European Fine Cuisine Company Limited ("NYH Euro") and NYH Italian Fine Cuisine Company Limited ("NYH Italian") with STDM and the members of the STDM Group at a cash consideration of HK$18.9 million and HK$12.6 million respectively. NYH Euro and NYH Italian are principally engaged in the food and beverage service in Grand Lisboa Palace Resort and were acquired with the objective of improving the Group's food and beverage service. The acquisitions were completed on the same date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. INVESTMENTS IN SUBSIDIARIES

	2024 HK$ million	2023 HK$ million
Unlisted shares, at cost	**8,535.4**	8,535.4
Deemed capital contribution in relation to issue of convertible bond by a subsidiary	**95.5**	95.5
	8,630.9	8,630.9

Details of the Company's principal subsidiaries at the end of the reporting period are set out in note 45.

44. AMOUNTS DUE FROM SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES

The amounts due from subsidiaries are unsecured. Included in the balances is an amount of HK$19,173.4 million (2023: HK$19,173.4 million) which is expected to be realised after 12 months from the end of the reporting period, hence, the amount is classified as non-current asset, out of which HK$9,349.9 million (2023: HK$9,413.7 million) carries interest ranging from 3.90% to 4.85% and out of which HK9,823.5 million (2023: HK$9,759.7 million) is interest-free and repayable on demand. The remaining balances are interest-free and expected to be realised within 12 months from the end of the reporting period.

The amounts due to subsidiaries are unsecured, carry interest ranging from 3.90% to 4.85% and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are as follows:

(a) General information of subsidiaries

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ quota capital	Attributable proportion of nominal value of issued share capital/ quota capital held by the Group		Principal activity
			2024	2023	
Bondwell Limited	Hong Kong	Ordinary share: HK$1	**100%**	100%	Property holding
Brilliant Sky International Limited	Macau SAR	Quota capital: MOP25,000	**100%**	100%	Provision of marketing and promotion services
Brilliant Sky Investments Limited	British Virgin Islands/ Macau SAR	Share: US$1	**100%**	100%	Investment holding
Brilliant Talent Hospitality Services Limited	Macau SAR	Quota capital: MOP25,000	**100%**	100%	Provision of hospitality services
Champion Moments Limited	British Virgin Islands/ Hong Kong	Share: US$1	**100%**	100%	Provision of treasury services
Champion Path Holdings Limited	British Virgin Islands/ Hong Kong	Share: US$1	**100%**	100%	Provision of treasury services
Champion Power Global Limited	British Virgin Islands/ Hong Kong	Share: US$1	**100%**	100%	Provision of treasury services
Cotai Magnific View – Property Development Company Limited	Macau SAR	Ordinary shares: MOP1,000,000	**100%**	100%	Preparation for property development
GLP Hospitality Services Limited	Macau SAR	Quota capital: MOP500,000	**100%**	100%	Provision of management services for hotel operations
GLP Shopping Mall Management Limited	Macau SAR	Quota capital: MOP500,000	**100%**	100%	Provision of management services for shopping mall
Grand Lisboa – Hotel Administration Company Limited	Macau SAR	Ordinary shares: MOP1,000,000	**100%**	100%	Hotel operations
Grand Lisboa – Property Investment Company Limited	Macau SAR	Ordinary shares: MOP1,000,000	**100%**	100%	Property holding
Harbour Tide Limited	British Virgin Islands/ Macau SAR	Share: US$1	**100%**	100%	Property holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ quota capital	Attributable proportion of nominal value of issued share capital/ quota capital held by the Group 2024	2023	Principal activity
Honour State International Limited	British Virgin Islands/ Hong Kong	Share: US$1	**100%**	100%	Securities and investment holding
Macau Dredging Services Limited	Macau SAR	Quota capital: MOP1,000,000	**100%**	100%	Provision of dredging services
Nam Van Lake View Investment Limited	Macau SAR	Quota capital: MOP1,000,000	**100%**	100%	Property holding
New Hop Wo Catering Company Limited	Macau SAR	Quota capital: MOP100,000	**100%**	100%	Provision of food and beverage services
NYH European Fine Cuisine Company Limited	Macau SAR	Quota capital: MOP25,000	**100%**	N/A *(Note (e))*	Provision of food and beverage services
NYH Italian Fine Cuisine Company Limited	Macau SAR	Quota capital: MOP25,000	**100%**	N/A *(Note (e))*	Provision of food and beverage services
Pier 16 – Entertainment Group Corporation Limited	Macau SAR	Quota capital: MOP25,000	**51%**	51%	Provision of management services for casino operations
Pier 16 – Management Limited	Macau SAR	Quota capital: MOP25,000	**51%**	51%	Hotel operations
Pier 16 – Property Development Limited	Macau SAR	Ordinary shares: MOP10,000,000	**51%**	51%	Investment holdings and property development
SJM – Customer Services (HK) Limited	Hong Kong	Ordinary share: HK$1	**100%**	100%	Provision of customer services
SJM – F&B Services Limited	Macau SAR	Quota capital: MOP25,000	**100%**	100%	Provision of food and beverage services
SJM Holdings Management Services Limited	Hong Kong	Ordinary shares: HK$2	**100%**	100%	Provision of management services
SJM – Investment Limited	Macau SAR	Quota capital: MOP1,000,000	**100%**	100%	Investment holdings
SJM Retail Services Private Limited	Macau SAR	Quota capital: MOP25,000	**100%**	100%	Provision of retail services
SJM – Project Management Services (HK) Limited	Hong Kong	Ordinary share: HK$1	**100%**	100%	Provision of human resources and project management services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ quota capital	Attributable proportion of nominal value of issued share capital/ quota capital held by the Group		Principal activity
			2024	2023	
SJM Resorts, S.A.	Macau SAR	Ordinary shares: Type A shares MOP4,250,000,000 Type B shares: MOP750,000,000	**100%**	100% *(Note (a))*	Casino operations and investment holding
Vast Field Investments Limited	British Virgin Islands/ Hong Kong	Ordinary shares: US$1	**100%**	100%	Securities holding

Notes:

(a) Pursuant to the relevant requirements under Macau SAR law, SJM's ordinary shares are divided into two categories, namely, Type A shares and Type B shares representing 85% and 15% equity interests in SJM respectively. Holders of Type A shares have voting control of SJM in its shareholders' meeting. Except for one Type A share directly held by a wholly-owned subsidiary of the Company, the Company holds all the remaining Type A shares, whilst Type B shares are held by the managing director of SJM, pursuant to the relevant requirements under Macau SAR law. As Type B shares have restricted rights and only entitle the holder of Type B shares to an aggregate amount of MOP1 of dividend payable, the Company is effectively entitled to a 100% economic interest in SJM.

(b) Except for Champion Path Holdings Limited, Champion Moments Limited, Champion Power Global Limited, SJM Holdings Management Services Limited and SJM, all other principal subsidiaries listed above are indirectly held by the Company.

(c) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(d) None of the subsidiaries had any debt securities outstanding at the end of the year except for Champion Path Holdings Limited and Champion Moments Limited have issued unsecured notes and Champion Power Global Limited has issued convertible bond, in which none of the interest was held by the Group.

(e) NYH European Fine Cuisine Company Limited and NYH Italian Fine Cuisine Company Limited were acquired on 21 May 2024. The financial impact of these acquisition was immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

At the end of both reporting periods, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries are operated in Macau SAR. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Place of incorporation/ establishment/operations	Number of subsidiaries	
		2024	2023
Gaming related operations	Macau SAR	**1**	1
	Hong Kong	**3**	3
		4	4
Hotel, catering, retail and leasing related operations	Macau SAR	**—**	1
	Hong Kong	**1**	1
		1	2
Investment holdings/Inactive	British Virgin Islands/Macau SAR	**14**	14
	British Virgin Islands/Hong Kong	**3**	3
	Hong Kong	**9**	9
	Macau SAR	**3**	3
	Singapore	**1**	1
	South Korea	**1**	—
		31	30
		36	36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

45. PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
				HK$ million	HK$ million	**HK$ million**	HK$ million
Pier 16 – Property Development Limited	Macau SAR	**49%**	49%	**103.3**	134.8	**251.9**	149.6

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Pier 16 – Property Development Limited ("Pier 16 – Property")

	2024	2023
	HK$ million	HK$ million
Current assets	**235.2**	251.9
Non-current assets	**1,027.7**	591.6
Current liabilities	**(1,104.7)**	(52.7)
Non-current liabilities	**(20.5)**	(861.9)
Equity attributable to owners of Pier 16 – Property	**137.7**	(71.1)

	2024	2023
	HK$ million	HK$ million
Revenue	**641.2**	662.8
Cost of sales and expenses	**(427.7)**	(392.0)
Profit for the year	**210.8**	275.2
Profit attributable to owners of Pier 16 – Property	**210.8**	275.2
Net cash inflow from operating activities	**232.3**	223.3
Net cash outflow from investing activities	**(456.5)**	(162.9)
Net cash inflow (outflow) from financing activities	**162.8**	(65.0)
Net cash outflow	**(61.4)**	(4.6)

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE MEMBERS OF
SJM HOLDINGS LIMITED
澳門博彩控股有限公司
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of SJM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 98 to 200, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter

Impairment assessment of property and equipment and right-of-use assets related to Grand Lisboa Palace Project ("GLP Project")

We identified the impairment assessment of property and equipment and right-of-use assets related to GLP Project as a key audit matter because the estimation of the recoverable amount of these assets involved significant management judgement and estimation.

As at 31 December 2023, the carrying amounts of property and equipment and right-of-use assets related to GLP Project were HK$33,227.2 million and HK$1,830.4 million, respectively, as set out in note 4 to the consolidated financial statements. The management of the Group considered there was indication for impairment for these property and equipment and right-of-use assets and prepared discounted cash flow projections for GLP Project based on the financial budget approved by the management of the Group and engaged an independent professional valuer (the "Valuer") to conduct impairment assessment on their recoverable amount of property and equipment and right-of-use assets as at 31 December 2023. The key assumptions adopted by the management of the Group are the pre-tax discount rate, terminal growth rate and expected changes in revenues and costs in the discounted cash flow projections.

The Group estimated the recoverable amount of the property and equipment and right-of-use assets related to GLP Project based on higher of fair value less costs of disposal and value in use and concluded that the carrying amount of these assets does not exceed their recoverable amount based on value in use. Accordingly, no impairment loss has been recognised as at 31 December 2023 or for the year then ended.

Our procedures in relation to the impairment assessment of property and equipment and right-of-use assets related to GLP Project included:

- Understanding the impairment assessment process of the Group, including the involvement of the Valuer engaged by the management of the Group to estimate the recoverable amount based on the value in use of the property and equipment and right-of-use assets related to GLP Project;
- Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement;
- Assessing the reasonableness of the key assumptions adopted by the management of the Group, namely the terminal growth rate and expected changes in revenues and costs, in determining the recoverable amount based on the value in use of property and equipment and right-of-use assets related to GLP Project by comparing the management's expectations for the market development to relevant industry growth forecasts;
- Assessing the reasonableness of pre-tax discount rate applied by the management of the Group in the discounted cash flow projections by comparing it to our independent estimation for the discount rate based on market data and certain entity specific input data with the assistance of our valuation specialists; and
- Performing sensitivity analysis to determine the extent of change in pre-tax discount rate and terminal growth rate, either individually or collectively, to assess the potential impact on the value in use.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Au Mei Yin.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

6 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK$ million	2022 HK$ million
Gaming, hotel, catering, retail, leasing and related services revenues	5(a)	**21,623.2**	6,678.6
Gaming revenue	6	**20,059.2**	6,092.0
Special gaming tax and special levy		**(8,486.6)**	(2,680.6)
		11,572.6	3,411.4
Hotel, catering, retail, leasing and related services income		**1,564.0**	586.6
Cost of sales and services on hotel, catering, retail, leasing and related services		**(632.0)**	(401.9)
Other income, gains and losses		**250.9**	36.2
Impairment loss on financial assets		**—**	(143.7)
Impairment loss on property and equipment	13	**—**	(1,214.9)
Marketing and promotional expenses		**(3,825.4)**	(462.5)
Operating and administrative expenses		**(8,837.6)**	(8,476.5)
Finance costs	7	**(1,930.1)**	(1,122.6)
Share of losses of an associate	17	**(7.8)**	(3.2)
Share of profits of a joint venture	18	**6.5**	3.6
Loss before taxation	8	**(1,838.9)**	(7,787.5)
Taxation	10	**(36.1)**	(61.1)
Loss for the year		**(1,875.0)**	(7,848.6)
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		**(53.2)**	(57.0)
Total comprehensive expense for the year		**(1,928.2)**	(7,905.6)
(Loss) profit for the year attributable to:			
— owners of the Company		**(2,009.8)**	(7,798.4)
— non-controlling interests		**134.8**	(50.2)
		(1,875.0)	(7,848.6)
Total comprehensive (expense) income for the year attributable to:			
— owners of the Company		**(2,063.0)**	(7,855.4)
— non-controlling interests		**134.8**	(50.2)
		(1,928.2)	(7,905.6)
Loss per share:			
— Basic	12	**HK(28.3) cents**	HK(122.6) cents
— Diluted	12	**HK(28.3) cents**	HK(122.6) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK$ million	2022 HK$ million
Non-current assets			
Property and equipment	13	**38,353.9**	40,049.7
Right-of-use assets	14	**2,483.5**	2,599.0
Gaming concession right	15	**2,297.1**	—
Art works and diamonds	16	**281.3**	281.3
Interest in an associate	17	**32.9**	41.8
Interest in a joint venture	18	**50.3**	43.8
Investments in equity instruments designated at fair value through other comprehensive income	19	**370.9**	424.1
Pledged bank deposit	21	**970.9**	970.9
Other assets	20	**465.1**	357.1
		45,305.9	44,767.7
Current assets			
Inventories		**147.9**	146.7
Trade and other receivables	22	**706.5**	694.7
Pledged bank deposits	21	**37.7**	183.1
Short-term bank deposits	23	**452.6**	572.6
Bank balances and cash	23	**3,089.1**	6,282.9
		4,433.8	7,880.0
Current liabilities			
Trade and other payables	24	**4,231.2**	3,735.1
Taxation payable		**36.1**	50.5
Bank loans — due within one year	25	**970.7**	707.0
Lease liabilities	27	**37.5**	46.4
		5,275.5	4,539.0
Net current (liabilities) assets		**(841.7)**	3,341.0
Total assets less current liabilities		**44,464.2**	48,108.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK$ million	2022 HK$ million
Non-current liabilities			
Other payables	24	**2,283.2**	71.4
Bank loans — due after one year	25	**14,265.2**	18,268.3
Unsecured notes	26	**9,413.7**	9,400.6
Lease liabilities	27	**558.0**	603.9
Amount due to non-controlling interests of a subsidiary	28	**348.2**	339.5
Loan from ultimate holding company	29	**2,006.8**	2,006.8
Deferred taxation	30	**10.5**	10.5
Convertible bond	31	**1,493.4**	1,394.3
		30,379.0	32,095.3
Net assets		**14,085.2**	16,013.4
Capital and reserves			
Share capital	32	**14,415.1**	14,415.1
Reserves		**(479.5)**	1,583.5
Equity attributable to owners of the Company		**13,935.6**	15,998.6
Non-controlling interests		**149.6**	14.8
Total equity		**14,085.2**	16,013.4

