



銀娛GEG

銀河娛樂集團有限公司
Galaxy Entertainment Group Limited

Stock Code 股份代號：27

2019

INTERIM REPORT

中期報告



OUR VISION

Galaxy's vision is to be:
Globally recognized as Asia's leading gaming and entertainment corporation. This vision will be achieved through adhering to our proven business philosophy.

GALAXY'S BUSINESS PHILOSOPHY

LOCAL MARKET INSIGHTS

Leveraging Chinese heritage and deep understanding of Asian and Chinese customer preferences

PROVEN EXPERTISE

Focus on ROI (return on investment) with prudent CAPEX (capital expenditure) plan, proven construction and hotel expertise, and controlled development

WELL POSITIONED

Position Galaxy as a leading operator of integrated gaming, leisure and entertainment facilities

DEMAND DRIVEN STRATEGY

Monitor the market's developments and expand prudently in a timely manner

願景

銀娛的願景是：
成為亞洲首屈一指的博彩及娛樂企業。通過實踐我們的經營理念，我們將可以達成我們所訂下的願景。

銀娛的經營理念

洞悉本地市場

深明中華文化，對亞洲及中國旅客喜好有透徹了解，為銀娛一大競爭優勢

專業經驗

透過審慎的資本開支計劃、憑著在建築及酒店業的專業經驗及嚴密監控的發展計劃，致力為股東帶來投資回報

定位清晰

將銀娛定位為領先的綜合博彩及休閒娛樂設施營運商

需求主導策略

密切注意市場發展並迅速作出謹慎的應變



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CORPORATE INFORMATION

CHAIRMAN

Dr. Lui Che Woo, *GBM, MBE, JP, LLD, DSSc, DBA*

DEPUTY CHAIRMAN

Mr. Francis Lui Yiu Tung

EXECUTIVE DIRECTORS

Mr. Joseph Chee Ying Keung

Ms. Paddy Tang Lui Wai Yu, *BBS, JP*

NON-EXECUTIVE DIRECTORS

Dr. Charles Cheung Wai Bun, *JP*

Mr. Michael Victor Mecca

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. James Ross Ancell

Dr. William Yip Shue Lam, *LLD*

Professor Patrick Wong Lung Tak, *BBS, JP*

EXECUTIVE BOARD

Dr. Lui Che Woo, *GBM, MBE, JP, LLD, DSSc, DBA*

Mr. Francis Lui Yiu Tung

Mr. Joseph Chee Ying Keung

Ms. Paddy Tang Lui Wai Yu, *BBS, JP*

AUDIT COMMITTEE

Mr. James Ross Ancell (*Chairman*)

Dr. William Yip Shue Lam, *LLD*

Professor Patrick Wong Lung Tak, *BBS, JP*

Dr. Charles Cheung Wai Bun, *JP*

REMUNERATION COMMITTEE

Dr. William Yip Shue Lam, *LLD (Chairman)*

Mr. Francis Lui Yiu Tung

Professor Patrick Wong Lung Tak, *BBS, JP*

NOMINATION COMMITTEE

Dr. William Yip Shue Lam, *LLD (Chairman)*

Mr. Francis Lui Yiu Tung

Professor Patrick Wong Lung Tak, *BBS, JP*

CORPORATE GOVERNANCE COMMITTEE

Mr. Francis Lui Yiu Tung (*Chairman*)

Mr. James Ross Ancell

Professor Patrick Wong Lung Tak, *BBS, JP*

Dr. Charles Cheung Wai Bun, *JP*

COMPANY SECRETARY

Mrs. Jenifer Sin Li Mei Wah



CORPORATE INFORMATION

INDEPENDENT AUDITOR

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REGISTERED OFFICE

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Hong Kong

SHARE REGISTRAR

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17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS#

Banco Nacional Ultramarino, S.A.
Bank of China Limited, Macau Branch
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Macau) Limited
The Hongkong and Shanghai Banking Corporation Limited

listed in alphabetical order

SOLICITORS*

Jorge Neto Valente, Escritório de Advogados e Notários
Linklaters

* listed in alphabetical order

SHARE LISTING

The Stock Exchange of Hong Kong Limited ("SEHK")

STOCK CODE

SEHK : 27
Bloomberg : 27 HK
Reuters : 0027.HK

INVESTOR RELATIONS CONTACT

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CORPORATE PROFILE

Galaxy Entertainment Group (“GEG”, “the Company” or “the Group”) is one of the world’s leading resorts, hospitality and gaming companies. The Group primarily develops and operates a large portfolio of integrated resort, retail, dining, hotel and gaming facilities in Macau. The Group is listed on the Hong Kong Stock Exchange and is a constituent stock of the Hang Seng Index.

GEG is one of the three original concessionaires in Macau with a successful track record of delivering innovative, spectacular and award-winning properties, products and services, underpinned by a “World Class, Asian Heart” service philosophy, that has enabled it to consistently outperform and lead the market in Macau.

GEG operates three flagship destinations in Macau: on Cotai, Galaxy Macau™, one of the world’s largest integrated destination resorts, and the adjoining Broadway Macau™, a unique landmark entertainment and food street destination; and on the Peninsula, StarWorld Macau, an award-winning premium property.

GALAXY MACAU™

- Opened in May 2011; significantly expanded in May 2015 with the opening of Phase 2
- Footprint of one million square meters
- Comprises five world-class hotels with approximately 3,600 rooms, suites and villas, including:
 - The Ritz-Carlton, Macau
 - Banyan Tree Macau
 - JW Marriott Hotel Macau
 - Hotel Okura Macau
 - Galaxy Hotel™
- Features an unprecedented range of retail, food & beverage, entertainment and leisure options, including:
 - Over 100,000 square meters of retail space with approximately 200 luxury and lifestyle retail brands
 - From award-winning restaurants, authentic Chinese and international favorites, to the best selection of outlets from all around Asia, Galaxy Macau™ features approximately 120 dining options for the widest range of pan-Asian and international cuisines under one roof
 - The Grand Resort Deck of over 75,000 square meters with the world’s longest skytop river ride “Skytop Adventure Rapids” at 575 meters and the world’s largest “Skytop Wave Pool”, plus additional leisure amenities and Asian themed tropical gardens
 - Macau’s most luxurious 10-screen 3D Cineplex – UA Galaxy Cinemas



CORPORATE PROFILE

STARWORLD MACAU

- Opened in 2006 as the Group's first 5-star hotel
- Located in the heart of the Macau Peninsula
- Multi award-winning premium property
- Offers over 500 guestrooms and suites
- Offers sophisticated Chinese and International cuisines



BROADWAY MACAU™

- Opened in May 2015; Broadway Macau™ represents a new concept in Macau, providing visitors with a vibrant food street and entertainment district showcasing the best of Macanese and Asian culture
- Broadway Hotel with approximately 320 rooms and suites, well priced and complementing the luxury properties at Galaxy Macau™
- Approximately 2,500 seat Broadway Theatre featuring the best in up-close-and-personal entertainment
- Over 40 popular dining options including authentic local dishes and Asian favorites served in restaurants and roadside hawker stalls

The Group has the largest development pipeline of any casino operators in Macau. It plans to expand its Cotai footprint by a further one million square meters in the coming years with the addition of Cotai Phases 3 & 4.