The consolidated financial statements on pages 98 to 200 were approved and authorised for issue by the Board of Directors on 6 March 2024 and are signed on its behalf by:

Ho Chiu Fung, Daisy
Director

Fok Tsun Ting, Timothy
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 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 2022	11,479.3	697.4	—	(109.3)	8,276.1	20,343.5	61.6	20,405.1
Loss for the year	—	—	—	—	(7,798.4)	(7,798.4)	(50.2)	(7,848.6)
Other comprehensive expense for the year	—	—	—	(57.0)	—	(57.0)	—	(57.0)
Total comprehensive expense for the year	—	—	—	(57.0)	(7,798.4)	(7,855.4)	(50.2)	(7,905.6)
Rights issue of shares *(note 32)*	2,954.4	—	—	—	—	2,954.4	—	2,954.4
Transaction costs attributable to rights issue of shares *(note 32)*	(18.6)	—	—	—	—	(18.6)	—	(18.6)
Release of lapsed/forfeited share-based payments	—	(22.8)	—	—	22.8	—	—	—
Deemed capital contribution from non-controlling interests of a subsidiary *(note 28)*	—	—	—	—	—	—	3.4	3.4
Recognition of equity component of convertible bond *(note 31)*	—	—	575.2	—	—	575.2	—	575.2
Transaction costs attributable to the issue of convertible bond *(note 31)*	—	—	(0.5)	—	—	(0.5)	—	(0.5)
	2,935.8	(22.8)	574.7	—	22.8	3,510.5	3.4	3,513.9
At 31 December 2022	**14,415.1**	**674.6**	**574.7**	**(166.3)**	**500.5**	**15,998.6**	**14.8**	**16,013.4**
(Loss) profit for the year	**—**	**—**	**—**	**—**	**(2,009.8)**	**(2,009.8)**	**134.8**	**(1,875.0)**
Other comprehensive expense for the year	**—**	**—**	**—**	**(53.2)**	**—**	**(53.2)**	**—**	**(53.2)**
Total comprehensive (expense) income for the year	**—**	**—**	**—**	**(53.2)**	**(2,009.8)**	**(2,063.0)**	**134.8**	**(1,928.2)**
Release of lapsed/forfeited share-based payments	**—**	**(290.1)**	**—**	**—**	**290.1**	**—**	**—**	**—**
At 31 December 2023	**14,415.1**	**384.5**	**574.7**	**(219.5)**	**(1,219.2)**	**13,935.6**	**149.6**	**14,085.2**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 HK$ million	2022 HK$ million
Operating activities		
Loss before taxation	**(1,838.9)**	(7,787.5)
Adjustments for:		
Interest income	**(123.0)**	(45.9)
Interest expenses	**1,921.4**	1,114.7
Imputed interest on an amount due to non-controlling interests of a subsidiary	**8.7**	7.9
Share of losses of an associate	**7.8**	3.2
Share of profits of a joint venture	**(6.5)**	(3.6)
Loss on modification of a bank loan	**59.0**	19.6
Depreciation of property and equipment	**1,471.8**	1,457.4
Depreciation of right-of-use assets	**112.0**	348.3
Amortisation of intangible asset	**255.7**	89.6
Loss on disposals/write-off of property and equipment	**6.5**	2.1
Gain on modification of a bank loan	**(0.4)**	—
Gain on modification/early termination of lease contracts	**(3.3)**	(1.7)
COVID-19-related rent concessions	**—**	(76.1)
Dividend income	**—**	(0.2)
Impairment loss on financial assets	**—**	143.7
Impairment loss on property and equipment	**—**	1,214.9
Operating cash flows before movements in working capital	**1,870.8**	(3,513.6)
(Increase) decrease in inventories	**(1.2)**	4.6
Increase in trade and other receivables	**(34.5)**	(107.4)
Increase (decrease) in trade and other payables	**2,010.8**	(568.4)
Cash generated from (used in) operations	**3,845.9**	(4,184.8)
Income tax paid	**(50.5)**	(32.4)
Net cash generated from (used in) operating activities	**3,795.4**	(4,217.2)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 HK$ million	2022 HK$ million
Investing activities		
Withdrawal of short-term bank deposits	**933.1**	237.1
Withdrawal of pledged bank deposits	**146.6**	—
Interest received	**135.8**	22.8
Proceeds of rental deposits refunded	**11.1**	20.9
Proceeds from disposal of property and equipment	**2.1**	2.8
Advance to a joint venture	**(0.1)**	—
Advance to ultimate holding company	**(0.2)**	(0.2)
Payments for rental deposits	**(0.6)**	—
Placement of pledged bank deposits	**(1.2)**	(1,007.0)
Deposits paid for acquisitions of property and equipment	**(159.1)**	(15.8)
Placement of short-term bank deposits	**(813.1)**	(632.5)
Acquisitions of property and equipment	**(1,529.1)**	(1,015.9)
Distribution from an associate	**—**	311.8
Dividend received	**—**	104.8
Repayment from ultimate holding company	**—**	0.2
Acquisitions of intangible asset	**—**	(45.7)
Net cash used in investing activities	**(1,274.7)**	(2,016.7)
Financing activities		
Repayment of bank loans	**(3,800.0)**	(13,939.9)
Interest paid	**(1,801.5)**	(950.7)
Repayment of payable for gaming concession right	**(59.3)**	—
Repayments of lease liabilities	**(52.7)**	(212.8)
Payment of bank loans arrangement fee	**(1.0)**	(362.0)
Transaction costs attributable to Rights Issue of shares	**—**	(18.6)
Transaction costs incurred in connection with the issuance of convertible bond	**—**	(1.7)
Advance from non-controlling interests of a subsidiary	**—**	29.4
Loan from ultimate holding company	**—**	2,000.0
Proceeds from Rights Issue of shares	**—**	2,954.4
New bank loans raised	**—**	19,994.5
Net cash (used in) from financing activities	**(5,714.5)**	9,492.6
Net (decrease) increase in cash and cash equivalents	**(3,193.8)**	3,258.7
Cash and cash equivalents at 1 January	**6,282.9**	3,024.2
Cash and cash equivalents at 31 December	**3,089.1**	6,282.9
Analysis of the balances of cash and cash equivalents, representing bank balances and cash	**3,089.1**	6,282.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

SECTION A

THE COMPANY'S STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	Notes	2023 HK$ million	2022 HK$ million
Non-current assets			
Investments in subsidiaries	44	**8,630.9**	8,630.9
Amount due from a subsidiary	45	**19,173.4**	19,173.4
		27,804.3	27,804.3
Current assets			
Other receivables, deposits and prepayments		**3.9**	2.0
Amounts due from subsidiaries	45	**5,211.8**	5,571.8
Short-term bank deposits		**90.7**	241.2
Bank balances and cash		**278.4**	192.0
		5,584.8	6,007.0
Current liabilities			
Other payables and accruals		**4.9**	7.9
Amounts due to subsidiaries	45	**9,411.2**	9,399.6
		9,416.1	9,407.5
Net current liabilities		**(3,831.3)**	(3,400.5)
Total assets less current liabilities		**23,973.0**	24,403.8
Non-current liability			
Loan from ultimate holding company	29	**2,006.8**	2,006.8
Net assets		**21,966.2**	22,397.0
Capital and reserves			
Share capital	32	**14,415.1**	14,415.1
Reserves	34	**7,551.1**	7,981.9
Total equity		**21,966.2**	22,397.0

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 6 March 2024 and is signed on its behalf by:

Ho Chiu Fung, Daisy
Director

Fok Tsun Ting, Timothy
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

SECTION B

1. GENERAL INFORMATION

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 Macau Special Administrative Region, the People's Republic of China ("Macau SAR"). Its immediate and ultimate holding company is Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), a company established in Macau SAR. The address of the registered office and principal place of business of the Company is disclosed in Corporate Information of the annual report.

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

Significant events during the year

Ease of travel restrictions

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.

Gaming Concession

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

In December 2022, SJM entered into a definitive gaming concession contract (the "New Gaming Concession Contract") with the Macau SAR Government, pursuant to which SJM was granted a 10-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. Further details are disclosed in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION (Continued)

Significant events during the year (Continued)

Gaming Concession (Continued)

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") 68.8 million (equivalent to approximately HK$66.8 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 annual 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.

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 (approximately HK$291,000) per gaming table located in special gaming halls reserved exclusively to particular games or players ("VIP table"), MOP150,000 (equivalent to approximately HK$145,000) per gaming table that is not reserved exclusively to particular games or players ("Mass table"), and MOP1,000 (equivalent to approximately HK$970) per gaming machine, including slot machines, operated by SJM.

According to the New Gaming Concession Contract, SJM is required to pay a special gaming tax, tourism contribution and cultural contribution, which are equivalent to 35%, 3% and 2% of the gross gaming revenue, respectively.

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 required to 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 as the overall gross gaming revenue in Macau exceeds MOP180 billion (equivalent to approximately HK$174.8 billion) for the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2023 for the preparation of the 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
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group discloses the related deferred tax assets of HK$41.2 million and deferred tax liabilities of HK$41.2 million as at 31 December 2023 on a gross basis in note 30 but it has no impact on the retained profits (accumulated losses) at the earliest period presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform — Pillar Two Model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities disclose separately current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about their exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions in which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] *Effective for annual periods beginning on or after a date to be determined.*

[2] *Effective for annual periods beginning on or after 1 January 2024.*

[3] *Effective for annual periods beginning on or after 1 January 2025.*

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments") (Continued)

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, including convertible bond in which the conversion options are classified as equity instruments, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities as at 31 December 2023.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the 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 consolidated financial statements.

In preparing the 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$841.7 million and the Group had capital commitments of HK$427.3 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

The Group has undrawn facility from the bank loans facility agreement amounting to HK$3,300.0 million as at 31 December 2023. The directors of the Company reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 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 31 December 2023. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases ("HKFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets ("HKAS 36").

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Material accounting policy information

3.2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.1 Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3.2.2 Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at deemed cost plus additional capital contribution, less any identified impairment loss. The deemed cost represents the carrying amounts of consolidated net assets of the subsidiaries at the date on which they were transferred to the Company at the time of a group reorganisation in prior accounting periods.

3.2.3 Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.3 Interest in an associate (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When an objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.2.4 Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.4 Interest in a joint venture (Continued)

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When an objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

3.2.5 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.5 Revenue from contracts with customers (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations including obligation to provide goods or services to patrons on complementary basis and patron's options to acquire additional goods or services for free or at a discount in future granted under customer relationship programs, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or service before that goods or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or service by another party. In this case, the Group does not control the specified goods or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The directors of the Company considered that the Group acts as a principal for gaming operations in casinos with services provided by gaming promoters and service providers as the Group controls the specified service to be provided by the Group before services transferred to a customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.5 Revenue from contracts with customers (Continued)

Revenue recognition

The Group's revenue contracts with customers consist of casino, hotel rooms, food and beverage, retail and other transactions.

Gaming revenue is the aggregate net difference between gaming wins and losses. Commissions paid to gaming promoters and rebates paid to patrons are recorded as a reduction to gaming revenue. The Group accounts for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognising net win per gaming day.

For gaming operations that the Group provides complimentary goods and services to gaming customers to incentivise gaming, the Group allocates a portion of the gaming revenue to the respective type of revenue from complimentary goods or services based on its relative stand-alone selling price. Discretionary complimentaries supplied by third parties are recorded as payables to third parties. The Group accounts for complimentaries on a portfolio basis given the similar characteristics of the incentives.

For gaming operations that the Group provides award points to customers under loyalty programs, the Group allocates a portion of the gaming revenue to the loyalty programs liabilities based on its relative stand-alone selling price of such award points (less estimated breakage). Such allocated amount is deferred revenue and recognised as loyalty programs liabilities until customers redeem the award points for free goods and services. Upon redemption, the deferred consideration of each good and service is allocated to the respective type of revenue. Redemption of award points at third party outlets are recorded as payables to third parties.

The transaction price of hotel rooms, food and beverage, and retail transactions is the net amount collected from the customer for such goods and services. The transaction price for such transactions is recorded as revenue when the good or service is transferred or rendered to the customer during their stay at the hotel or when the delivery is made for the food and beverage, retail and other services.

The Group has other contracts that include multiple goods and services, such as packages that bundle food and beverage and other services with hotel stays. For such arrangements, the Group allocates revenue to each good or service based on its relative stand-alone selling price. The Group primarily determines the stand-alone selling price of hotel rooms, food and beverage, and retail transactions based on the amount that the Group charges when each is sold separately in similar circumstances to similar customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.6 Property and equipment

Property and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

When the buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as right-of-use assets and amortised over a straight line basis over the shorter of its estimated useful life and the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of construction in progress. Construction in progress is carried at cost, less any identified impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of buildings commences when they are ready for their intended use.

The cost of leasehold improvements is depreciated on a straight line basis over their respective estimated useful lives.

Depreciation is recognised so as to write off the cost of other property and equipment, less their residual values over their estimated useful lives, using the straight line method, at the following rates per annum:

Chips	10%–25%
Furniture, fixtures and equipment	2.4%–50%
Gaming equipment	20%–25%
Motor vehicles	14.3%–20%
Vessels	3.3%–16.7%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the item and is recognised in profit or loss.

3.2.7 Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.7 Ownership interests in leasehold land and buildings (Continued)

For the leasehold land and buildings in Macau SAR and Hong Kong, where the cost of right-of-use assets cannot be reliably separated from the cost of land and buildings, the entire cost of land and buildings is treated as property and equipment and depreciated on a straight line basis over the estimated useful life of the buildings.

The cost of other buildings in Macau SAR is depreciated over 25 years to 50 years using the straight line method, which represents the shorter of respective lease term or estimated useful life of buildings.

3.2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.2.9 Special gaming tax and special levy

According to the New Gaming Concession Contract, the Group is required to pay a special gaming tax, tourism contribution and cultural contribution, which are equivalent to 35%, 3% and 2% of the gross gaming revenue, respectively. These expenses are recognised as "Special gaming tax and special levy" in profit or loss in the period in which they are incurred.

3.2.10 Intangible asset

When the Group has a 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, it recognises an intangible asset at the net present value of the future payments for the Utilisation Fee based on the agreed fee taking into account the inflation adjustment estimated as of the date of initial recognition and Annual Premium based on the existing composition of VIP table, Mass table and gaming machine, with a corresponding amount recognised as financial liability. The intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible asset is recognised on a straight-line basis over their estimated useful lives (i.e. 10-year term of the New Gaming Concession Contract). The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Any changes in the estimated future payments (including inflation adjustment, changes in variable premium depending on the actual number of VIP table, Mass table and gaming machines) will be recognised as an adjustment to the carrying amount of the gaming concession right and corresponding financial liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.10 Intangible asset (Continued)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.2.11 Art works and diamonds

Art works and diamonds are stated at cost less accumulated impairment loss.

3.2.12 Inventories

Inventories, which mainly represent food and beverage held for sale, are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3.2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments designated at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments and will be transferred to retained profits/accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses" line item in profit or loss.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 Financial Instruments ("HKFRS 9")

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including advances to gaming patrons, other receivables from gaming promoters and service providers, other sundry receivables, rental deposits, pledged bank deposits, short-term bank deposits, bank balances, amounts due from an associate/a joint venture/an investee company), lease receivables and financial guarantees contracts which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group applies simplified approach to recognise lifetime ECL for advances to gaming patrons and lease receivables. For all other instruments, the Group measures the loss allowance equal to 12m ECL under general approach, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the ability of gaming promoter or service provider to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the gaming promoter or service provider;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the gaming promoter or service provider that results in a significant decrease in the ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition, the Group considers the changes in the risk that the specified debtor will default on the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

The ECL on advances to gaming patrons, other receivables from gaming promoters and services providers, lease receivables and amounts due from an associate/a joint venture/an investee company are assessed individually.

Other sundry receivables, rental deposits, pledged bank deposits, short-term bank deposits and bank balances are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for the financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivables is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits/accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, loan from ultimate holding company, amount due to non-controlling interests of a subsidiary, unsecured notes, liability component of convertible bond and bank loans are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values. It is subsequently measured at the higher of:

(i) the amount of the loss allowance determined in accordance with HKFRS 9; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Convertible bond

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible bond (Continued)

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

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

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

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The above said fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.13 Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition/modification of financial liabilities (Continued)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

3.2.14 Impairment losses on property and equipment, right-of-use assets and intangible asset

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, and intangible asset with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment, right-of-use assets, and intangible asset are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.14 Impairment losses on property and equipment, right-of-use assets and intangible asset (Continued)

If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to reduce the carrying amount of assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.2.15 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from requirement under the New Gaming Concession Contract that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.16 Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit/loss for the year. Taxable profit/loss differs from loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in a joint venture and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.16 Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3.2.17 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.17 Leases (Continued)

The Group as a lessee (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold land and buildings and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.17 Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease payments change due to changes in market rental rates following a market rent review, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentive receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.17 Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds (if any) as borrowings within the scope of HKFRS 9.

3.2.18 Equity-settled share-based payment transactions

(a) Share options granted to directors, employees and other participants of the Group

Equity-settled share based payments to directors, employees and other participants providing similar services are measured at the fair value of the equity instruments at the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

3.2.18 Equity-settled share-based payment transactions (Continued)

(a) Share options granted to directors, employees and other participants of the Group (Continued)

The fair value of equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest with a corresponding increase in equity (share options reserve). At the end of the reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits/accumulated losses.

(b) Share options granted to other participants

Equity-settled share-based payment transactions with parties other than directors and employees are measured at the fair values of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the goods or the counterparty renders service. The fair values of the goods or services received are recognised as expenses, unless the goods or services qualify for recognition as assets.

3.2.19 Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Judgement in determining whether reversion of gaming assets and equipment and ownership rights to the casino properties in Macau to Macau Government upon expiration of the Gaming Concession Contract would result in derecognition

Upon expiration of the Gaming Concession Contract, all of SJM's casinos, gaming assets and equipment and ownership rights to the casino properties in Macau were reverted to the Macau Government without compensation to SJM (the "Assets Reverted to the Macau Government").

On 16 December 2022, Macau government had awarded SJM the New Gaming Concession Contract for a 10-year period. On 30 December 2022, SJM signed a deed with the Macau Government where SJM agreed with the Assets Reverted to the Macau Government. Macau Government temporarily transferred the Assets Reverted to the Macau Government to SJM for its operation of games of chance or other games in the casinos during the concession period under the New Gaming Concession Contract.

The management of the Company assessed whether the reversion of gaming assets and equipment and ownership rights to the casino properties in Macau to Macau Government upon expiration of the Gaming Concession Contract would result in derecognition of the Asset Reverted to the Macau Government. The management of the Company believe that SJM will be in a good position for the renewal, extension or application process for gaming concession retendering or extension upon the expiration of the New Gaming Concession Contract. The management of the Company have established that the Group can continue to direct the use of and obtain substantially all of the remaining benefits from the Assets Reverted to the Macau Government and therefore the Group can retain control of the Assets Reverted to the Macau Government. As a result, the management of the Company concluded that the reversion of Assets Reverted to the Macau Government will not result in derecognition and the Group shall continue to recognise the Assets Reverted to the Macau Government in the respective categories of property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Determination on recognition of an intangible asset of the gaming concession right

The Group applies judgement to determine the amount to be recognised as an intangible asset of the gaming concession right with a corresponding amount recognised as financial liability, representing the right to operate games of fortune and chance or other games in Macau and the unconditional obligations to make payments under the New Gaming Concession Contract, which was estimated as the net present value of the future payments for the Utilisation Fee and Annual Premium based on the existing composition of VIP table, Mass table and gaming machines.

Any changes in the estimated future payments (including inflation adjustment, changes in variable premium depending on the actual number of VIP table, Mass table and gaming machines) will be recognised as an adjustment to the carrying amounts of the gaming concession right and corresponding financial liability.

As at 31 December 2023, the carrying amounts of gaming concession right and payable for gaming concession right are HK$2,297.1 million (2022: Nil) and HK$2,493.5 million (2022: Nil) as set out in note 15 and 24 respectively.

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to leasehold lands.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by Group; and
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

As at 31 December 2023, the carrying amounts of right-of-use assets and lease liabilities for the lease contracts which the Group is reasonably certain to exercise the renewal option are HK$2,298.4 million and HK$470.4 million (2022: HK$2,358.6 million and HK$470.0 million) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of the property and equipment and right-of-use assets related to Grand Lisboa Palace Project ("GLP Project")

In determining whether property and equipment and right-of-use assets related to GLP Project are impaired, the management of the Group has to exercise significant judgement and make estimation on the recoverable amounts of the property and equipment and right-of-use assets related to GLP Project. Changes in the key assumptions, including the pre-tax discount rate, terminal growth rate and expected changes in revenues and costs in the discounted cash flow projections, could materially affect the recoverable amounts.

The management of the Group considered there was indication for impairment for these property and equipment and right-of-use assets and prepared discounted cash flow projections for GLP Project based on the financial budget approved by the management of the Group and engaged an independent professional valuer to conduct impairment assessment on their recoverable amount of property and equipment and right-of-use assets.

At 31 December 2023, the carrying amounts of the property and equipment and right-of-use assets related to GLP Project were HK$33,227.2 million and HK$1,830.4 million (2022: HK$34,730.5 million and HK$1,876.9 million), respectively.

The Group estimated the recoverable amount of the property and equipment and right-of-use assets related to GLP Project based on higher of fair value less costs of disposal and value in use and concluded that the carrying amount of these assets does not exceed their recoverable amount based on value in use. Accordingly, no impairment has been recognised as at 31 December 2023 or for the year then ended.

Estimates of timing and amount of repayment of amount due to non-controlling interests of a subsidiary

As disclosed in note 28, the amount due to non-controlling interests of a subsidiary as at 31 December 2023 of HK$348.2 million (2022: HK$339.5 million) is repayable only when the subsidiary has surplus funds which require significant estimates. Surplus fund represents cash available in the subsidiary after estimated payments of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. As such, the carrying amount of such amount due to non-controlling interests of a subsidiary may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the surplus funds and consequently the timing and amount of repayment to the non-controlling interests, and will affect the amount of imputed interest to be recognised in profit or loss over the expected life of such amount due to non-controlling interests of a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Useful lives of property and equipment

The Group depreciates property and equipment over their estimated useful lives, using the straight-line method, commencing from the date the property and equipment are ready for the intended use. The useful lives that the Group estimated for property and equipment reflects the Group management's estimate of the period that the Group intends to derive future economic benefits from the use of the assets. Future events could result in a change in the manner in which the Group uses certain assets and could have an impact on the estimated useful lives of such assets. Should there be any changes in such estimates, the depreciation of property and equipment may vary with changes affecting profit or loss in the period of the change.

The management of the Group believe SJM will be successful in extending the term of concession and/or obtaining a new gaming concession when the New Gaming Concession Contract expires. Therefore, the useful lives of property and equipment has taken into consideration of such factor.

5. 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 6. 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 has been aggregated into a single reportable segment named "hotel, catering, retail and leasing operations" on the basis that they have similar economic characteristics, customers, services and products provided in which they operate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. 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	
	2023 HK$ million	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
Gaming operations:				
recognised at a point in time	**20,059.2**	6,092.0	**(1,228.3)**	(6,298.8)
Hotel, catering, retail and leasing operations:				
External sales:				
Catering and retail operations:				
recognised at a point in time	**651.2**	298.3		
Hotel operations:				
recognised over time	**765.5**	141.6		
Leasing operations:				
revenue from operating leases	**147.3**	146.7		
	1,564.0	586.6		
Inter-segment sales:				
Catering and retail operations:				
recognised at a point in time	**93.2**	45.7		
Hotel operations:				
recognised over time	**70.1**	9.0		
	163.3	54.7		
	1,727.3	641.3	**(505.6)**	(1,355.0)
Eliminations	**(163.3)**	(54.7)		
	1,564.0	586.6		
Total:				
Revenue from contracts with customers:				
recognised at a point in time	**20,710.4**	6,390.3		
recognised over time	**765.5**	141.6		
	21,475.9	6,531.9		
Revenue from operating leases:				
lease payments	**147.3**	146.7		
	21,623.2	6,678.6		
Reconciliation from segment results to loss before taxation:			**(1,733.9)**	(7,653.8)
Unallocated corporate income			**18.9**	16.5
Unallocated corporate expenses			**(122.6)**	(150.6)
Share of losses of an associate			**(7.8)**	(3.2)
Share of profits of a joint venture			**6.5**	3.6
Loss before taxation			**(1,838.9)**	(7,787.5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. 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.

	2023 **HK$ million**	2022 HK$ million
Revenues excluded inter-segment sales:		
Gross gaming revenue	**21,204.5**	6,455.1
Hotel, catering, retail, leasing and related services income	**1,564.0**	586.6
	22,768.5	7,041.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. OPERATING SEGMENTS (Continued)

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

	2023 HK$ million	2022 HK$ million
ASSETS		
Segment assets:		
— gaming operations	**35,996.7**	35,903.6
— hotel, catering, retail and leasing operations	**10,298.7**	9,501.0
	46,295.4	45,404.6
Interest in an associate	**32.9**	41.8
Interest in a joint venture	**50.3**	43.8
Unallocated bank deposits, bank balances and cash	**380.3**	443.9
Other unallocated assets	**2,980.8**	6,713.6
Group's total	**49,739.7**	52,647.7
LIABILITIES		
Bank loans:		
— gaming operations	**15,056.7**	18,745.7
— hotel, catering, retail and leasing operations	**179.2**	229.6
	15,235.9	18,975.3
Unsecured notes:		
— gaming operations	**9,413.7**	9,400.6
Convertible bond:		
— gaming operations	**1,089.1**	1,016.8
— hotel, catering, retail and leasing operations	**404.3**	377.5
	1,493.4	1,394.3
Other segment liabilities:		
— gaming operations	**8,063.7**	4,050.8
— hotel, catering, retail and leasing operations	**638.6**	591.4
	8,702.3	4,642.2
Total segment liabilities	**34,845.3**	34,412.4
Unallocated liabilities	**809.2**	2,221.9
Group's total	**35,654.5**	36,634.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. OPERATING SEGMENTS (Continued)

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

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

(i) other unallocated assets include mainly certain property and equipment, certain right-of-use assets, certain 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 FVTOCI.

(ii) unallocated liabilities include mainly certain construction payables and amount due to non-controlling interests of a subsidiary.

(iii) all assets are allocated to reportable segments, other than interest in an associate/a joint venture, unallocated bank deposits, bank balances and cash and those mentioned in above (i).

(iv) all liabilities are allocated to reportable segments, other than liabilities not attributable to respective segments as mentioned in above (ii).

(c) Other segment information of the Group

	2023 HK$ million	2022 HK$ million
Additions to non-current assets (other than financial instruments):		
— gaming operations	**2,775.0**	1,558.5
— hotel, catering, retail and leasing operations	**43.6**	8.1
— corporate level*	**46.3**	649.6
	2,864.9	2,216.2

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. OPERATING SEGMENTS (Continued)

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

	2023 HK$ million	2022 HK$ million
Depreciation and amortisation:		
— gaming operations	**812.3**	884.8
— hotel, catering, retail and leasing operations	**953.8**	943.9
— corporate level	**73.4**	66.6
	1,839.5	1,895.3
Loss on disposals/write-off of property and equipment:		
— gaming operations	**6.3**	2.1
— hotel, catering, retail and leasing operations	**0.2**	—
	6.5	2.1
Gain on modification of lease contracts:		
— corporate level	**(3.3)**	—
Gain on early termination of lease contracts:		
— Gaming operations	**—**	(1.7)
Finance costs:		
— gaming operations	**1,816.1**	1,087.3
— hotel, catering, retail and leasing operations	**21.2**	16.6
— corporate level	**92.8**	18.7
	1,930.1	1,122.6
Interest income:		
— gaming operations	**61.4**	28.2
— hotel, catering, retail and leasing operations	**45.4**	3.4
— corporate level	**16.2**	14.3
	123.0	45.9
Loss (gain) on modification on bank loans		
— gaming operations	**59.0**	19.6
— hotel, catering, retail and leasing operations	**(0.4)**	—
	58.6	19.6
Impairment loss on financial assets:		
— gaming operations	**—**	143.7
Impairment loss on property and equipment:		
— gaming operations	**—**	476.7
— hotel, catering, retail and leasing operations	**—**	738.2
	—	1,214.9

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. GAMING REVENUE

	2023 HK$ million	2022 HK$ million
Gaming revenue comprises of:		
Rolling gross gaming revenue	**1,556.7**	486.3
Non-rolling gross gaming revenue	**17,874.4**	5,262.4
Electronic game gross gaming revenue	**1,773.4**	706.4
Gross gaming revenue	**21,204.5**	6,455.1
Less: commissions and incentives	**(1,145.3)**	(363.1)
	20,059.2	6,092.0

Note: The classification of gaming revenue in 2022 was reclassified to conform with current year's presentation. Rolling gross gaming revenue was previously classified as gaming revenue from VIP gaming operations. Non-rolling gross gaming 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 game gross 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.