GEG continues to advance its conceptual plans to develop a world class destination resort on a 2.7 square kilometer land parcel on Hengqin. The low rise, low density resort will complement the Group's high energy properties in Macau.

In July 2015, GEG made a strategic investment in Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("Monte-Carlo SBM"), a world renowned owner and operator of iconic luxury hotels and resorts in the Principality of Monaco. GEG continues to explore a range of international development opportunities including in Japan.

GEG is committed to building a sustainable future for Macau and contributing to the local community. In July 2014, it launched the HK\$1.3 billion Galaxy Entertainment Group Foundation, which will focus on educating and empowering the young people of Macau and Mainland China.



FINANCIAL & OPERATIONAL HIGHLIGHTS

Group

- Net Revenue of HK\$26.2 billion, decreased 7% year-on-year
- Adjusted EBITDA of HK\$8.3 billion, decreased 4% year-on-year
- Net profit attributable to shareholders ("NPAS") of HK\$6.7 billion, decreased 7% year-on-year
- Adjusted NPAS of HK\$7.1 billion, decreased 1% year-on-year after adjusting for non-recurring charges
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$460 million in 1H 2019. Normalized Adjusted EBITDA decreased 11% year-on-year to HK\$7.9 billion
- As of 30 June 2019, balance sheet remains healthy with cash and liquid investments of HK\$50.4 billion and net cash of HK\$43.9 billion
- Paid a special dividend of HK\$0.45 per share on 26 April 2019. Subsequently announced another special dividend of HK\$0.46 per share payable on or about 25 October 2019



Galaxy Macau™

- Net Revenue of HK\$18.8 billion, decreased 5% year-on-year
- Adjusted EBITDA of HK\$6.3 billion, decreased 3% year-on-year
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$292 million in 1H 2019. Normalized Adjusted EBITDA decreased 12% year-on-year to HK\$6.0 billion
- Hotel occupancy for 1H 2019 across the five hotels was virtually 100%
- Non-gaming revenue of HK\$2.3 billion, increased 3% year-on-year



StarWorld Macau

- Net Revenue of HK\$5.7 billion, decreased 8% year-on-year
- Adjusted EBITDA of HK\$1.9 billion, decreased 5% year-on-year
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$160 million in 1H 2019. Normalized Adjusted EBITDA decreased 10% year-on-year to HK\$1.7 billion
- Hotel occupancy for 1H 2019 was virtually 100%
- Non-gaming revenue of HK\$252 million, increased 3% year-on-year



Broadway Macau™

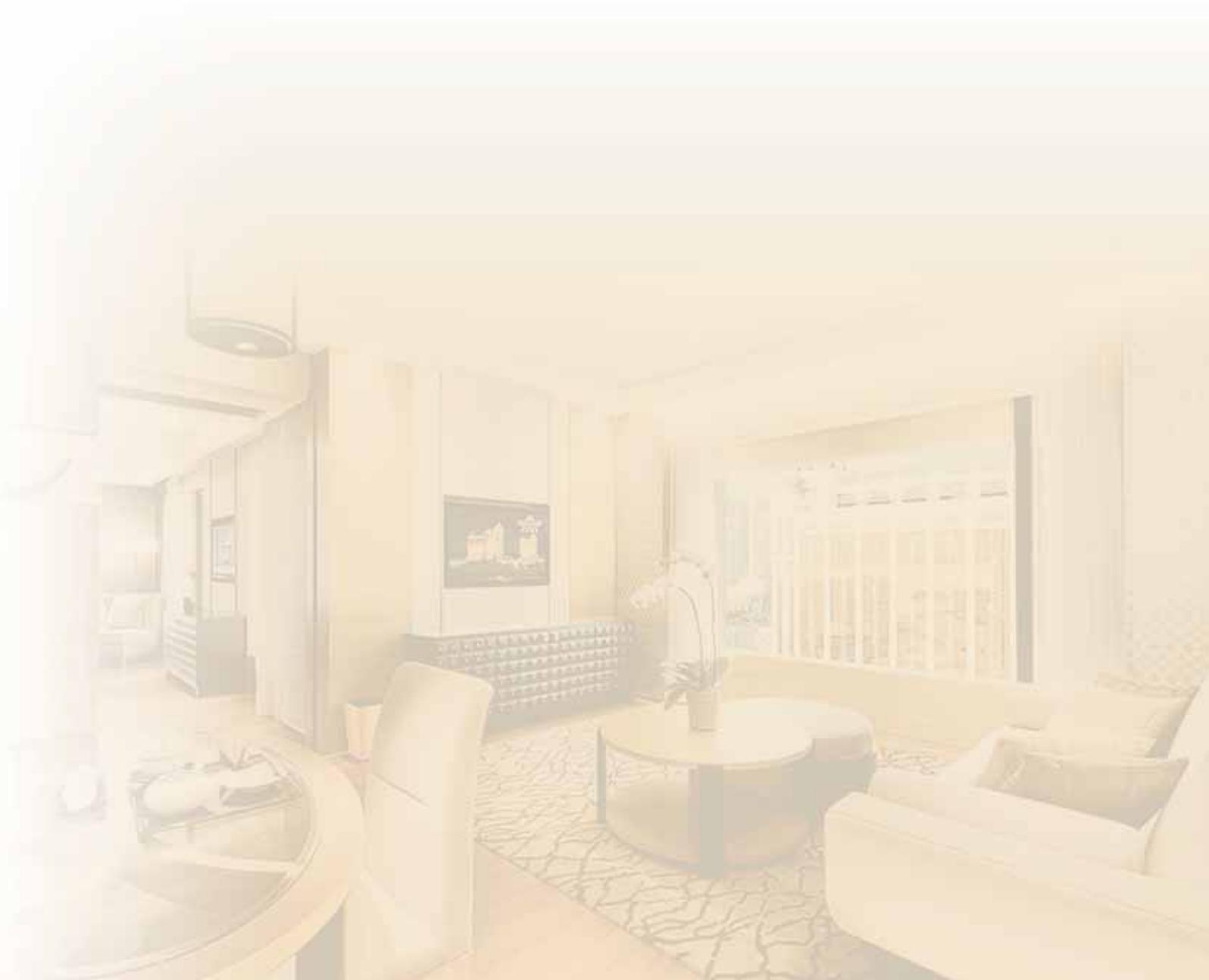
- Net Revenue of HK\$298 million versus HK\$273 million in 1H 2018
- Adjusted EBITDA of HK\$21 million versus HK\$15 million in 1H 2018
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$8 million in 1H 2019. Normalized Adjusted EBITDA was HK\$13 million versus HK\$14 million in 1H 2018
- Hotel occupancy for 1H 2019 was virtually 100%
- Non-gaming revenue of HK\$146 million, increased 8% year-on-year



FINANCIAL & OPERATIONAL HIGHLIGHTS

Development Update

- Continue to progress with the previously announced HK\$1.5 billion renovation enhancement program in both Galaxy Macau™ and StarWorld Macau, short term this has caused some disruption
- Cotai Phases 3 & 4 – Continue with development works for Phases 3 & 4, with a strong focus on non-gaming, primarily targeting Meetings Incentives Conferences and Events (MICE), entertainment, family facilities and also including gaming
- Hengqin – Refining our plans for a lifestyle resort to complement our high-energy entertainment resorts in Macau
- International – Continuously exploring opportunities in overseas markets, including Japan



FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

Key Financial Data

(HK\$'m)	1H 2018	1H 2019
Revenues:		
Net Gaming	23,818	22,234
Non-gaming	2,572	2,653
Construction Materials	1,668	1,332
Total Net Revenue	28,058	26,219
Adjusted EBITDA	8,645	8,315

**Gaming Statistics¹**

(HK\$'m)	1H 2018	1H 2019
Rolling Chip Volume ²	578,111	383,234
Win Rate %	3.4%	3.8%
Win	19,612	14,754
Mass Table Drop ³	58,163	60,854
Win Rate %	23.3%	24.0%
Win	13,551	14,611
Electronic Gaming Volume	36,068	32,825
Win Rate %	3.3%	3.7%
Win	1,174	1,213
Total GGR Win ⁴	34,337	30,578

Key Financial Metrics

	1H 2018	1H 2019
Net Profit Attributable To Shareholders (HK\$'m)	7,206	6,680
Earnings Per Share (HK cents)	167.0	154.3
Total Assets (HK\$'m)	85,252	92,402
Cash and Liquid Investments (including fixed deposits) (HK\$'m)	42,895	50,412
Debt (HK\$'m)	8,809	6,523
Share Price on 30 June (HK\$)	60.75	52.65
Market Capitalization (HK\$'m)	262,394	228,085

¹ Gaming statistics are presented before deducting commission and incentives.

² Reflects junket rolling chip volume only.

³ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁴ Total GGR win includes gaming win from City Clubs.

FINANCIAL & OPERATIONAL HIGHLIGHTS

GALAXY MACAU™

Key Financial Data

(HK\$'m)	1H 2018	1H 2019
Revenues:		
Net Gaming	17,601	16,535
Hotel/F&B/Others	1,639	1,661
Mall	553	594
Total Net Revenue	19,793	18,790
Adjusted EBITDA	6,481	6,258
Adjusted EBITDA Margin	33%	33%

**Gaming Statistics⁵**

(HK\$'m)	1H 2018	1H 2019
Rolling Chip Volume ⁶	413,444	260,395
Win Rate %	3.5%	4.1%
Win	14,457	10,754
Mass Table Drop ⁷	34,043	36,024
Win Rate %	26.8%	27.9%
Win	9,134	10,061
Electronic Gaming Volume	26,901	22,341
Win Rate %	3.7%	4.5%
Win	982	1,014
Total GGR Win	24,573	21,829

⁵ Gaming statistics are presented before deducting commission and incentives.

⁶ Reflects junket rolling chip volume only.

⁷ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

FINANCIAL & OPERATIONAL HIGHLIGHTS

STARWORLD MACAU

Key Financial Data

(HK\$'m)	1H 2018	1H 2019
Revenues:		
Net Gaming	6,026	5,491
Hotel/F&B/Others	218	225
Mall	26	27
Total Net Revenue	6,270	5,743
Adjusted EBITDA	1,990	1,892
Adjusted EBITDA Margin	32%	33%

星際酒店
StarWorld Hotel

Gaming Statistics⁸

(HK\$'m)	1H 2018	1H 2019
Rolling Chip Volume ⁹	161,996	121,485
Win Rate %	3.1%	3.3%
Win	5,077	3,954
Mass Table Drop ¹⁰	17,693	18,142
Win Rate %	19.3%	19.2%
Win	3,413	3,479
Electronic Gaming Volume	3,630	3,985
Win Rate %	2.5%	2.2%
Win	89	86
Total GGR Win	8,579	7,519

⁸ Gaming statistics are presented before deducting commission and incentives.

⁹ Reflects junket rolling chip volume only.

¹⁰ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

FINANCIAL & OPERATIONAL HIGHLIGHTS

BROADWAY MACAU™

Key Financial Data

(HK\$'m)	1H 2018	1H 2019
Revenues:		
Net Gaming	138	152
Hotel/F&B/Others	114	123
Mall	21	23
Total Net Revenue	273	298
Adjusted EBITDA	15	21
Adjusted EBITDA Margin	5%	7%

**Gaming Statistics¹¹**

(HK\$'m)	1H 2018	1H 2019
Mass Table Drop ¹²	690	685
Win Rate %	19.1%	20.9%
Win	132	143
Electronic Gaming Volume	925	998
Win Rate %	2.4%	2.6%
Win	22	26
Total GGR Win	154	169

¹¹ Gaming statistics are presented before deducting commission and incentives.

¹² Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

It is with great pleasure that I write to update you on the performance of our Company in the first half of 2019.

2019 marks an important year for China and Macau with a particular focus on three major events. They are: the celebration of the 70th anniversary of the founding of the People's Republic of China; the 20th anniversary of the return of Macau to China; and the election of the Macau SAR Chief Executive.

On the eve of these important milestones, I am pleased to announce the financial results of the Group for the first half of 2019. The Group achieved another set of solid results with net revenue of HK\$26.2 billion, Adjusted EBITDA of HK\$8.3 billion. Net profit attributable to shareholders was HK\$6.7 billion.

Chairman
Dr. Lui Che Woo
*GBM, MBE, JP,
LLD, DSSc, DBA*



LETTER FROM THE CHAIRMAN

Our balance sheet continued to be solid with total cash and liquid investments of HK\$50.4 billion and net cash of HK\$43.9 billion. Our balance sheet and cash flow from operations allows us to return capital to shareholders through dividends, fund our development pipeline and pursue our international expansion ambitions.

On 26 April 2019, we paid a special dividend of HK\$0.45 per share and we are pleased to announce another special dividend of HK\$0.46 per share payable on or about 25 October 2019. These dividends demonstrate our confidence in the longer-term outlook for Macau and for the Company.

The overall gaming market in Macau remains relatively stable despite a decrease in VIP volumes due to ongoing trade tensions and a slowing Chinese economy. In the first half of 2019, Macau's gross gaming revenue was HK\$145.1 billion, a slight decrease year-on-year of 0.5%.

In the first half of 2019, visitor arrivals to Macau were 20.3 million, up around 20% year-on-year, in which overnight visitors grew at 8% year-on-year and same-day visitors grew by 34% year-on-year. The average length of stay for overnight visitors was flat at 2.2 days year-on-year. Mainland visitor arrivals to Macau were 14.3 million, up 22% year-on-year, demonstrating that the opening of the Hong Kong-Zhuhai-Macau Bridge and the high-speed train have successfully grown visitations to Macau.

We have continued to make good progress with our previously announced HK\$1.5 billion property enhancement program in both Galaxy Macau™ and StarWorld Macau. Furthermore, we continue our construction works of Cotai Phases 3 & 4 and review international expansion opportunities on a case by case basis. In Japan we are building relationships with the community through activities such as sponsoring the EUROJAPAN CUP 2019 and the Japan-Macau Integrated Resort Management Mentorship Pilot Scheme in conjunction with the Macau University and Toyo University. We continue to allocate our resources to the highest and best use.

In the shorter term, heightened tension in international trade will affect consumer sentiment and spending habits. However, the opening of Hong Kong-Zhuhai-Macau Bridge, the soon-to-be-opened Guangzhou-Zhuhai Intercity Railway expansion line to Hengqin, and the implementation of the Greater Bay Area integration plan will further facilitate the flow of people, logistics and capital within Macau, Hong Kong and the nine cities of Southern Guangdong.