7. FINANCE COSTS

	2023 HK$ million	2022 HK$ million
Interests on:		
— bank loans	**1,021.4**	588.2
— unsecured notes	**435.8**	435.1
— gaming concession right	**230.7**	—
— convertible bond	**137.2**	64.7
— loan from ultimate holding company	**80.0**	6.8
— lease liabilities	**16.3**	19.9
Imputed interest on an amount due to non-controlling interests of a subsidiary	**8.7**	7.9
	1,930.1	1,122.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

8. LOSS BEFORE TAXATION

	2023 HK$ million	2022 HK$ million
Loss before taxation has been arrived at after charging:		
Directors' remuneration *(note 9)*	**51.2**	57.5
Less: Amount capitalised	**(2.6)**	(3.8)
	48.6	53.7
Retirement benefits scheme contributions for other staff	**205.4**	213.7
Less: Forfeited contributions	**(15.4)**	(12.6)
	190.0	201.1
Other staff costs	**5,484.7**	5,319.1
Total employee benefit expenses	**5,723.3**	5,573.9
Auditor's remuneration	**15.8**	16.6
Amortisation of gaming concession right (included in operating and administrative expenses)	**255.7**	—
Amortisation of intangible asset (including in operating and administrative expenses)	**—**	89.6
Depreciation of property and equipment	**1,471.8**	1,457.4
Depreciation of right-of-use assets	**112.0**	348.3
Loss on modification on a bank loan	**59.0**	19.6
Loss on disposals/write-off of property and equipment	**6.5**	2.1
and after crediting:		
Bank interest income	**123.0**	45.9
Dredging services income	**164.7**	—
Gain on modification of leases contracts	**3.3**	—
Gain on modification on a bank loan	**0.4**	—
Gain on early termination of leases contracts	**—**	1.7
COVID-19-related rent concessions *(note 14)*	**—**	76.1
Dividend income	**—**	0.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of directors during the year are analysed as follows:

	2023				2022			
	Base fees HK$ million (Note (a))	**Special fees HK$ million (Note (b))**	**Other fees HK$ million (Note (c))**	**Total HK$ million**	Base fees HK$ million (Note (a))	Special fees HK$ million (Note (b))	Other fees HK$ million (Note (c))	Total HK$ million
THE COMPANY								
Executive directors:								
Ms. Ho Chiu Fung, Daisy	**1.2**	**0.1**	**—**	**1.3**	1.5	0.1	—	1.6
Mr. Fok Tsun Ting, Timothy	**1.1**	**0.1**	**—**	**1.2**	1.4	0.1	—	1.5
Deputada Leong On Kei, Angela	**1.1**	**0.1**	**—**	**1.2**	1.4	0.1	—	1.5
Dr. So Shu Fai *(Note (f))*	**0.5**	**—**	**—**	**0.5**	1.5	0.1	—	1.6
Mr. Shum Hong Kuen, David	**0.6**	**—**	**—**	**0.6**	0.8	—	—	0.8
Dr. Chan Un Chan	**0.6**	**—**	**—**	**0.6**	0.6	—	—	0.6
Non-executive directors:								
Mr. Ng Chi Sing *(Note (d))*	**—**	**—**	**—**	**—**	0.3	—	—	0.3
Mr. Tsang On Yip, Patrick	**0.6**	**—**	**—**	**0.6**	0.6	—	—	0.6
Independent non-executive directors:								
Mr. Chau Tak Hay *(Note (e))*	**—**	**—**	**—**	**—**	0.4	—	—	0.4
Mr. Tse Hau Yin	**0.9**	**0.1**	**—**	**1.0**	1.2	0.1	—	1.3
Ms. Wong Yu Pok, Marina	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
Mr. Yeung Ping Leung, Howard	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
Mr. Ho Hau Chong, Norman *(Note (g))*	**0.8**	**0.1**	**—**	**0.9**	0.4	—	—	0.4
	9.0	**0.7**	**—**	**9.7**	11.7	0.7	—	12.4
SUBSIDIARIES								
Executive directors:								
Ms. Ho Chiu Fung, Daisy	**12.0**	**1.0**	**0.6**	**13.6**	12.3	1.0	0.6	13.9
Mr. Fok Tsun Ting, Timothy	**6.1**	**0.5**	**0.3**	**6.9**	0.7	0.1	—	0.8
Deputada Leong On Kei, Angela	**6.6**	**0.6**	**1.6**	**8.8**	9.4	0.8	1.6	11.8
Dr. So Shu Fai *(Note (f))*	**4.9**	**0.4**	**0.2**	**5.5**	12.2	1.0	0.6	13.8
Mr. Shum Hong Kuen, David	**2.5**	**0.2**	**0.1**	**2.8**	0.8	0.1	—	0.9
Dr. Chan Un Chan	**2.2**	**0.2**	**0.1**	**2.5**	0.3	0.1	—	0.4
Non-executive directors:								
Mr. Ng Chi Sing *(Note (d))*	**—**	**—**	**—**	**—**	—	—	1.8	1.8
Mr. Tsang On Yip, Patrick	**—**	**—**	**0.5**	**0.5**	—	—	0.5	0.5
Independent non-executive directors:								
Mr. Chau Tak Hay *(Note (e))*	**—**	**—**	**—**	**—**	—	—	—	—
Mr. Tse Hau Yin	**—**	**—**	**0.9**	**0.9**	0.3	—	0.9	1.2
Ms. Wong Yu Pok, Marina	**—**	**—**	**—**	**—**	—	—	—	—
Mr. Yeung Ping Leung, Howard	**—**	**—**	**—**	**—**	—	—	—	—
Mr. Ho Hau Chong, Norman *(Note (g))*	**—**	**—**	**—**	**—**	—	—	—	—
	34.3	**2.9**	**4.3**	**41.5**	36.0	3.1	6.0	45.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

	2023				2022			
	Base fees HK$ million (Note (a))	**Special fees HK$ million (Note (b))**	**Other fees HK$ million (Note (c))**	**Total HK$ million**	Base fees HK$ million (Note (a))	Special fees HK$ million (Note (b))	Other fees HK$ million (Note (c))	Total HK$ million
THE GROUP								
Executive directors:								
Ms. Ho Chiu Fung, Daisy	**13.2**	**1.1**	**0.6**	**14.9**	13.8	1.1	0.6	15.5
Mr. Fok Tsun Ting, Timothy	**7.2**	**0.6**	**0.3**	**8.1**	2.1	0.2	—	2.3
Deputada Leong On Kei, Angela	**7.7**	**0.7**	**1.6**	**10.0**	10.8	0.9	1.6	13.3
Dr. So Shu Fai *(Note (f))*	**5.4**	**0.4**	**0.2**	**6.0**	13.7	1.1	0.6	15.4
Mr. Shum Hong Kuen, David	**3.1**	**0.2**	**0.1**	**3.4**	1.6	0.1	—	1.7
Dr. Chan Un Chan	**2.8**	**0.2**	**0.1**	**3.1**	0.9	0.1	—	1.0
Non-executive directors:								
Mr. Ng Chi Sing *(Note (d))*	**—**	**—**	**—**	**—**	0.3	—	1.8	2.1
Mr. Tsang On Yip, Patrick	**0.6**	**—**	**0.5**	**1.1**	0.6	—	0.5	1.1
Independent non-executive directors:								
Mr. Chau Tak Hay *(Note (e))*	**—**	**—**	**—**	**—**	0.4	—	—	0.4
Mr. Tse Hau Yin	**0.9**	**0.1**	**0.9**	**1.9**	1.5	0.1	0.9	2.5
Ms. Wong Yu Pok, Marina	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
Mr. Yeung Ping Leung, Howard	**0.8**	**0.1**	**—**	**0.9**	0.8	0.1	—	0.9
Mr. Ho Hau Chong, Norman *(Note (g))*	**0.8**	**0.1**	**—**	**0.9**	0.4	—	—	0.4
	43.3	**3.6**	**4.3**	**51.2**	47.7	3.8	6.0	57.5

Notes:

(a) Base fee represents a fixed fee paid for the holding of an office as a director and, where appropriate, a board committee member.

(b) Special fee represents a performance-based discretionary payment.

(c) Other fees paid to Deputada Leong On Kei, Angela include the fee (including performance-based discretionary payment) acting as the chairman of the Staff Welfare Consultative Committee of SJM, a subsidiary of the Company. Other fees paid to Mr. Tse Hau Yin represent the fee (including performance-based discretionary payment) acting as supervisory committee chairman of SJM and its certain subsidiaries. Other fees paid to Mr. Tsang On Yip, Patrick represent the fee acting as supervisory committee member of SJM and its certain subsidiaries. Other fees paid to all directors also include various allowances.

(d) Retired as non-executive director on 15 June 2022.

(e) Retired as independent non-executive director on 15 June 2022.

(f) Retired as an executive director of the Company and appointed as advisor of the Company on 15 June 2023. He continues to act as director of SJM and a number of subsidiaries of the Company.

(g) Elected as independent non-executive director on 15 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Executive directors are also senior management of the Group.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive director's and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The five highest paid individuals of the Group for the year ended 31 December 2023 included two (2022: three) directors of the Company, whose emoluments are disclosed above, and the remaining three (2022: two) are employees of the Group, details of whose emolument are as follows:

	2023 **HK$ million**	2022 HK$ million
Employee:		
Salaries and allowances	**37.6**	31.3

Their emoluments were within the following bands:

	Number of employees	
	2023	2022
HK$11,500,001 to HK$12,000,000	**1**	—
HK$12,000,001 to HK$12,500,000	**—**	1
HK$12,500,001 to HK$13,000,000	**1**	—
HK$13,000,001 to HK$13,500,000	**1**	—
HK$18,500,001 to HK$19,000,000	**—**	1

No emoluments were paid by the Group to the directors and the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office in both years. None of the directors and the five highest paid individuals has waived any emoluments during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

10. TAXATION

	2023 HK$ million	2022 HK$ million
Macau SAR Complementary Tax ("CT"):		
— current tax	**36.1**	61.1
Deferred taxation credit *(note 30)*	**—**	—
	36.1	61.1

No provision for CT on gaming related income has been made for SJM. Pursuant to the approval notices issued by the Macau SAR government dated 17 April 2020, SJM has been exempted from CT for income generated from gaming operations for the periods from 1 April 2020 to 26 June 2022. Pursuant to the approval notice issued by the Macau SAR government dated 1 September 2022, the Company has been exempted from CT for income generated from gaming operations for the period from 27 June 2022 to 31 December 2022. During the year ended 31 December 2023, SJM has applied for obtaining approval from the Financial Services Bureau of the Macau SAR Government for the exemption of CT from 1 January 2023 to 31 December 2032. Subsequent to the year ended 31 December 2023, pursuant to the approval notice issued by the Macau SAR government dated 29 January 2024, the Company has been exempted from CT for income generated from gaming operations for the period from 1 January 2023 to 31 December 2027.

In addition, pursuant to the approval letter dated 30 March 2021 issued by the Financial Services Bureau of the Macau SAR government, a Special Complementary Tax was levied on the extended concession period from 1 April 2020 to 26 June 2022, and SJM's shareholders were obligated to pay the Special Complementary Tax of MOP16.9 million (equivalent to HK$16.4 million) for the period 1 April 2020 to 31 December 2020, MOP22.5 million (equivalent to HK$21.9 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. During the year ended 31 December 2023, SJM has applied for obtaining approval for Special Complementary Tax from the Financial Services Bureau of the Macau SAR Government. Subsequent to the year ended 31 December 2023, pursuant to the approval letter dated 24 January 2024 issued by Financial Services Bureau of the Macau SAR Government, SJM's shareholders are obligated to pay the Special Complementary Tax at an applicable rate of gross gaming revenue for the period from 1 January 2023 to 31 December 2025.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

10. TAXATION (Continued)

Tax charge for the year is reconciled to loss before taxation as follows:

	2023 HK$ million	2022 HK$ million
Loss before taxation	**(1,838.9)**	(7,787.5)
Tax credit at the applicable income tax rate of 12%	**(220.7)**	(934.5)
Effect of tax exemption granted to the Group	**134.7**	652.9
Effect of share of results of an associate and a joint venture	**0.1**	(0.1)
Effect of income not taxable for tax purpose	**(2.9)**	(7.5)
Effect of expenses not deductible for tax purpose	**67.8**	34.9
Effect of tax losses not recognised	**73.0**	296.5
Deductible temporary difference not recognised	**0.7**	12.9
Utilisation of deductible temporary difference previously not recognised	**(13.3)**	(11.4)
Utilisation of tax losses previously not recognised	**(39.4)**	(4.5)
Special Complementary Tax	**36.1**	21.9
Tax charge for the year	**36.1**	61.1

11. DIVIDENDS

	2023 HK$ million	2022 HK$ million
Final dividend per ordinary share paid: — nil (2022: nil)	**—**	—

On 6 March 2024, the board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

12. LOSS PER SHARE

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

Loss

	2023 HK$ million	2022 HK$ million
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(2,009.8)**	(7,798.4)

Number of shares

	2023	2022
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**7,101,805,366**	6,362,128,016

Loss per share:

	2023	2022
— Basic	**HK(28.3) cents**	HK(122.6) cents
— Diluted	**HK(28.3) cents**	HK(122.6) cents

Note: For the year ended 31 December 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

13. PROPERTY AND EQUIPMENT

	Leasehold land and buildings HK$ million	Chips HK$ million	Furniture, fixtures and equipment HK$ million	Gaming equipment HK$ million	Leasehold improvements HK$ million	Motor vehicles HK$ million	Vessels HK$ million	Construction in progress HK$ million	Total HK$ million
COST									
At 1 January 2022	21,876.5	519.0	18,671.5	709.8	4,295.0	98.7	286.1	8,088.2	54,544.8
Adjustment upon finalisation of costs	—	—	—	—	—	—	—	(524.7)	(524.7)
Additions	1,906.1	10.2	172.2	0.2	4.8	—	—	204.2	2,297.7
Disposals/write-off	—	—	(102.4)	—	(10.1)	—	—	—	(112.5)
Transfers	1,880.7	—	903.6	—	5.4	—	—	(2,789.7)	—
At 31 December 2022	**25,663.3**	**529.2**	**19,644.9**	**710.0**	**4,295.1**	**98.7**	**286.1**	**4,978.0**	**56,205.3**
Adjustment upon finalisation of costs	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(364.3)**	**(364.3)**
Additions	**—**	**0.1**	**91.1**	**6.6**	**11.3**	**—**	**—**	**39.8**	**148.9**
Disposals/write-off	**—**	**—**	**(106.6)**	**—**	**(148.0)**	**(9.3)**	**—**	**—**	**(263.9)**
Transfers	**1,764.0**	**—**	**1,495.8**	**—**	**30.4**	**—**	**—**	**(3,290.2)**	**—**
At 31 December 2023	**27,427.3**	**529.3**	**21,125.2**	**716.6**	**4,188.8**	**89.4**	**286.1**	**1,363.3**	**55,726.0**
DEPRECIATION AND IMPAIRMENT									
At 1 January 2022	2,811.4	462.9	6,335.3	447.2	3,365.4	51.1	117.4	—	13,590.7
Provided for the year	519.5	6.4	744.5	70.0	97.7	9.6	9.9	—	1,457.6
Eliminated on disposals/write-off	—	—	(97.5)	—	(10.1)	—	—	—	(107.6)
Impairment loss recognised	—	—	410.2	0.9	803.8	—	—	—	1,214.9
At 31 December 2022	**3,330.9**	**469.3**	**7,392.5**	**518.1**	**4,256.8**	**60.7**	**127.3**	**—**	**16,155.6**
Provided for the year	**616.9**	**8.4**	**749.5**	**59.5**	**19.1**	**8.5**	**9.9**	**—**	**1,471.8**
Eliminated on disposals/write-off	**—**	**—**	**(98.0)**	**—**	**(148.0)**	**(9.3)**	**—**	**—**	**(255.3)**
At 31 December 2023	**3,947.8**	**477.7**	**8,044.0**	**577.6**	**4,127.9**	**59.9**	**137.2**	**—**	**17,372.1**
CARRYING VALUES									
At 31 December 2023	**23,479.5**	**51.6**	**13,081.2**	**139.0**	**60.9**	**29.5**	**148.9**	**1,363.3**	**38,353.9**
At 31 December 2022	22,332.4	59.9	12,252.4	191.9	38.3	38.0	158.8	4,978.0	40,049.7

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 as disclosed in note 31. The cost of acquisition of the Oceanus Building of HK$1,906 million is recognised as addition of leasehold land and buildings as the Group has the ability to direct the use of the Oceanus Building and the future economic benefits associated with the Oceanus Building will flow to the Group. Details of the transaction was disclosed in the circular of the Company dated 6 June 2022. The transaction was completed on 22 June 2022.

At 31 December 2022 and 2023, pursuant to the gaming concession held by the Group, certain of the Group's property and equipment in respect of the Group's gaming business have to be returned to the Macau SAR government upon completion of the term of the concession.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

13. PROPERTY AND EQUIPMENT (Continued)

During the year ended 31 December 2022 and 2023, SJM reached an agreement with the principal contractors in relation to the settlement amount of the finalised construction costs of the GLP Project.

At 31 December 2023, the carrying values of the property and equipment of HK$33,227.2 million (2022: HK$34,730.5 million) represented the property and equipment of GLP Project.

Other staff costs of HK$5.3 million (2022: HK$27.9 million), short-term lease rentals in respect of rented premises of HK$1.1 million (2022: HK$2.1 million), depreciation expenses of right-of-use assets of HK$1.1 million (2022: HK$2.1 million), depreciation expenses of property and equipment of nil (2022: HK$0.2 million) have been capitalised in construction in progress for the year ended 31 December 2023.

As at 31 December 2022, the sublease contract of Jai Alai Building was expired. The Group has executed a sublease contract with the sublessor of Jai Alai Building for the period from 1 January 2023 to 31 March 2024. The management of the Group has identified an indication of impairment on the assets relating to the Group's operations in Jai Alai Building arising from the probable non-renewal of lease upon expiry of the sublease contract. During the year ended 31 December 2022, the management of the Group has performed impairment assessment on the assets relating to the Group's operations in Jai Alai Building and that the future net cash inflow from the operations in Jai Alai Building is expected to be insignificant. Therefore, the management of the Group recognised an impairment loss on property and equipment relating to Jai Alai Building of HK$1,010.2 million during the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. RIGHT-OF-USE ASSETS

	Leasehold lands HK$ million	Leasehold land and buildings HK$ million	Total HK$ million
COST			
At 1 January 2022	2,685.7	1,074.5	3,760.2
Additions	—	10.6	10.6
Early termination/end of lease contracts	—	(802.8)	(802.8)
At 31 December 2022	**2,685.7**	**282.3**	**2,968.0**
Adjustment to lease modification	**—**	**(47.2)**	**(47.2)**
Additions	**—**	**43.7**	**43.7**
Early termination/end of lease contracts	**—**	**(48.9)**	**(48.9)**
At 31 December 2023	**2,685.7**	**229.9**	**2,915.6**
DEPRECIATION			
At 1 January 2022	193.4	571.9	765.3
Charge for the year	67.1	281.2	348.3
Early termination/end of lease contracts	—	(744.6)	(744.6)
At 31 December 2022	**260.5**	**108.5**	**369.0**
Charge for the year	**62.6**	**49.4**	**112.0**
Early termination/end of lease contracts	**—**	**(48.9)**	**(48.9)**
At 31 December 2023	**323.1**	**109.0**	**432.1**
CARRYING VALUES			
At 31 December 2023	**2,362.6**	**120.9**	**2,483.5**
At 31 December 2022	2,425.2	173.8	2,599.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. RIGHT-OF-USE ASSETS (Continued)

	2023 HK$ million	2022 HK$ million
Expense relating to short-term leases	**51.2**	8.7
Total cash outflow for leases	**115.5**	236.8

At 31 December 2023, the carrying values of the right-of-use assets of HK$1,830.4 million (2022: HK$1,876.9 million) represented the right-of-use assets related to GLP Project.

During the year ended 31 December 2022 and 2023, SJM entered into several agreements with landlords in terminating lease terms before original maturity dates during the respective years.

During the year ended 31 December 2022, SJM entered into a transfer agreement with STDM in acquisition of the Oceanus Building and the lease of the Oceanus Building has been early terminated on 22 June 2022.

For both years, the Group leases certain leasehold lands, commercial properties and carparks for its operations. Lease contract are entered into for fixed term from 1 to 25 years. Certain leases of leasehold lands in Macau SAR are negotiated for an initial term of 25 years with extension options exercisable by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns commercial properties. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests and fixed payments are paid annually. The leasehold land components of these owned properties are not presented separately as the payments made cannot be allocated reliably.

Rent concessions

During the year ended 31 December 2022, lessors of various casino properties, commercial properties and motor vehicles provided rent concessions that occurred as a direct consequence of the COVID-19 pandemic to the Group through rent reductions ranging from 15% to 30% (2023: nil) over six to twelve months (2023: nil).

These were rent concessions occurred as a direct consequence of COVID-19 pandemic, which met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$76.1 million (2023: nil) were recognised as negative variable lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. GAMING CONCESSION RIGHT

	HK$ million
Initial recognition on 1 January 2023	**2,559.1**
Amortisation	**(255.7)**
Adjustment	**(6.3)**
Carrying amount at 31 December 2023	**2,297.1**

In December 2022, SJM entered into the New Gaming Concession Contract with the Macau SAR Government, pursuant to which SJM was granted a 10-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 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 MOP68.8 million (equivalent to approximately HK$66.8 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 annual 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.

Pursuant to the terms of the New Gaming Concession Contract, SJM is required to pay the Macau SAR Government 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 (approximately HK$291,000) per VIP table, MOP150,000 (equivalent to approximately HK$145,000) per Mass table, and MOP1,000 (equivalent to approximately HK$970) per gaming machine, including slot machines, operated by SJM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. GAMING CONCESSION RIGHT (Continued)

As at 1 January 2023, an intangible asset of gaming concession right 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, was initially recognised, which was estimated as the net present value of the future payments for the Utilisation Fee and Annual Premium, with a corresponding amount recognised as financial liabilities set out in note 24.

The gaming concession right will be amortised on a straight-line basis over the 10-year term of the New Gaming Concession Contract. The future payments of Utilisation Fee will be adjusted according to inflation adjustment and 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 (including inflation adjustment, changes in variable premium depending on the actual number of VIP table, Mass table and gaming machines) will be recognised as an adjustment to the carrying amount of the gaming concession right and corresponding financial liability. During the year ended 31 December 2023, an adjustment to the carrying amount of the gaming concession right of HK$6.3 million (2022: nil) had been recognised due to changes in the estimated future payments of the variable premium associated with the gaming concession right.

16. ART WORKS AND DIAMONDS

The amounts represent the aggregate cost of art works and diamonds held by the Group. In the opinion of the directors of the Company, the recoverable amounts of the art works and diamonds are at least their carrying amounts at the end of both reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INTEREST IN AN ASSOCIATE

	2023 HK$ million	2022 HK$ million
Cost of unlisted investment	**25.0**	25.0
Discount on acquisition	**6.8**	6.8
Share of post-acquisition profits, net of distributions	**1.1**	10.0
	32.9	41.8

The cost of investment in an associate represents the Group's 49% quota capital in an entity, Zhen Hwa Harbour Construction Company Limited, which is established in Macau SAR and engaged in the provision of construction services in Macau SAR and investment holding business.

The associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

	2023 HK$ million	2022 HK$ million
Current assets	**440.8**	543.0
Non-current assets	**87.1**	83.3
Current liabilities	**(461.2)**	(546.3)
Revenue	**50.7**	98.1
(Loss) profit for the year	**(14.1)**	0.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INTEREST IN AN ASSOCIATE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate and share of profits recognised in the consolidated financial statements:

Reconciliation of interest in an associate

	2023 HK$ million	2022 HK$ million
Net assets of an associate	**66.7**	80.0
Unrecognised share of (gain) loss of an associate *(Note)*	**(4.0)**	0.1
Adjusted net assets of an associate	**62.7**	80.1
Proportion of the Group's ownership interest in an associate	**49%**	49%
	30.7	39.2
Effect of fair value adjustments at acquisition	**2.2**	2.6
Carrying amount of the Group's interest in an associate	**32.9**	41.8

Reconciliation of share of losses of an associate

	2023 HK$ million	2022 HK$ million
Results for the year of an associate	**(14.1)**	0.1
Unrecognised share of results for the year *(Note)*	**(4.1)**	0.1
Unrealised losses (profits) for the year	**2.3**	(6.7)
Adjusted losses for the year of an associate	**(15.9)**	(6.5)
Proportion of the Group's ownership interest in an associate	**49%**	49%
Share of losses of an associate	**(7.8)**	(3.2)

Note: The Group's share of accumulated losses on a construction project is limited to a fixed amount as agreed with the holding company of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. INTEREST IN A JOINT VENTURE

	2023 HK$ million	2022 HK$ million
Cost of unlisted investment	**39.7**	39.7
Share of post-acquisition profits, net of dividends received	**10.6**	4.1
	50.3	43.8

The cost of investment in a joint venture represents the Group's 49% quota capital in an entity, Chong Fung Real Estate Investment Limited, which is established in Macau SAR and engaged in property investment business in Macau SAR.

According to the legal form and terms of the contractual arrangements, each of the two joint venturers that have joint control of the arrangement have rights to the net assets of the arrangement, hence it is regarded as a joint venture.

At the end of the reporting period, included in the cost of investment is goodwill of HK$34.3 million (2022: HK$34.3 million) arising on acquisition of the joint venture.

The joint venture is accounted for using the equity method in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. INTEREST IN A JOINT VENTURE (Continued)

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

	2023 HK$ million	2022 HK$ million
Current assets	**151.5**	136.9
Non-current assets	**22.6**	23.5
Current liabilities	**(141.4)**	(141.0)
Revenue	**11.5**	8.3
Profit for the year	**13.3**	7.4
Dividend received from the joint venture during the year	**—**	104.6
The above profit for the year includes the following:		
Depreciation	**0.9**	0.9
Interest income	**4.7**	2.1

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in the consolidated financial statements:

	2023 HK$ million	2022 HK$ million
Net assets of a joint venture	**32.7**	19.4
Proportion of the Group's ownership interest in a joint venture	**49%**	49%
	16.0	9.5
Goodwill	**34.3**	34.3
Carrying amount of the Group's interest in a joint venture	**50.3**	43.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

19. INVESTMENTS IN EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

At 31 December 2023, the amounts comprise equity shares listed in Hong Kong of HK$56.7 million (2022: HK$109.9 million) and unlisted equity shares in a private entity established in the British Virgin Islands of HK$314.2 million (2022: HK$314.2 million) that are carried at fair value. These investments are not held for trading, instead, they are held for long-term strategic purposes. The management has elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

20. OTHER ASSETS

	2023 HK$ million	2022 HK$ million
Deposits made on acquisitions of property and equipment	**317.7**	209.4
Rental deposits	**5.4**	5.8
Amount due from an associate	**88.4**	88.4
Amount due from a joint venture	**14.6**	14.5
Amount due from an investee company	**39.0**	39.0
	465.1	357.1

The amounts due from an associate/a joint venture/an investee company are unsecured, interest-free and have no fixed repayment terms. The management of the Group expects that these amounts will not be realised within 12 months from the end of the reporting period, hence, these amounts are classified as non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

21. PLEDGED BANK DEPOSITS

	2023 HK$ million	2022 HK$ million
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	**36.3**	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
	37.7	183.1

Notes:

(a) The amount represents a deposit pledged to secure the bank facility granted to SJM. 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) As at 31 December 2022, the amount represented 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, which is in favour of the Macau SAR government against the legal and contractual financial obligations of SJM under the Gaming Concession Contract.

At 31 December 2023, the pledged bank deposits carry fixed interest rate ranging from 3.60% to 4.60% (2022: 2.40% to 5.00%) per annum.

Details of impairment assessment of pledged bank deposits for the year ended 31 December 2023 are set out in note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

22. TRADE AND OTHER RECEIVABLES

	2023 HK$ million	2022 HK$ million
Advances to gaming patrons, net	**38.0**	2.3
Lease receivables	**164.8**	118.1
Other receivables from gaming promoters and service providers, net	**42.6**	225.4
Prepayments	**179.5**	175.5
Other sundry receivables	**281.6**	173.4
	706.5	694.7

As at 1 January 2022, the carrying amount of advances to gaming patrons was HK$0.2 million.

Advances to gaming patrons mainly include pre-approved interest-free revolving credit lines and short-term temporary interest-free advances. All advances to gaming patrons are unsecured, repayable on demand at discretion of the Group and generally require cheques and guarantees. As at 31 December 2023, included in the Group's advances to gaming patrons with aggregate carrying amount of HK$30.5 million (2022: nil) which are past due as at the reporting date. Out of the past due balances, HK$1.4 million (2022: nil) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Advances are only granted to gaming 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 patrons. In addition, in the event that a gaming patron fails to repay, the Group has the right, pursuant to the relevant gaming patrons agreement, to 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

22. TRADE AND OTHER RECEIVABLES (Continued)

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

	2023 HK$ million	2022 HK$ million
Age		
0 to 30 days	**7.5**	2.3
31 to 60 days	**0.3**	—
61 to 90 days	**28.8**	—
Over 90 days	**1.4**	—
	38.0	2.3

The lease receivables are mainly arising from rent-free periods provided to the tenants.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2023 are set out in note 40.

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:

	2023 HK$ million	2022 HK$ million
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	**115.1**	70.0
An associate and a joint venture of the Group	**3.0**	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	**55.0**	156.1
	173.1	236.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

23. SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH

At 31 December 2023, the short-term bank deposits carry fixed interest rates ranging from 3.15% to 4.80% (2022: 3.00% to 5.00%) per annum with original maturity of 6 months (2022: 6 months) and are classified as current assets since their remaining maturity is within 12 months from the end of the reporting period.

At 31 December 2023, bank balances carry effective interest rates ranging from 4.70% to 5.10% (2022: 2.75% to 4.95%) per annum.