In the medium to longer term, we remain confident in the outlook for Macau due to the increasing number of the middle class in Mainland China that will in turn, result in the growing demand for tourism, leisure and travel. The Group is committed to supporting the Macau Government's vision to develop Macau into a World Centre of Tourism and Leisure.

On a final note, I would like to thank all of our team members who deliver "World Class, Asian Heart" service each and every day and contribute to the Group's success.

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA
Chairman

Hong Kong, 13 August 2019

SELECTED MAJOR AWARDS

Award	Presenter
GEG	
Gaming Operator of the Year Australia & Asia	12th International Gaming Awards
3 Years IR Awards Winning Company Certificate of Excellence	Hong Kong Investor Relations Association
GALAXY MACAU™	
Integrated Resort of the Year	12th International Gaming Awards
Best Integrated Resort Award	G2E Asia Awards 2019
Best Gaming Floor Award	
Asia's Most Popular Parent-Child Travel Resort City Supreme Award	The 19th Golden Horse Awards of China
2018 Platinum International Aquatic Safety Award – Grand Resort Deck	Jeff Ellis & Associates (E&A)
Macau Green Hotel Award 2018 – Environmental Performance Gold Award – Hotel Okura Macau	Environmental Protection Bureau (DSPA)
Romantic Wedding Venue – Integrated Resort of the Year	All About Wedding Awards 2018
Best Wedding Venue	New Express Fashion Awards 2018
STARWORLD MACAU	
Asia's Best Catering Service Hotel Supreme Award	The 19th Golden Horse Awards of China
TOP 10 City-Nova Hotels of China	The 14th China Hotel Starlight Awards
BROADWAY MACAU™	
Macau Green Hotel Award 2018 – Environmental Performance Silver Award – Broadway Hotel	Environmental Protection Bureau (DSPA)
CONSTRUCTION MATERIALS DIVISION	
The 14th Occupational Health Award – Joyful@Healthy Workplace Best Practices Award – Excellence Award	Occupational Safety and Health Council
Caring Company Scheme – 15 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
Hong Kong Awards for Environmental Excellence	Environmental Campaign Committee
Corporate Environmental Leadership Award 2018 – EcoPartner	Federation of Hong Kong Industries/ Bank of China (Hong Kong)
2018/19 Airport Safety Recognition Scheme – Extraordinary Contribution and Efforts on Airport Safety	Airport Authority Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

Based on DICJ reporting, Macau's gross gaming revenue ("GGR") for the first half of 2019 was down 0.5% year-on-year to \$145.1 billion. Q2 2019 GGR was down 1% year-on-year and down 4% quarter-on-quarter to \$71.2 billion.

In the first half of 2019, visitor arrivals to Macau were 20.3 million, up 21% year-on-year, in which overnight visitors grew at 8% year-on-year and same-day visitors grew by 34% year-on-year. The average length of stay for overnight visitors was flat at 2.2 days year-on-year. Mainland visitor arrivals to Macau were 14.3 million, up 22% year-on-year, demonstrating that the opening of the Hong Kong-Zhuhai-Macau Bridge and the high-speed train have successfully grown visitation to Macau.

During the first half of 2019, Macau experienced a number of events that impacted the market, most notably in the VIP segment. These included the introduction of smoking lounges in the VIP rooms, the slowing world economy and increased competition from new capacity and also greater competition from regional casinos. In the longer term Macau's VIP business will remain competitive.

The introduction of smoking lounges on 1 January 2019 has been received by our employees and guests. As a result of GEG installing new smoking lounges throughout the resort, we have seen players redistributed throughout the property resulting in selected areas being less congested as previously, thereby resulting in an overall enhanced customer experience.

From April 2019, Mainland residents were granted greater access to visas and can apply for travel visas to Macau at any immigration administration centre across the country. At the same time, the State Council has approved the plan for the construction of Hengqin International Leisure Tourism Island. This plan may boost cooperation between Guangdong, Macau, and Hong Kong and promote Macau's economic diversification, so as to push forward the development of the Greater Bay Area.



MANAGEMENT DISCUSSION AND ANALYSIS

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

REVIEW OF OPERATIONS

Group Financial Results

The Group's 1H 2019 results posted Net Revenue of \$26.2 billion, down 7% year-on-year, and generating Adjusted EBITDA of \$8.3 billion, down 4% year-on-year. Net profit attributable to shareholders was \$6.7 billion, down 7% year-on-year. Galaxy Macau™'s Adjusted EBITDA was \$6.3 billion, down 3% year-on-year. StarWorld Macau's Adjusted EBITDA was \$1.9 billion, down 5% year-on-year. Broadway Macau™'s Adjusted EBITDA was \$21 million versus \$15 million in 1H 2018.

During 1H 2019, GEG experienced good luck in its gaming operation, which increased its Adjusted EBITDA by approximately \$460 million. Normalized 1H 2019 Adjusted EBITDA was down 11% year-on-year to \$7.9 billion.

The Group's total GGR on a management basis¹ in 1H 2019 was \$30.6 billion, down 11% year-on-year as total mass table GGR was \$14.6 billion, up 8% year-on-year and total VIP GGR was \$14.8 billion, down 25% year-on-year. Total electronic GGR was \$1.2 billion, up 3% year-on-year.

One of GEG's business philosophies is to continuously search for products and offerings that will enhance our resorts and increase the appeal to customers. With this in mind, starting in 2018, we introduced a \$1.5 billion property enhancement program to refurbish the main gaming floor, hotel rooms, non-gaming facilities, and introduced some new F&B and retail concepts. We believe this approach keeps the property fresh and appealing, particularly to our repeat customers.

Balance Sheet and Special Dividends

The Group's balance sheet remains liquid and healthy. Our solid balance sheet combined with substantial cash flow from operations allows us to return capital to shareholders via dividends, fund our development pipeline and pursue our international expansion ambitions.

As of 30 June 2019, cash and liquid investments were \$50.4 billion and net cash was \$43.9 billion. Total debt was \$6.5 billion as at 30 June 2019, this was due primarily to an ongoing treasury management exercise where interest income on cash holdings exceeds corresponding borrowing costs.

On 26 April 2019, GEG paid a special dividend of \$0.45 per share. Subsequently GEG announced another special dividend of \$0.46 per share to be paid on or about 25 October 2019.



¹ The primary difference between statutory gross revenue and management basis gross revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gross gaming revenue is reported on a management basis. At the Group level the gaming statistics include Company owned resorts plus City Clubs.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Set out below is the segmental analysis of the Group's operating results for 1H 2019:

Group Key Financial Data

(HK\$m)	1H 2018	1H 2019
Revenues:		
Net Gaming	23,818	22,234
Non-gaming	2,572	2,653
Construction Materials	1,668	1,332
Total Net Revenue	28,058	26,219
Adjusted EBITDA	8,645	8,315

Gaming Statistics²

(HK\$m)	1H 2018	1H 2019
Rolling Chip Volume ³	578,111	383,234
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Win Rate %	23.3%	24.0%
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Win	1,174	1,213
Total GGR Win ⁵	34,337	30,578

² Gaming statistics are presented before deducting commission and incentives.

³ Reflects junket rolling chip volume only.

⁴ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁵ Total GGR win includes gaming win from City Clubs.