24. TRADE AND OTHER PAYABLES

	2023 HK$ million	2022 HK$ million
Trade payables	**348.6**	86.6
Special gaming tax payable	**873.1**	174.0
Chips in circulation	**407.7**	279.7
Chips in custody and deposits received from gaming patrons and gaming promoters	**379.6**	216.9
Payables for acquisition of property and equipment	**179.0**	178.8
Construction payables	**260.3**	1,692.6
Accrued staff costs	**829.0**	582.1
Accrued operating expenses	**43.4**	70.4
Payable for gaming concession right	**2,493.5**	—
Withholding tax payable	**17.7**	15.8
Other sundry payables and accruals	**682.5**	509.6
	6,514.4	3,806.5
Less: Non-current portion of other payables and payable for gaming concession right *(Note)*	**(2,283.2)**	(71.4)
	4,231.2	3,735.1

Note: Non-current portion of other payables comprise of deposits received for rentals of HK$70.7 million (2022: HK$71.4 million) and payable for gaming concession right of HK$2,212.5 million (2022: nil) at 31 December 2023. These liabilities are classified as non-current based on the contractual or scheduled repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

24. 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:

	2023 HK$ million	2022 HK$ million
Age		
0 to 30 days	**325.3**	68.2
31 to 60 days	**13.5**	9.8
61 to 90 days	**7.6**	3.7
Over 90 days	**2.2**	4.9
	348.6	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 time frame.

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

	2023 HK$ million	2022 HK$ million
STDM and its associates (as defined under Chapter 14A of the Listing Rules), excluding the Group	**113.3**	87.1
An associate and a joint venture of the Group	**12.2**	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	**170.7**	179.1
	296.2	339.8

	2023 HK$ million	2022 HK$ million
The payable for gaming concession right are repayable:		
Within one year	**281.0**	—
Within a period of more than one year but not exceeding two years	**263.1**	—
Within a period of more than two years but not exceeding five years	**931.4**	—
Within a period of more than five years	**1,018.0**	—
	2,493.5	—
Less: Amounts due within one year shown under current liabilities	**(281.0)**	—
Amounts shown under non-current liabilities	**2,212.5**	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. BANK LOANS

	2023 HK$ million	2022 HK$ million
The syndicated secured bank loans are repayable:		
Within one year	**970.7**	707.0
Within a period of more than one year but not exceeding two years	**1,460.3**	932.5
Within a period of more than two years but not exceeding five years	**12,804.9**	4,677.7
Within a period of more than five years	**—**	12,658.1
	15,235.9	18,975.3
Less: Amounts due within one year shown under current liabilities	**(970.7)**	(707.0)
Amounts shown under non-current liabilities	**14,265.2**	18,268.3

Variable-rate bank loans comprise:

	Carrying amounts	
	2023 HK$ million	2022 HK$ million
Secured bank loans for GLP Project ("GLP Bank Loans")		
HK$ bank loan at 1-month Hong Kong Interbank Offered Rate ("HIBOR") +1.25% to 2.25% per annum	**14,264.2**	17,759.1
MOP bank loan at 1-month Macau Interbank Offered Rate ("MAIBOR") +1.25% to 2.25% per annum	**792.5**	986.6
	15,056.7	18,745.7
Secured bank loans for Ponte 16 ("P16 Bank Loans")		
HK$ bank loan at 1-month HIBOR + 2.50% per annum (2022: 3-months HIBOR + 2.50% per annum)	**179.2**	229.6
Total bank loans	**15,235.9**	18,975.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. BANK LOANS (Continued)

GLP Bank Loans

During the year ended 31 December 2023, the Group recorded a loss of HK$59.0 million (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 year ended 31 December 2023.

At 31 December 2023, the effective interest rates of the secured bank loans is 7.33% (2022: 2.48% to 6.65%) per annum. The purpose of the secured syndicated loan facilities is for financing the GLP Project.

At 31 December 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$33,665.9 million and HK$1,658.3 million respectively (2022: secured by certain non-gaming property and equipment and right-of-use assets of the Group with carrying values of HK$35,154.8 million and 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 (31 December 2022: HK$20,900 million) issued by SJM and endorsed by the Company and certain subsidiaries of SJM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

25. BANK LOANS (Continued)

P16 Bank Loans

During the year ended 31 December 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. The purpose for the facilities are for the use of non-gaming working capital.

At 31 December 2023, the effective interest rate of the secured bank loans is 8.09% (2022: 3.24%) per annum. The main purpose of the loans is to finance the payment of the land premium and the related cost for any land concession modification in respect of the phase 3 development project at Ponte 16 and settle certain loans from non-controlling shareholders.

At 31 December 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$388.7 million (2022: HK$404.7 million) and HK$53.0 million (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 HK$1,000 million (2022: HK$1,000 million) and HK$490 million (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. UNSECURED NOTES

	2023 HK$ million	2022 HK$ million
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	**3,935.0**	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	**3,934.9**	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	**1,251.8**	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	**292.0**	291.7
	9,413.7	9,400.6

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

27. LEASE LIABILITIES

	2023 HK$ million	2022 HK$ million
Lease liabilities payable:		
Within one year	**37.5**	46.4
Within a period of more than one year but not exceeding two years	**32.9**	26.6
Within a period of more than two years but not exceeding five years	**54.3**	81.0
Within a period of more than five years	**470.8**	496.3
	595.5	650.3
Less: Amount due for settlement within 12 months shown under current liabilities	**(37.5)**	(46.4)
Amount due for settlement after 12 months shown under non-current liabilities	**558.0**	603.9

The weighted average incremental borrowing rate applied to lease liabilities is 2.48% (2022: 2.44%).

Restrictions or covenants on leases

Lease liabilities of HK$595.5 million are recognised with related right-of-use assets of HK$2,483.5 million as at 31 December 2023 (2022: lease liabilities of HK$650.3 million and related right-of-use assets of HK$2,599.0 million). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. The related leased assets may not be used as security for borrowing purposes.

As at 31 December 2023, the amounts are secured by rental deposits with carrying values of HK$8.2 million (2022: HK$33.7 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

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

During the year ended 31 December 2023, imputed interest of HK$8.7 million (2022: HK$7.9 million) on the amount due to the non-controlling interests of a subsidiary of HK$348.2 million (2022: HK$339.5 million) has been recognised at an effective interest rate of approximately 2.55% (2022: 2.55%) per annum. At 31 December 2023, the principal amount was HK$366.4 million (2022: HK$366.4 million). During the year ended 31 December 2022, the carrying amount has been adjusted by HK$3.4 million (2023: nil) as the deemed capital contribution arising from amount due to non-controlling interests of a subsidiary on initial recognition.

At 31 December 2023 and 31 December 2022, the total carrying amounts were classified as non-current liabilities.

29. 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. The loan amount would be repayable in full on 1 December 2028. At 31 December 2023, the loan amount was classified as non-current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

30. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities need to be offset for both years.

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the year:

	Accelerated tax depreciation HK$ million	Tax losses HK$ million	Right-of-use assets HK$ million	Lease liabilities HK$ million	Total HK$ million
At 1 January 2022	(93.1)	82.6	—	—	(10.5)
Adjustments *(note 2)*	—	—	(88.4)	88.4	—
At 1 January 2022 (restated)	(93.1)	82.6	(88.4)	88.4	(10.5)
Credit (charge) to profit or loss *(note 10)*	68.5	(68.5)	40.2	(40.2)	—
At 31 December 2022 (restated)	**(24.6)**	**14.1**	**(48.2)**	**48.2**	**(10.5)**
Credit (charge) to profit or loss *(note 10)*	**(21.2)**	**21.2**	**7.0**	**(7.0)**	**—**
At 31 December 2023	**(45.8)**	**35.3**	**(41.2)**	**41.2**	**(10.5)**

At 31 December 2023, the Group has unrecognised tax losses of HK$3,175.7 million (2022: HK$4,612.9 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. These unrecognised tax losses will expire in three years from the year of assessment.

31. 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 dollar. The convertible bond entitle STDM to convert them into ordinary shares of SJM 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 Right 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 were 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 9.54%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

31. CONVERTIBLE BOND (Continued)

The movement of the liability and equity component of the convertible bond since the issuance of the convertible bond to 31 December 2023 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	**1,394.3**	**574.7**
Interest expenses	**137.2**	**—**
Interest repayment	**(38.1)**	**—**
At 31 December 2023	**1,493.4**	**574.7**

32. SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amount HK$ million
Ordinary shares with no par value		
At 1 January 2022	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 and 31 December 2023	**7,101,805,366**	**14,415.1**

During the year ended 31 December 2022, the Company issued 1,420,361,073 ordinary shares, for consideration of HK$2.08 per share. The ordinary shares were issued on 22 September 2022 to the existing shareholders, on the basis of one right share for every four ordinary shares currently held. The new shares rank pari passu with the existing shares in all respects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

33. SHARE OPTION SCHEME

According to an ordinary resolution passed at the annual general meeting held on 13 May 2009, the Company adopted a share option scheme (the "Scheme"), which lapsed automatically on 13 May 2019 upon the expiry of 10-year period, for the purpose of providing incentives to participants to contribute to the Group and/or to enable the Group to recruit high-calibre employees and/or attract human resources that are valuable to the Group. Under the Scheme, the directors might grant options to any employees, officers, agents, consultants or representatives of the Company or any subsidiary, including directors of the Company and any subsidiary (the "Participants") who, as the directors might determine in their absolute discretion, are regarded as valuable human resources of the Group. Following the expiry of the Scheme, no further share options can be granted thereunder but the outstanding share options granted under the Scheme shall continue to be valid and exercisable.

One-third of the options granted are exercisable for a period of nine years commencing on the date each falling six months, 1.5 years and 2.5 years after the date of grant. All options granted are expiring on the last day of the said nine years period; where the acceptance date should not be later than 28 days after the date of grant. A nominal consideration of HK$1 is payable on acceptance of the grant of options. The subscription price of the option shares is not less than the higher of (i) the closing price of the shares on the date of grant; (ii) the average closing price of the shares on the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed in nominal amount of 10% of the issued share capital of the Company at the date of adoption of the Scheme. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital from time to time.

The maximum entitlement of each Participant, excluding substantial shareholders and independent non-executive directors, in any 12-month period (including the date of grant) is 1% of the number of shares in issue as at the date of grant. No grant may be made to substantial shareholders and independent non-executive directors of the Company or their respective associates if such grant would result in the shares issued and falling to be issued upon the exercise of such options proposed to be granted and all other options already granted and to be granted (a) representing in aggregate over 0.1% of the number of shares then in issue; and (b) having an aggregate value, based on the closing price of the shares on each relevant date on which the grant of such options is made, is in excess of HK$5 million, unless such grant has first been approved by the independent shareholders in general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

33. SHARE OPTION SCHEME (Continued)

A summary of the movements of the outstanding options during the year ended 31 December 2023 under the Scheme is as follows:

					Number of share options							
Type of participants	Date of grant	Vesting period	Exercise period	Exercise price per share HK$	Outstanding at 1.1.2022	Reclassified in 2022	Adjusted in 2022	Lapsed/ forfeited in 2022	Outstanding at 31.12.2022	Reclassified in 2023	Lapsed/ forfeited in 2023	Outstanding at 31.12.2023
Directors	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	24,668,000	(834,000)	1,668,380	—	**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	34,668,000	(10,834,000)	1,668,380	—	**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	34,664,000	(10,832,000)	1,668,240	—	**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	500,000	—	35,000	—	**535,000**	**—**	**—**	**535,000**
	22.6.2017	22.6.2017 to 21.12.2019	22.12.2019 to 21.12.2026	7.785	1,000,000	—	70,000	—	**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	1,000,000	—	70,000	—	**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	1,000,000	—	70,000	—	**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	1,000,000	—	70,000	—	**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	11,774,000	—	799,120	(826,660)	**11,746,460**	**—**	**(11,746,460)**	**—**
	8.10.2013	8.10.2013 to 7.4.2015	8.4.2015 to 7.4.2023	20.561	11,733,000	—	796,390	(818,240)	**11,711,150**	**—**	**(11,711,150)**	**—**
	8.10.2013	8.10.2013 to 7.4.2016	8.4.2016 to 7.4.2023	20.561	11,721,000	—	795,550	(816,100)	**11,700,450**	**—**	**(11,700,450)**	**—**
	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	4,953,000	—	341,740	(240,060)	**5,054,680**	**12,483,690**	**(498,620)**	**17,039,750**
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.183	4,957,000	—	342,020	(240,060)	**5,058,960**	**12,483,690**	**(498,620)**	**17,044,030**
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.183	4,875,000	—	336,490	(238,130)	**4,973,360**	**12,482,620**	**(490,060)**	**16,965,920**
Other participants	15.6.2015	15.6.2015 to 14.12.2015	15.12.2015 to 14.12.2024	9.183	167,000	834,000	70,070	—	**1,071,070**	**—**	**(178,690)**	**892,380**
	15.6.2015	15.6.2015 to 14.12.2016	15.12.2016 to 14.12.2024	9.183	167,000	10,834,000	770,070	—	**11,771,070**	**—**	**(178,690)**	**11,592,380**
	15.6.2015	15.6.2015 to 14.12.2017	15.12.2017 to 14.12.2024	9.183	166,000	10,832,000	769,860	—	**11,767,860**	**—**	**(177,620)**	**11,590,240**
					149,013,000	—	10,341,310	(3,179,250)	**156,175,060**	**—**	**(37,180,360)**	**118,994,700**
Weighted average exercise price per share					HK$12.70	—	HK$11.81	HK$18.52	**HK$11.74**	**—**	**HK$19.94**	**HK$9.18**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

33. SHARE OPTION SCHEME (Continued)

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.

Upon completion of the rights issue on 22 September 2022, the exercise price of the share options and the number of shares to be issued upon exercise of the outstanding share options were adjusted pursuant to the terms of the Scheme, details of which were set out in the announcement of the Company dated 21 September 2022.

At the end of the reporting period, 118,994,700 (2022: 156,175,060) share options are exercisable.

During the year ended 31 December 2023, the Group has not recognised expenses (2022: nil) in relation to share options granted by the Company.

34. RESERVES

	Share options reserve HK$ million	**Retained profits** HK$ million	**Total** HK$ million
THE COMPANY			
At 1 January 2022	697.4	7,449.7	8,147.1
Loss and total comprehensive expense for the year	—	(165.2)	(165.2)
Release of lapsed/forfeited share-based payments	(22.8)	22.8	—
At 31 December 2022	**674.6**	**7,307.3**	**7,981.9**
Loss and total comprehensive expense for the year	**—**	**(430.8)**	**(430.8)**
Release of lapsed/forfeited share-based payments	**(290.1)**	**290.1**	**—**
At 31 December 2023	**384.5**	**7,166.6**	**7,551.1**

35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2023, property and equipment totalling HK$50.8 million (2022: HK$82.8 million) were settled by utilising deposits made on acquisitions of property and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

36. CAPITAL COMMITMENTS

	2023 HK$ million	2022 HK$ million
Contracted for but not provided in the consolidated financial statements:		
— GLP Project	**96.0**	69.8
— Others	**331.3**	47.0
	427.3	116.8

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

37. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Certain premises in the Group's properties and equipment have committed lessees ranging from 1 to 12 years respectively (2022: 1 to 12 years), and the rentals are pre-determined at fixed amounts except for certain leases of which contingent rentals are charged based on the percentage of sales. The lease commitments presented below is based on the existing committed monthly minimum lease payments.

Undiscounted lease payments receivable on leases are as follows:

	2023 HK$ million	2022 HK$ million
Within one year	**83.5**	60.5
In the second year	**159.6**	126.6
In the third year	**143.4**	145.2
In the fourth year	**55.7**	134.9
In the fifth year	**58.4**	46.9
After five years	**291.8**	323.2
	792.4	837.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

38. RETIREMENT BENEFITS SCHEMES

Employees employed by the Group's operations in Macau SAR are members of government-managed social benefits schemes operated by the Macau SAR government. The Macau SAR operations are required to pay a monthly fixed contribution to the social benefits schemes to fund the benefits. The only obligation of the Group with respect to the social benefits schemes operated by the Macau SAR government is to make the required contributions under the schemes.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of a trustee. The Group contributes 5% of the relevant payroll costs to the MPF Scheme, which is matched with mandatory contribution of all employees. For certain employees, the maximum monthly contribution was limited to HK$1,500 per employee.

The Group operates a defined contribution retirement scheme for all qualifying employees since 2003. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees. The retirement scheme cost recognised in profit or loss represents contributions payable to the funds by the Group at rates specified in the rules of the scheme.

The Group operates a Non-mandatory Central Provident Fund (the "CPF") for all qualifying employees since 2020. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees. The Group contributes 5% of the relevant payroll costs to the CPF, which is matched with contribution of all relevant employees.

Where there are employees of the Group who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank loans, unsecured notes, lease liabilities, amount due to non-controlling interests of a subsidiary, loan from ultimate holding company, payable for gaming concession right (included in trade and other payables), convertible bond and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in these consolidated financial statements.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends and new share issues, as well as raising bank borrowings and issuing new debt or the redemption of existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

Financial instruments are fundamental to the Group's daily operations. The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(b) Categories of financial instruments

	2023 HK$ million	2022 HK$ million
Financial assets		
Investments in equity instruments designated at FVTOCI	**370.9**	424.1
Amortised cost	**5,120.0**	8,571.7
	5,490.9	8,995.8
Financial liabilities		
Amortised cost	**32,609.9**	34,674.6

Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

(c) Credit risk management and impairment assessment

As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the Group's statement of financial position; and
- the amount of financial guarantee obligations disclosed in note 43.

The Group has concentration of credit risk as 94% (2022: 100%) of the advances and receivables are due from the Group's four largest patrons (2022: two largest patrons). Other than concentration of credit risk on advances to gaming patrons, the Group does not have any other significant concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. FINANCIAL INSTRUMENTS (Continued)

(c) Credit risk management and impairment assessment (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for the 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 patterns. The Group assessed the ECL for advances to gaming patrons, other receivables from gaming promoters and service providers and lease receivables individually as at 31 December 2023 and 31 December 2022.

Movement in the loss allowance

	2023 HK$ million	2022 HK$ million
At 1 January	**523.2**	379.5
Impairment loss recognised	**—**	143.7
At 31 December	**523.2**	523.2

During the year ended 31 December 2022, the Group provided impairment allowance for advance to a gaming patron of HK$13.6 million (2023: nil) and other receivable from a service provider of HK$130.1 million (2023: nil) with its corresponding gross carrying amount of HK$13.6 million (2023: nil) and HK$172.7 million (2023: nil), respectively, as the management considered certain gaming patron and service provider are credit-impaired. As at 31 December 2023, loss allowance with an aggregate balance of HK$523.2 million (2022: HK$523.2 million) represents individually credit-impaired advances to gaming patrons and other receivables from gaming promoters and service providers which are impaired as the management considered the outstanding balances from these gaming promoters, gaming patrons and service providers were uncollectible given that one or more events of default occurred.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. FINANCIAL INSTRUMENTS (Continued)

(c) Credit risk management and impairment assessment (Continued)

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

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

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK$67.3 million as at 31 December 2022. Details of the financial guarantee contracts are set out in note 43. As at 31 December 2022, the management assessed that no credit facilities were utilised under guarantee and financial positions of that associate and concluded that there has been no significant credit risk arising from the financial guarantee contracts. Accordingly, there was no loss allowance for financial guarantee contracts issued by the Group. As at 31 December 2023, no guarantee contract was issued by the Group.

(d) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to its bank balances and bank loans. The Group is also exposed to fair value interest rate risk in relation to its fixed-rate bank deposits, pledged bank deposits, short-term bank deposits, unsecured notes, payable for gaming concession right (included in trade and other payables), convertible bond, loan from ultimate holding company and lease liabilities. The Group currently does not have a policy on hedging of interest rate risks. However, the management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR/MAIBOR arising from bank loans.

The sensitivity analyses below have been determined based on the exposure to interest rates for bank balances and bank loans. The analyses were prepared assuming these balances outstanding at the end of the reporting period were outstanding for the whole year. 5 basis points and 50 basis points (2022: 5 basis points and 50 basis points) increase, respectively, represent management's assessment of the reasonably possible change in interest rates.

Interest rates had been 5 or 50 basis points higher/lower for bank balances and bank loans, respectively, and all other variables were held constant, the Group's post-tax loss for the year would increase by HK$75.2 million (2022: HK$92.1 million). This is mainly attributable to the Group's exposure to interest rates on its bank balances and bank loans with variable rate.

	2023 **HK$ million**	2022 HK$ million
Increase in loss for the year	**(75.2)**	(92.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk management (Continued)

If interest rates had been lower in an opposite magnitude and all other variables held constant, the potential effect on the results would be equal and opposite.

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

(e) Price risk management

The Group is exposed to equity price risk on the investments in listed equity securities measured at FVTOCI, operating in gaming, entertainment and hotel industry sector. The Group currently does not have a policy to hedge such risk. In addition, the Group also invested in certain unquoted equity securities for investees operating in gaming, entertainment and hotel industry sector for long-term strategic purposes which were designated at FVTOCI. The Group has designated a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risk on the equity securities in investments in equity securities designated at FVTOCI at the end of the reporting period. If the fair value on such equity securities had been 10% (2022: 10%) higher/lower, the potential effect on the investment revaluation reserve is as follows:

The Group's investment revaluation reserve would increase/decrease by HK$37.1 million (2022: HK$42.4 million) arising from the listed equity securities and unlisted equity shares in investments in equity instruments designated at FVTOCI.

In the management's opinion, the sensitivity analysis is unrepresentative of the price risk as the year end exposure does not reflect the exposure during the year.

(f) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The management of the Group are taking active steps to improve the future liquidity position of the Group by generating sufficient operating funds internally and utilising undrawn banking facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. FINANCIAL INSTRUMENTS (Continued)

(f) Liquidity risk management (Continued)

The following table details the Group's remaining contractual maturities of financial liabilities that are exposed to liquidity risk based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and financial guarantee contracts based on the earliest date on which the Group could be required to pay. The maturity dates for other financial liabilities are based on agreed payment terms. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount of interest payment is estimated based on the interest rate at the end of the reporting period.

	Weighted average effective interest rate	Not more than 3 months or on demand HK$ million	Over 3 months but not more than 1 year HK$ million	1 year to 5 years HK$ million	Over 5 years HK$ million	Total undiscounted cash flow HK$ million	Carrying amount HK$ million
At 31 December 2023							
Trade payables	**—**	**344.1**	**4.5**	**—**	**—**	**348.6**	**348.6**
Chips in circulation	**—**	**407.7**	**—**	**—**	**—**	**407.7**	**407.7**
Other payables	**—**	**231.7**	**559.7**	**33.5**	**37.2**	**862.1**	**862.1**
Payable for gaming concession right	**9.31%**	**144.3**	**146.2**	**1,629.5**	**1,785.3**	**3,705.3**	**2,493.5**
Amount due to non-controlling interests of a subsidiary	**2.55%**	**—**	**—**	**366.4**	**—**	**366.4**	**348.2**
Loan from ultimate holding company	**4.00%**	**—**	**80.2**	**2,320.2**	**—**	**2,400.4**	**2,006.8**
Bank loans *(Note (i))*	**7.33%**	**522.1**	**1,540.0**	**17,219.9**	**—**	**19,282.0**	**15,235.9**
Unsecured notes	**4.68%**	**181.2**	**241.5**	**10,301.6**	**—**	**10,724.3**	**9,413.7**
Convertible bond	**9.54%**	**—**	**38.1**	**2,020.4**	**—**	**2,058.5**	**1,493.4**
Lease liabilities	**2.48%**	**14.4**	**38.1**	**140.2**	**708.7**	**901.4**	**595.5**
		1,845.5	**2,648.3**	**34,031.7**	**2,531.2**	**41,056.7**	**33,205.4**
At 31 December 2022							
Trade payables	—	81.9	4.7	—	—	86.6	86.6
Chips in circulation	—	279.7	—	—	—	279.7	279.7
Other payables	—	447.9	1,672.5	71.4	—	2,191.8	2,191.8
Amount due to non-controlling interests of a subsidiary	2.55%	—	—	366.4	—	366.4	339.5
Loan from ultimate holding company	4.00%	—	80.6	322.7	2,080.7	2,484.0	2,006.8
Bank loans *(Note (i))*	6.66%	310.5	1,646.3	9,857.1	13,030.5	24,844.4	18,975.3
Unsecured notes	4.68%	181.2	241.3	6,754.8	3,969.5	11,146.8	9,400.6
Convertible bond	9.54%	—	38.1	2,058.5	—	2,096.6	1,394.3
Financial guarantee obligations *(Note (ii))*	—	67.3	—	—	—	67.3	—
Lease liabilities	2.44%	17.1	44.7	163.2	747.0	972.0	650.3
		1,385.6	3,728.2	19,594.1	19,827.7	44,535.6	35,324.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. FINANCIAL INSTRUMENTS (Continued)

(f) Liquidity risk management (Continued)

Notes:

(i) The amounts included above for variable-rate bank loans are subject to change if variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

(ii) The amounts included in the undiscounted cash flow above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. However, based on expectations at 31 December 2022, the Group considers that it is likely that no amount will be payable under the arrangement. This estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

(g) Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates with alternative nearly risk-free rates. For the variable rate bank borrowings that are linked to HIBOR as set out in note 25, the Group had confirmed with the relevant counterparty that HIBOR will continue to be used up to maturity. The management anticipates that the interest rate benchmark reform will have no material impact on the Group's risk exposure.

(h) Fair value measurement 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. FINANCIAL INSTRUMENTS (Continued)

(h) Fair value measurement of financial instruments (Continued)

Financial assets	Fair value as at 31 December 2023 HK$ million	31 December 2022 HK$ million	Fair value hierarchy	Valuation technique(s) and key input(s)
Investments in equity instruments designated at FVTOCI				
Listed equity securities	**56.7**	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

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

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 31 December 2023 listed on the Stock Exchange and MOX were HK$6,912.1 million and HK$1,413.8 million respectively. The estimated fair value of unsecured notes listed on the Stock Exchange were derived from the quoted prices that were observable from an inactive market 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 consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows (used in) from financing activities.

	Bank loans HK$ million *(note 25)*	**Unsecured notes** HK$ million *(note 26)*	**Amount due to non-controlling interests of a subsidiary** HK$ million *(note 28)*	**Loan from ultimate holding company** HK$ million *(note 29)*	**Convertible bond** HK$ million *(note 31)*	**Interest payables** HK$ million *(Note)*	**Payable for gaming concession right** HK$ million *(Note)*	**Lease liabilities** HK$ million *(note 27)*	**Total** HK$ million
At 1 January 2022	13,185.9	9,388.0	305.6	—	—	2.1	—	983.9	23,865.5
Net financing cash flows	5,692.6	(422.5)	29.4	2,000.0	(1.2)	(512.9)	—	(228.1)	6,557.3
Loss on modification of a bank loan	19.6	—	—	—	—	—	—	—	19.6
Derecognised from early termination of lease contracts *(note 14)*	—	—	—	—	—	—	—	(59.9)	(59.9)
Acquisitions of property and equipment	—	—	—	—	1,330.8	—	—	—	1,330.8
New leases entered	—	—		—	—	—	—	10.6	10.6
COVID-19-related rent concessions	—	—	—	—	—	—	—	(76.1)	(76.1)
Interest expenses	77.2	435.1	7.9	6.8	64.7	511.0	—	19.9	1,122.6
Deemed capital contribution	—	—	(3.4)	—	—	—	—	—	(3.4)
At 31 December 2022	18,975.3	9,400.6	339.5	2,006.8	1,394.3	0.2	—	650.3	32,767.0
Net financing cash flows	**(3,801.0)**	**(422.7)**	**—**	**(80.0)**	**(38.1)**	**(1,018.4)**	**(290.0)**	**(64.3)**	**(5,714.5)**
Loss on modification of bank loans, net	**58.6**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**58.6**
Lease modification *(note 14)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(50.5)**	**(50.5)**
New leases entered	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**43.7**	**43.7**
Interest expenses	**3.0**	**435.8**	**8.7**	**80.0**	**137.2**	**1,018.4**	**230.7**	**16.3**	**1,930.1**
Recognition of gaming concession right	**—**	**—**	**—**	**—**	**—**	**—**	**2,559.1**	**—**	**2,559.1**
Adjustment to future payments *(note 15)*	**—**	**—**	**—**	**—**	**—**	**—**	**(6.3)**	**—**	**(6.3)**
At 31 December 2023	**15,235.9**	**9,413.7**	**348.2**	**2,006.8**	**1,493.4**	**0.2**	**2,493.5**	**595.5**	**31,587.2**

Note: The amount is included in trade and other payables as set out in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