MANAGEMENT DISCUSSION AND ANALYSIS

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

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™**Financial and Operational Performance**

Galaxy Macau™ is the primary contributor to Group revenue and earnings. Net Revenue in 1H 2019 was \$18.8 billion, down 5% year-on-year. Adjusted EBITDA was \$6.3 billion, down 3% year-on-year. Adjusted EBITDA margin under HKFRS was 33% (1H 2018: 33%).

Galaxy Macau™ experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$292 million in 1H 2019. Normalized 1H 2019 Adjusted EBITDA was down 12% year-on-year to \$6.0 billion.

The combined five hotels registered strong occupancy of virtually 100% for 1H 2019.

Galaxy Macau™ Key Financial Data

(HK\$m)	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Revenues:					
Net Gaming	8,869	8,130	8,405	17,601	16,535
Hotel/F&B/Others	820	829	832	1,639	1,661
Mall	260	305	289	553	594
Total Net Revenue	9,949	9,264	9,526	19,793	18,790
Adjusted EBITDA	3,219	3,023	3,235	6,481	6,258
Adjusted EBITDA Margin	32%	33%	34%	33%	33%

Gaming Statistics⁶					
(HK\$m)	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Rolling Chip Volume ⁷	208,506	135,344	125,051	413,444	260,395
Win Rate %	3.5%	3.9%	4.4%	3.5%	4.1%
Win	7,304	5,253	5,501	14,457	10,754
Mass Table Drop ⁸	17,289	17,906	18,118	34,043	36,024
Win Rate %	26.7%	28.3%	27.6%	26.8%	27.9%
Win	4,610	5,068	4,993	9,134	10,061
Electronic Gaming Volume	13,311	11,106	11,235	26,901	22,341
Win Rate %	3.6%	4.5%	4.6%	3.7%	4.5%
Win	473	502	512	982	1,014
Total GGR Win	12,387	10,823	11,006	24,573	21,829

⁶ Gaming statistics are presented before deducting commission and incentives.

⁷ Reflects junket rolling chip volume only.

⁸ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

MANAGEMENT DISCUSSION AND ANALYSIS

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

StarWorld Macau**Financial and Operational Performance**

StarWorld Macau's Net Revenue was down 8% year-on-year to \$5.7 billion in 1H 2019. Adjusted EBITDA was down 5% year-on-year to \$1.9 billion. Adjusted EBITDA margin under HKFRS was 33% (1H 2018: 32%).

StarWorld Macau experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$160 million in 1H 2019. Normalized 1H 2019 Adjusted EBITDA was down 10% year-on-year to \$1.7 billion.

Hotel occupancy was virtually 100% for 1H 2019.

StarWorld Macau Key Financial Data

(HK\$m)	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Revenues:					
Net Gaming	2,938	2,858	2,633	6,026	5,491
Hotel/F&B/Others	109	115	110	218	225
Mall	13	14	13	26	27
Total Net Revenue	3,060	2,987	2,756	6,270	5,743
Adjusted EBITDA	987	949	943	1,990	1,892
Adjusted EBITDA Margin	32%	32%	34%	32%	33%
Gaming Statistics⁹					
(HK\$m)	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Rolling Chip Volume ¹⁰	79,703	67,580	53,905	161,996	121,485
Win Rate %	3.0%	3.2%	3.3%	3.1%	3.3%
Win	2,407	2,165	1,789	5,077	3,954
Mass Table Drop ¹¹	9,146	9,265	8,877	17,693	18,142
Win Rate %	18.6%	18.9%	19.5%	19.3%	19.2%
Win	1,704	1,749	1,730	3,413	3,479
Electronic Gaming Volume	1,920	2,018	1,967	3,630	3,985
Win Rate %	2.4%	2.3%	2.0%	2.5%	2.2%
Win	46	46	40	89	86
Total GGR Win	4,157	3,960	3,559	8,579	7,519

⁹ Gaming statistics are presented before deducting commission and incentives.

¹⁰ Reflects junket rolling chip volume only.

¹¹ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Broadway Macau™**Financial and Operational Performance**

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs, it does not have a VIP gaming component. The property's Net Revenue was \$298 million for 1H 2019 versus \$273 million for 1H 2018. Adjusted EBITDA was \$21 million for 1H 2019 versus \$15 million in 1H 2018.

Broadway Macau™ experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$8 million in 1H 2019. Normalized 1H 2019 Adjusted EBITDA was \$13 million versus \$14 million in 1H 2018.

Hotel occupancy was virtually 100% for 1H 2019.

Broadway Macau™ Key Financial Data

(HK\$'m)	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Revenues:					
Net Gaming	63	76	76	138	152
Hotel/F&B/Others	58	64	59	114	123
Mall	10	11	12	21	23
Total Net Revenue	131	151	147	273	298
Adjusted EBITDA	2	15	6	15	21
Adjusted EBITDA Margin	2%	10%	4%	5%	7%

Gaming Statistics¹²

(HK\$'m)	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Mass Table Drop ¹³	322	342	343	690	685
Win Rate %	18.1%	20.3%	21.3%	19.1%	20.9%
Win	59	70	73	132	143
Electronic Gaming Volume	516	554	444	925	998
Win Rate %	2.4%	2.7%	2.4%	2.4%	2.6%
Win	12	15	11	22	26
Total GGR Win	71	85	84	154	169

¹² Gaming statistics are presented before deducting commission and incentives.

¹³ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

MANAGEMENT DISCUSSION AND ANALYSIS

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

City Clubs

City Clubs contributed \$56 million of Adjusted EBITDA to the Group's earnings for 1H 2019, up 4% year-on-year.

City Clubs Key Financial Data

(HK\$'m)	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Adjusted EBITDA	28	27	29	54	56

Gaming Statistics¹⁴					
(HK\$'m)	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Rolling Chip Volume ¹⁵	1,109	644	710	2,671	1,354
Win Rate %	3.0%	1.6%	5.0%	2.9%	3.4%
Win	33	11	35	78	46
Mass Table Drop ¹⁶	2,896	2,950	3,053	5,737	6,003
Win Rate %	16.0%	15.5%	15.4%	15.2%	15.5%
Win	463	458	470	872	928
Electronic Gaming Volume	2,493	2,500	3,001	4,612	5,501
Win Rate %	1.7%	1.7%	1.5%	1.8%	1.6%
Win	41	43	44	81	87
Total GGR Win	537	512	549	1,031	1,061

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division ("CMD") reported a solid result in the first half of 2019 with Adjusted EBITDA up 5% year-on-year to \$564 million. This was driven mainly by market demand for Cement and Ground Granulated Blast-furnace Slag ("GGBS") in Mainland China.

Hong Kong, Macau and Mainland China

Following the completion of the Hong Kong-Zhuhai-Macau Bridge, the demand for Ready-mixed Concrete and Asphalt softened, this resulted in downward pricing pressure. It is expected that these conditions will continue until the commencement of major construction contracts under the Hong Kong International Airport's three-runway system ("3RS") project. Leveraging on CMD's core competencies, we have successfully secured a license to operate a ready-mixed concrete site-plant within the 3RS project. This major brand positioning may provide CMD the opening to capture further opportunities from the 3RS project and potentially, the wider Greater Bay Area. In Macau, demand for construction materials has been gradually increasing due to the resumption of casino expansion plans. In the Mainland Province of Yunnan, the growth of infrastructure projects has resulted in strong demand for cement. In Northern China, the Central Government's new environmental policies have reduced production capacity and raw materials supply for GGBS operations.

¹⁴ Gaming statistics are presented before deducting commission and incentives.

¹⁵ Reflects junket rolling chip volume only.

¹⁶ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DEVELOPMENT UPDATE

Galaxy Macau™ and StarWorld Macau

To maintain our resorts competitive position, we are proceeding with a \$1.5 billion property enhancement program for Galaxy Macau™ and StarWorld Macau. This program not only enhances our resorts attractiveness, but also includes preparation works for the effective future integration and connectivity of Phases 3 & 4.

Cotai – The Next Chapter

GEG is uniquely positioned for long term growth. We continue with development works for Phases 3 & 4, which will include approximately 4,500 hotel rooms, including family and premium high end rooms, 400,000 square feet of MICE space, a 500,000 square feet 16,000-seat multi-purpose arena, F&B, retail and casinos, among others. We look forward to formally announcing our development plans in the future.

Hengqin

We continue to make progress with our concept plan for a lifestyle resort on Hengqin that will complement our high energy resorts in Macau.

International

Our Japan based team continues with our Japan development efforts. We view Japan as a great long term growth opportunity that will complement our Macau operations and our other international expansion ambitions. GEG, together with Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (“Monte-Carlo SBM”) from the Principality of Monaco and our Japanese partners, look forward to bringing our brand of World Class Integrated Resorts to Japan.

SUBSEQUENT EVENT

GEG announced a special dividend of \$0.46 per share payable on or about 25 October 2019.

GROUP OUTLOOK

We remain confident in the medium to longer term outlook for Macau, this is due to a number of factors including the developing potential of the Chinese tourism market, the ongoing build out of infrastructure that will allow easier access to and movement within Macau and the continuing growth of China’s economy. In the longer term, the growth of China’s GDP will result in a growing demand for Macau’s leisure, tourism and travel.

We do acknowledge that in the shorter term that current international trade tensions may impact customer sentiment and spending habits. We also see increasing competition from regional integrated resorts that are actively targeting the Chinese market.

GEG is well positioned to capitalize on the future growth of Macau through our solid and healthy balance sheet that comfortably enables us to pay dividends, fund our development pipeline and pursue our international expansion ambitious.

In the shorter term, we will keep providing the best facilities to meet the market demand. Additionally as we approach the summer high season, Galaxy Macau™ with its unique 75,000-square-meter Grand Resort Deck that includes the 575-meter-long Skytop Adventure Rapids and the 5,000-square-meter Skytop Wave pool, is ideally positioned to capture a larger share of summer visitors.

MANAGEMENT DISCUSSION AND ANALYSIS

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

In the medium to longer term, we have significant development opportunities with Phases 3 and 4, and Hengqin. In Hengqin, our proposed lifestyle resort will complement our high energy resorts in Macau.

We are also actively pursuing the development of an integrated resort in Japan. We believe that we have the management team, capital resources and development projects to deliver long term shareholder value.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 30 June 2019 increased to \$68,479 million, an increase of approximately 10% over that as at 31 December 2018 of \$62,280 million while the Group's total assets employed increased to \$92,402 million as at 30 June 2019 as compared to \$87,384 million as at 31 December 2018.

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in low risk fixed deposits as well as high quality debt securities issued by large financial institutions and corporations to generate low risk interest income for the Group. As at 30 June 2019, the debt securities were denominated in U.S. dollar with weighted average tenor of approximately 3 years and significant majority in investment grade rating. Debt securities investments are closely monitored by designated team with the help of international leading banks. The debt securities were classified as financial assets at amortised cost and their carrying amounts as at 30 June 2019 approximated their fair values. No provision for impairment loss was made at 30 June 2019 as these debt securities were considered to be of low credit risk and the expected credit loss was minimal. As at 30 June 2019, none of the debt securities in any individual investee company held by the Group equaled or exceeded 5 per cent of the Group's total assets.

As at 30 June 2019, the Group invested \$29,706 million (\$27,323 million as at 31 December 2018) in debt securities and other marketable securities of \$5,038 million (\$4,028 million as at 31 December 2018); while cash and bank balances (including fixed deposits) were \$15,668 million as compared to \$14,486 million as at 31 December 2018.

The Group's total borrowings were \$6,523 million as at 30 June 2019 as compared to \$9,055 million as at 31 December 2018. The Group was in a net cash position at 30 June 2019 and 31 December 2018.

The total borrowings of the Group mainly comprised bank loans which were largely denominated in Hong Kong dollar, Renminbi and Euro. The Group's borrowings are closely monitored to ensure a smooth repayment schedule to maturity.

The Group's liquidity position remains strong and the Group is confident that sufficient resources could be secured to meet its commitments and working capital requirements.

TREASURY POLICY

The Group continues to adopt a conservative treasury policy in liquidity and financial management. Surplus cash is generally placed in fixed deposits and high-quality debt securities mostly denominated in Hong Kong dollar, U.S. dollar, Renminbi or in the local currencies of the operating subsidiaries. Forward foreign exchange contracts are utilized and borrowings in foreign currencies are arranged when suitable opportunities arise and when considered appropriate, to hedge against foreign exchange exposure, which are considered necessary for the Group's treasury management activities.

The Group's borrowings were largely denominated in Hong Kong dollar, Renminbi and Euro. Euro bank loan was utilized to fund and hedge the foreign exchange risk on the Euro-denominated Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco investment in August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CHARGES ON GROUP ASSETS

No property, plant and equipment, leasehold land and land use rights was pledged to secure banking facilities (31 December 2018: nil). Bank deposits of \$433 million (31 December 2018: \$727 million) have been pledged to secure banking facilities.

GUARANTEES

GEG has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to \$5,470 million (31 December 2018: \$4,790 million). At 30 June 2019, facilities utilized by a subsidiary amounted to \$300 million (31 December 2018: \$300 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to \$148 million (31 December 2018: \$148 million). At 30 June 2019, facilities utilized amounted to \$5 million (31 December 2018: \$39 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group, excluding associated companies and joint ventures, employed approximately 21,000 employees in Hong Kong, Macau and Mainland China. Employee costs, excluding Directors' emoluments, amounted to \$3,893 million.

Remuneration Policy

The objective of the Group's remuneration policy is to attract, motivate and retain talented employees to achieve the Group's long-term corporate goals and objectives. To this end, the Group is committed to remunerating its employees in a manner that is market competitive, consistent with good industry practices as well as meeting the interests of shareholders.

The Group's remuneration structure for its employees comprises fixed compensation, performance-based variable incentive and long-term incentives. The overall remuneration arrangements are fair and justified, prudent and subject to regular review.

The Group operates a share option scheme and a share award scheme for its employees. It serves to attract, motivate and retain employees to work for the Group long term and to better align the interests of the employees with the shareholders' interests.

CORPORATE SOCIAL RESPONSIBILITY

As one of Asia's leading integrated resort and entertainment corporations, GEG is committed to being a responsible and proactive member of the community. Upholding its philosophy of "what is taken from the community is to be used for the good of the community," GEG believes in "making a difference by making a commitment". GEG supports the Macau Special Administrative Region ("SAR") Government in nurturing Macau's future talent, providing opportunities for team members to attain upward mobility, promoting responsible gaming, fostering social harmony and contributing to Macau's transformation to become a "World Centre of Tourism and Leisure" via diversification and sustainable development of Macau's economy. By proactively fulfilling its corporate social responsibilities, GEG hopes to build a sustainable Macau for our future generation.

Through concerted efforts in the first half of 2019, GEG delivered its mission to provide exceptional experiences to its guests, instill pride in its employees, and delight its stakeholders by supporting and/or participating in various community, philanthropic and volunteering activities.

TEAM MEMBER ENGAGEMENT

GEG believes that our organization succeeds when every team member is supported to reach their full potential. Through the provision of training, development opportunities and recreational activities, GEG hopes to help team members achieve quality work-life balance.

To celebrate the eighth anniversary of Galaxy Macau™ and the fourth anniversary of Broadway Macau™, GEG held a month-long Asian Heart Carnival at the two properties' Heart-of-House in May this year. In addition to the cake-cutting ceremonies, food fairs, instant photo booths and karaoke games, close to 10,000 prizes were given out.

In the first half of 2019, GEG organized close to 670 training programs for around 19,250 team members. In addition, the Group's Team Member Services and GEG Staff Social Club continued to promote team building and a family-friendly corporate culture by organizing 17 different sports and recreational activities that were attended 58,485 times by GEG team members and their family members.



To promote work-life balance, friendship and family bonding, GEG hosted the 6th annual "Chinese New Year Soccer Fun Day" for 300 team members and their family members to attend. This year, the event included a soccer carnival, family-friendly game booths, snack stations and polaroid photo booths for participants to enjoy.

CORPORATE SOCIAL RESPONSIBILITY

Launch of the Non-Mandatory Central Provident Fund Scheme

In support of the Macau SAR Government's initiative to strengthen retirement protection for Macau residents, GEG joined the Non-Mandatory Central Provident Fund ("CPF") scheme in July 2019. Prior to joining the CPF scheme, GEG already has a well-received Pension Fund scheme in place for all eligible Macau team members. Through the launch of the CPF scheme, Macau local team members who have previously enrolled in GEG's existing Pension Fund scheme have the option to switch to joining the CPF scheme or remain in the existing Pension Fund scheme. Meanwhile, local team members who have not joined the existing Pension Fund scheme or local residents joining GEG after the effective date of the CPF scheme will have the option to enroll in the CPF scheme on a voluntary basis.

Recognizing the importance of helping team members make informed choices, GEG invited the Social Security Fund of the Macau SAR Government to host CPF seminars for team members in 2018 to enhance team member's understanding of the scheme. In the months ahead, GEG will continue to host seminars to help team members better understand the details of the CPF scheme and its financial implication.

TALENT MANAGEMENT

Organization development and training initiatives are designed to engage and support the promotion and delivery of the Group's Mission, Vision and core values. Team members receive GEG's full support in their development as this is a differentiating factor that helps the Group attract, retain and prepare team members for great personal and organizational success.

To support the Group's continued success, Organization Development and Training collaborates with different business units and leading educational institutions to design and deliver key training initiatives.

Following February's announcement of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, GEG delivered a "GEG International Protocol and Affairs Workshop" to an upward of 70 GEG team members. As part of GEG's ongoing efforts to grow and heighten the service standards of Macau's Meetings, Incentives, Conferences and Events ("MICE") industry, the workshop introduced team members to Chinese and Western protocol, the structures and functions of Chinese leadership and principal government organs in the Greater Bay Area, international etiquette and Chinese foreign affairs. Through experience sharing and case studies, team members were encouraged to pursue higher service standards in line with GEG's 'Asian Heart' service philosophy and embrace the fresh wave of opportunities associated with the Greater Bay Area.



An upward of 70 GEG team members from different hospitality-related fields explored the features and fundamentals of protocol from Chinese and Western perspectives at the "GEG International Protocol and Affairs Workshop" held earlier this year.

CORPORATE SOCIAL RESPONSIBILITY



To support the sustainable development of Macau's integrated resort industry, last year, GEG launched the "GEG-MPI Gaming Position Certification Program" with the Macao Polytechnic Institute to provide theoretical and practical training to help frontline employees with their career advancement. In January, GEG held a "GEG-MPI Gaming Position Certification Recognition Ceremony" for the program's first batch of graduates.

SOCIAL RESPONSIBILITY

Responsible Gaming

GEG is committed to promoting responsible gaming. Working closely with the Social Welfare Bureau of the Macau SAR Government, the Gaming Inspection and Coordination Bureau of the Macau SAR Government, the Institute for the Study of Commercial Gaming of the University of Macau, the Gaming Teaching and Research Centre of the Macao Polytechnic Institute, other Macau gaming operators and various local non-governmental associations, GEG instills the concept of rational gambling in the community. In the first half of 2019, GEG promoted responsible gaming via the following promotional activities:

- Organizing the "Responsible Gaming Chinese New Year Promotion 2019" with Associação de Juventude Voluntária de Macau to help remind team members of proper gambling concept before the Chinese New Year
- Conducting the Responsible Gaming Committee Training Program with the Institute for the Study of Commercial Gaming of the University of Macau and Sheng Kung Hui Macau Social Services Coordination Office
- Organizing a visit to Sheng Kung Hui Gambling Counseling and Family Wellness Centre to get a better understanding about the services and facilities provided
- Organizing the "Game Fun with Responsible Gaming 2019" roadshows with the Macao Gaming Industry Employees Home to refresh team members' knowledge on responsible gaming



GEG launched a range of responsible gaming promotional activities with local non-governmental associations to introduce the importance of rational gambling with interactive games.

CORPORATE SOCIAL RESPONSIBILITY

Galaxy Entertainment Group Foundation

Through its corporate social responsibilities initiatives, GEG believes in tackling emerging social issues in helping our next generation to build a brighter future. In April 2015, GEG established the Galaxy Entertainment Group Foundation (the "Foundation") to give back to Macau and the Greater China Region. The Foundation focuses on philanthropic activities which nurture young people, enabling them to become responsible citizens in their communities.

In May 2019, the Foundation launched the "GEG Art Exhibition Pilot Scheme", presenting "GRACE KELLY: from Hollywood to Monaco – Artist's Tributes", in collaboration with Grimaldi Forum Monaco as part of "Art Macao", a 5-month arts and cultural event held under the auspices of the Cultural Affairs Bureau of the Macau SAR Government. A special gallery was erected at Galaxy Macau™ Crystal Lobby for this exhibition. Featuring the collections and archives of the Prince's Palace of Monaco and an array of art pieces, the exhibition traces the story of legendary movie star Grace Kelly, from her Hollywood days as an Oscar-winning actress, to becoming Princess of Monaco. The exhibition demonstrates GEG's commitment towards enhancing Macau's appeal as a cultural tourism destination and facilitating its development into a world-class platform for cultural and arts exchange.



Students and teachers from a local Macau school on an educational tour of the exhibition.

Students learning about the Andy Warhol print and pop art.

The "GEG Chinese Literacy Development Pilot Scheme", currently in its third year was initiated in Macau in 2016 with the objective of supporting children, parents and schools in the area of Chinese language development, in particular, targeting children with literacy difficulties. In the past two years, both of the Scheme's two seed schools had carried out intervention groups for K3 children identified as requiring additional assistance through 1-on-1 assessments. Results from further assessments conducted on children from the intervention groups had shown that there was significant progress in their literacy development, and had progressed to perform at a comparable level to their classmates. Teachers also reported that these students were making noticeable improvements over the course of the school year and were able to transfer skills from the small group classes to their normal classes. The encouraging results from the assessment results have led both seed schools to revamp their kindergarten curriculum to include more literacy-focused teaching within their theme-based curriculum.

The "GEG Community Nursing Scheme", which was initiated in 2016, has to-date awarded 12 scholarships, with two students having graduated in May 2019 and are now pursuing their careers as community nurses as part of their scholarship requirements. Separately, the final tranche of the GEG Community Nursing Continuing Education Course on public health topics is underway for in-service community nurses in Macau. The training courses offered have been well-received, and attracted the enrolment of over 100 nurses from different sectors of the community nursing profession.

CORPORATE SOCIAL RESPONSIBILITY

The “GEG Sign Bilingualism Co-enrollment Pilot Scheme” was launched in January 2018, at one crèche and one kindergarten in Macau. The three-year Scheme began in 2018 and has enrolled ten hearing-impaired children, five each in the inclusive kindergarten classroom and in the baby crèche, with a teacher and a deaf teaching assistant co-teaching, enabling deaf and hearing children to learn together with both spoken and sign languages. The Scheme expects to help build a solid language foundation for the deaf students through the simultaneous use of sign and spoken languages, which in turn will enhance their overall literacy and language abilities. Children with normal hearing in the class are also expected to benefit from the practice as their early language development will be enhanced through exposure to sign language, while developing increased empathy for the less fortunate.

COMMUNITY ACTIVITIES

GEG demonstrates our “Asian Heart” by implementing a number of community initiatives and volunteering activities. In January, the GEG Volunteer Team organized a Welcome Briefing for close to 130 new recruits during which the Volunteer Team Coordinator thanked volunteers for choosing to apply their own personal time to support GEG’s community work and make a difference for those in need.

As a platform for team members to remain active in the community, GEG hopes that volunteering can help team members develop new friendships, strengthen their teamwork and reinforce parent-child relations. Believing volunteering to be a good educational tool for parents and children to learn together, GEG encourages team members to bring their children to our volunteering activities so that together, we can develop a more inclusive and harmonious society.

During the first half of 2019, GEG provided close to 160 team members and their family members with the opportunity to take part in volunteering activities that extended help to more than 900 underprivileged individuals, families and animals in Macau and Mainland China.



Sharing the joys of the Chinese New Year with Macau’s elderly community, in late January, GEG invited close to 100 senior citizens from the Macau Federation of Trade Unions for a “Pre-Chinese New Year Celebration Poon Choi Luncheon” at the Happy Square at Broadway Macau™.



In May, several GEG Volunteers joined the Association of Parents of the People with Intellectual Disabilities for a 5-day volunteering trip to Guizhou during which they visited the local government, rehabilitation association and disadvantaged families to learn about the hardships faced by local people seeking education, rehabilitation and support for persons with intellectual disabilities.

CORPORATE SOCIAL RESPONSIBILITY

CHARITABLE ACTIVITIES

Ruminating over the importance of sharing its success, GEG attends to the needs of the community by donating to organizations and people in need.



For the 7th consecutive year, GEG donated MOP300,000 to the Macau Holy House of Mercy in support of the charity's Welfare Shop Program.



On 1 June, GEG Volunteers gathered at the Macau Holy House of Mercy and assisted in distributing food hampers to over 300 underprivileged families.

SPORTS DEVELOPMENT

Committed to assisting Macau in becoming a more culturally diverse and international tourism hub, GEG works closely with the Macau SAR Government and the local community on enhancing the attractiveness, scale and quality of Macau's sports and community events. In the first half of 2019, GEG sponsored the following world class events involving different types of sports taking place in Macau:

- The "FIVB Women's Volleyball Nations League – Macau 2019" for the 14th year
- "Macau Squash Open 2019" organized by the Macau Squash Association
- The "Macau Special Olympics Charity Soccer Game 2019" organized by the Macau Special Olympics
- "International Conference on Education and Parenting of People with Intellectual Disability and Macau Golf Masters 2019" organized by the Charity Association of Macau Business Readers
- Local professional boxer Cheong Lap Cheong's participation in the "Asian Professional Boxing Championship 2019"

Furthermore, to promote sports development in Japan and contribute to the local community, GEG signed a two-year title sponsorship agreement for the "Galaxy Entertainment EuroJapan Cup". The "Galaxy Entertainment EuroJapan Cup 2019" was held between 2017-2018 English Premier League champions Manchester City Football Club and Yokohama F. Marinos at Yokohama's Nissan Stadium on 27 July while the "Galaxy Entertainment EuroJapan Cup 2020" will take place in Osaka. Through the sponsorship, GEG hopes to support Japan in raising its international profile and help the local community inspire its next generation of soccer fans and players by conducting various outreach events, including soccer clinics led by some of the world's top soccer players.

CORPORATE SOCIAL RESPONSIBILITY



GEG held a Summer Volleyball Challenge prior to the "FIVB Women's Volleyball Nations League – Macau 2019" tournament. Featuring artists from an online media group that is popular with young people, Miss Macau, members of the Macau women's volleyball team and members of the GEG Staff Social Club Volleyball Team, the guests played a nine-grid board game with volleyballs that were uploaded online to entice young peoples' interest in the sport.



Players of the Chinese national team, Macau junior volleyball players, and members of the GEG Staff Social Club Volleyball Team played a mixed friendly match on the eve of the "FIVB Women's Volleyball Nations League – Macau 2019" tournament.



Supporting the Macau SAR Government in arousing the public's enthusiasm for physical exercises, this year, around 280 GEG executives and team members took part in the "World Challenge Day" group exercise jointly organized by the Sports Bureau of Macau SAR Government, the Municipal Affairs Bureau of Macau SAR Government and the Health Bureau of Macau SAR Government.



For the 14th consecutive year, the GEG Dragon Boat Team competed in the "Macau International Dragon Boat Races". This year, the GEG Dragon Boat Team obtained multiple awards, including a second runner-up in the Macau International Invitation Standard Dragon Boat Race (500m, "B" Final) – Open Category and the second runner-up and the third runner-up titles in the Macau Standard Dragon Boat Race (500m)–Men and Women Category.

CORPORATE SOCIAL RESPONSIBILITY

EDUCATION AND CULTURE

Supporting the Macau SAR Government's policies on talent cultivation and the development of Macau's cultural, tourism and creative industries, GEG collaborates with many educational, arts and cultural associations and institutes on developing different programs aimed at assisting young people to build a more solid foundation for their future careers. In the first half of 2019, GEG:

- Recruited 71 students, of which 14 students were from special education institutes for the Batch 1 "GEG Internship Program 2019"; among the students who completed their internships, one was offered full-time employment following their program completion
- Hosted a month-long "Macau Gourmet Festival" at Broadway Macau™ in support of the Macau SAR Government's initiatives to foster the development of local SMEs and promote Macau as a World Centre of Tourism and Leisure and Creative City of Gastronomy
- Title-sponsored the two-day "HUSH!! GEG Upbeat Power Stage" Beach Concert; introduced by the Cultural Affairs Bureau of the Macau SAR Government this year, the event offered a platform for 10 new local music bands to present their music to beach concert goers
- Title-sponsored the "GEG Macau Cup – Teenager National Conditions Knowledge Competition" for the 11th consecutive year
- Sponsored the Macao Gaming Industry Employees Home in organizing the "Gaming Employees Sport Contest and Parent-Child Co-learning