42. RELATED PARTY TRANSACTIONS

(a) Other than the transactions and balances with related parties disclosed in respective notes in the consolidated financial statements, during the year, 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	2023 HK$ million	2022 HK$ million
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 42(e))*	**22.9**	—
	Entertainment *(note 42(e))*	**5.8**	—
	Hotel accommodation *(note 42(e))*	**49.1**	—
	Hotel management and operation *(note 42(e))*	**5.9**	—
	Maintenance services *(note 42(e))*	**9.7**	—
	Promotional and advertising services *(note 42(e))*	**11.2**	—
	Rental income *(note 42(c))*	**79.6**	72.1
	Property rentals *(note 42(d))*	**2.2**	2.2
	Transportation *(note 42(e))*	**0.5**	1.6
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Hotel accommodation *(note 42(e))*	**—**	3.0
	Entertainment *(note 42(e))*	**—**	5.6
	Laundry services *(note 42(f))*	**—**	15.4
	Hotel management and operation *(note 42(e) and (f))*	**—**	6.8
	Promotional and advertising services *(note 42(e) and (f))*	**—**	5.6
	Maintenance services *(note 42(e) and (f))*	**—**	10.3
	Others *(note 42(f))*	**10.9**	6.7
	Non-exempt connected transactions under Chapter 14A of the Listing Rules		
	Right-of-use assets — HKFRS 16 *(note 42(d))*	**16.2**	—
Certain directors of the Company and of its subsidiaries and their associates (as defined under Chapter 14A of the Listing Rules)	***Non-exempt continuing connected transactions under Chapter 14A of the Listing Rules***		
	Service fees paid to a service provider in relation to the promotion of a casino *(note 42(k))*	**325.7**	124.1
	Property rentals *(note 42(g))*	**34.3**	6.0
	Exempt continuing connected transactions under Chapter 14A of the Listing Rules		
	Others *(note 42(f))*	**24.3**	51.1
	Non-exempt connected transaction under chapter 14A of the Listing Rules		
	Right-of-use assets — HKFRS 16 *(note 42(g))*	**0.5**	—
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	**117.1**	105.8
	Construction costs	**5.1**	18.2
	Promotion and advertising expenses	**2.4**	—
	Others	**18.7**	13.0
	Sub-concession fee income	**—**	4.3
An associate	Construction costs and management fee paid	**6.6**	8.1
	Distribution from an associate	**—**	311.8
A joint venture	Property rentals *(note 42(j))*	**11.5**	8.3
	Dividend income	**—**	104.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

42. RELATED PARTY TRANSACTIONS (Continued)

(b) In 2002, SJM was granted a concession to operate casinos in Macau SAR. For this purpose, SJM has been borrowing casino chips from STDM for the purpose of its business operation since SJM, as a new concessionaire from 2002, did not have sufficient casino chips to meet its business needs. According to the gaming concession contract, SJM is permitted to use STDM's casino chips, both in treasury and those put in circulation by STDM prior to 1 April 2002 and should honour such casino chips. In order to regulate the borrowing and use of STDM chips, the Group entered into an agreement with STDM dated 18 June 2008 (the "Chips Agreement") regarding the honouring and borrowing of STDM chips. Under the Chips Agreement, the Group has agreed to honour the STDM chips in circulation upon their redemption by patrons or clients. In addition, STDM has agreed to reimburse the STDM chips presented by the Group to STDM, by paying to the Group in cheque the aggregate face value of chips so presented within the same quarter when such presentation takes place. During the year ended 31 December 2022, the net amount received or receivable on reimbursement of STDM chips in circulation amounted to HK$0.1 million (2023: nil).

(c) SJM entered into an agreement dated 21 January 2020 with NYH Gestão de Vendas a Retalho Limitada ("NYH"), an indirect wholly-owned subsidiary of STDM, for which SJM grant the rights to use the shop to NYH for the purpose of operating a department store at the premises located in GLP. The term of the lease will be 12 years and 6 months commencing on 27 July 2021. The amounts of transactions during the period were disclosed in note 42(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 42(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 42(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 year ended 31 December 2023, the lease transactions with related parties represent addition of right-of-use assets of HK$16.2 million (2022: nil), incurred expenses relating to the relevant short-term leases of HK$2.2 million (2022: HK$2.2 million) and interest expenses of HK$0.4 million (2022: HK$2.5 million) on the relevant lease liabilities with carrying amount of HK$12.3 million as at 31 December 2023 (2022: HK$0.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

42. 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 during the year ended 31 December 2022 and were de minimis as described in note 42(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) These are individually de minimis transactions as defined under Rule 14A.76 of the Listing Rules, which are continuing connected transactions on normal commercial terms, exempt from reporting, annual review, announcement and independent shareholders' approval requirements as defined under Rule 14A.76(1) of the Listing Rules.

(g) 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 42(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 42(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 year ended 31 December 2023, the lease transactions represent addition of right-of-use assets of HK$0.5 million (2022: nil), incurred expenses relating to the relevant short-term leases of HK$34.4 million (2022: HK$6.0 million) and interest expenses of HK$nil (2022: HK$1.1 million) on the relevant lease liabilities with carrying amount of HK$0.4 million as at 31 December 2023 (2022: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

42. RELATED PARTY TRANSACTIONS (Continued)

(h) Save as disclosed in note 25, 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 (2022: HK$490 million); and

(ii) share pledges over all shares in Pier 16 – Property and its subsidiaries.

(i) 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.

(j) The amount disclosed in note 42(a) represents the property rentals with related parties and/or connected parties for the expenses relating to the relevant short-term leases.

(k) 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 and 6 May 2020 regarding the provision of the services and licensing for occupation and use of the designated area in the L'Arc Hotel to SJM for the operation of a casino until 26 June 2022 (the "L'Arc Services Agreement"). 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 for 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 transaction since 17 May 2021. The agreement with L'Arc Entertainment was further renewed on 30 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

43. FINANCIAL GUARANTEE OBLIGATIONS

	2023		2022	
	Maximum guarantees given HK$ million	**Credit facilities utilised HK$ million**	Maximum guarantees given HK$ million	Credit facilities utilised HK$ million
Guarantees given to banks in respect of credit facilities granted to:				
— an associate	—	—	67.3	—

During the year ended 31 December 2023, the financial guarantee obligation in respect of credit facilities granted to an associate has been expired. As at 31 December 2022, the fair value of financial guarantee obligations in respect of an associate at initial recognition is insignificant. No provision for financial guarantee contracts has been made at 31 December 2022 as the default risk is low.

44. INVESTMENTS IN SUBSIDIARIES

	2023 HK$ million	2022 HK$ million
Unlisted shares, at cost	**8,535.4**	8,535.4
Deemed capital contribution in relation to issue of convertible bond by a subsidiary	**95.5**	95.5
	8,630.9	8,630.9

Details of the Company's principal subsidiaries at the end of the reporting period are set out in note 46.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

45. AMOUNTS DUE FROM SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES

The amounts due from subsidiaries are unsecured. Included in the balances is an amount of HK$19,173.4 million (2022: HK$19,173.4 million) which is expected to be realised after 12 months from the end of the reporting period, hence, the amount is classified as non-current asset, out of which HK$9,413.7 million (2022: HK$9,388.0 million) carries interest ranging from 3.90% to 4.85% and out of which HK$9,759.7 million (2022: HK$9,785.4 million) is interest-free. The remaining balances are interest-free and expected to be realised within 12 months from the end of the reporting period.

The amounts due to subsidiaries are unsecured, carry interest ranging from 3.90% to 4.85% and repayable on demand.

46. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period is as follows:

(a) General information of subsidiaries

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ quota capital	Attributable proportion of nominal value of issued share capital/ quota capital held by the Group		Principal activity
			2023	2022	
Bondwell Limited	Hong Kong	Ordinary share: HK$1	**100%**	100%	Property holding
Brilliant Sky International Limited	Macau SAR	Quota capital: MOP25,000	**100%**	100%	Provision of marketing and promotion services
Brilliant Sky Investments Limited	British Virgin Islands/ Macau SAR	Share: US$1	**100%**	100%	Investment holding
Brilliant Talent Hospitality Services Limited	Macau SAR	Quota capital: MOP25,000	**100%**	100%	Provision of hospitality services
Champion Moments Limited	British Virgin Islands/ Hong Kong	Share: US$1	**100%**	100%	Provision of treasury services
Champion Path Holdings Limited	British Virgin Islands/ Hong Kong	Share: US$1	**100%**	100%	Provision of treasury services
Champion Power Global Limited	British Virgin Islands/ Hong Kong	Share: US$1	**100%**	100% *(Note (e))*	Provision of treasury services
Cotai Magnific View – Property Development Company Limited	Macau SAR	Ordinary shares: MOP1,000,000	**100%**	100%	Preparation for property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

46. PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ quota capital	Attributable proportion of nominal value of issued share capital/ quota capital held by the Group 2023	2022	Principal activity
GLP Hospitality Services Limited	Macau SAR	Quota capital: MOP500,000	**100%**	100%	Provision of management services for hotel operations
GLP Shopping Mall Management Limited	Macau SAR	Quota capital: MOP500,000	**100%**	100%	Provision of management services for shopping mall
Grand Lisboa – Hotel Administration Company Limited	Macau SAR	Ordinary shares: MOP1,000,000	**100%**	100%	Hotel operations
Grand Lisboa – Property Investment Company Limited	Macau SAR	Ordinary shares: MOP1,000,000	**100%**	100%	Property holding
Harbour Tide Limited	British Virgin Islands/ Macau SAR	Share: US$1	**100%**	100% *(Note (f))*	Property holding
Honour State International Limited	British Virgin Islands/Hong Kong	Share: US$1	**100%**	100%	Securities holding
Macau Dredging Services Limited	Macau SAR	Quota capital: MOP1,000,000	**100%**	100%	Provision of dredging services
Nam Van Lake View Investment Limited	Macau SAR	Quota capital: MOP1,000,000	**100%**	100%	Property holding
New Hop Wo Catering Company Limited	Macau SAR	Quota capital: MOP100,000	**100%**	100%	Provision of food and beverage services
Pier 16 – Entertainment Group Corporation Limited	Macau SAR	Quota capital: MOP25,000	**51%**	51%	Provision of management services for casino operations
Pier 16 – Management Limited	Macau SAR	Quota capital: MOP25,000	**51%**	51%	Hotel operations
Pier 16 – Property Development Limited	Macau SAR	Ordinary shares: MOP10,000,000	**51%**	51%	Property holding
SJM – Customer Services (HK) Limited	Hong Kong	Ordinary share: HK$1	**100%**	100%	Provision of customer services
SJM – F&B Services Limited	Macau SAR	Quota capital: MOP25,000	**100%**	100%	Provision of food and beverage services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

46. PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ quota capital	Attributable proportion of nominal value of issued share capital/ quota capital held by the Group 2023	2022	Principal activity
SJM Holdings Management Services Limited	Hong Kong	Ordinary shares: HK$2	**100%**	100%	Provision of management services
SJM – Investment Limited	Macau SAR	Quota capital: MOP1,000,000	**100%**	100%	Investment holding
SJM Retail Services Private Limited	Macau SAR	Quota capital: MOP25,000	**100%**	100%	Provision of retail services
SJM – Project Management Services (HK) Limited	Hong Kong	Ordinary share: HK$1	**100%**	100%	Provision of human resources and project management services
SJM Resorts, S.A.	Macau SAR	Ordinary shares: Type A shares: MOP4,250,000,000 Type B shares: MOP750,000,000	**100%**	100% *(Note (a))*	Casino operations and investment holding
Vast Field Investments Limited	British Virgin Islands/ Hong Kong	Ordinary shares: US$1	**100%**	100%	Investment holding

Notes:

(a) Pursuant to the relevant requirements under Macau SAR law, SJM's ordinary shares are divided into two categories, namely, Type A shares and Type B shares representing 85% and 15% equity interests in SJM respectively. Holders of Type A shares have voting control of SJM in its shareholders' meeting. Except for one Type A share directly held by a wholly-owned subsidiary of the Company, the Company holds all the remaining Type A shares, whilst Type B shares are held by the managing director of SJM, pursuant to the relevant requirements under Macau SAR law. As Type B shares have restricted rights and only entitle the holder of Type B shares to an aggregate amount of MOP1 of dividend payable, the Company is effectively entitled to a 100% economic interest in SJM.

(b) Except for Champion Path Holdings Limited, Champion Moments Limited, Champion Power Global Limited, SJM Holdings Management Services Limited and SJM, all other principal subsidiaries listed above are indirectly held by the Company.

(c) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(d) None of the subsidiaries had any debt securities outstanding at the end of the year except for Champion Path Holdings Limited and Champion Moments Limited has issued unsecured notes and Champion Power Global Limited has issued convertible bond, in which none of the interest was held by the Group.

(e) Champion Power Global Limited was incorporated on 6 May 2022.

(f) Harbour Tide Limited was incorporated on 8 March 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

46. PRINCIPAL SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

At the end of both reporting periods, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries are operated in Macau SAR. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Place of incorporation or establishment/operations	Number of subsidiaries	
		2023	2022
Gaming related operations	Macau SAR	**1**	1
	Hong Kong	**3**	3
		4	4
Hotel, catering, retail and leasing related operations	Macau SAR	**1**	1
	Hong Kong	**1**	1
		2	2
Investment holdings/Inactive	British Virgin Islands/Macau SAR	**14**	14
	British Virgin Islands/Hong Kong	**3**	3
	Hong Kong	**9**	6
	Macau SAR	**3**	3
	Singapore	**1**	—
		30	26
		36	32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

46. PRINCIPAL SUBSIDIARIES (Continued)

(b) Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	**2023 HK$ million**	2022 HK$ million	**2023 HK$ million**	2022 HK$ million
Pier 16 – Property Development Limited	Macau SAR	**49%**	49%	**134.8**	(50.2)	**149.6**	14.8

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Pier 16 – Property

	2023 HK$ million	2022 HK$ million
Current assets	**251.9**	37.4
Non-current assets	**591.6**	617.4
Current liabilities	**(52.7)**	(296.7)
Non-current liabilities	**(861.9)**	(704.4)
Equity attributable to owners of Pier 16 – Property	**(71.1)**	(346.3)

	2023 HK$ million	2022 HK$ million
Revenue	**662.8**	214.2
Cost of sales and expenses	**(392.0)**	(319.3)
Profit (loss) for the year	**275.2**	(102.4)
Profit (loss) attributable to owners of Pier 16 – Property	**275.2**	(102.4)
Net cash inflow (outflow) from operating activities	**223.3**	(36.2)
Net cash outflow from investing activities	**(162.9)**	(13.6)
Net cash (outflow) inflow from financing activities	**(65.0)**	51.0
Net cash (outflow) inflow	**(4.6)**	1.2

OUR REGISTERED OFFICES

ISSUER

SJM International Limited
Vistra Corporate Services Centre
Wickhams Cay II, Road Town
Tortola, VG1110, British Virgin Islands

PARENT GUARANTOR

SJM Holdings Limited 澳門博彩控股有限公司
18th Floor, China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

TRUSTEE

DB Trustees (Hong Kong) Limited
Level 60, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

REGISTRAR, PAYING AGENT AND TRANSFER AGENT

Deutsche Bank AG, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

OUR LEGAL ADVISORS

As to U.S. and Hong Kong law

Davis Polk & Wardwell
10th Floor
The Hong Kong Club Building
3A Chater Road
Central, Hong Kong

As to Macau law

C&C Advogados
Av. da Praia Grande
759, 3-5/F
Macau

As to BVI law

Ogier
11th Floor Central Tower
28 Queen's Road Central
Central
Hong Kong

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S. law

White & Case
16th Floor, York House
The Landmark
15 Queen's Road Central
Central, Hong Kong

As to Macau law

Manuela António — Lawyers and Notaries
Alameda Dr. Carlos
D'Assumpção, nos. 411–417
Dynasty Plaza, 15th floor D-H
Macau

LEGAL ADVISORS TO THE TRUSTEE

As to U.S. law

Herbert Smith Freehills Kramer
23rd Floor, Gloucester Tower
15 Queen's Road Central,
Hong Kong

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong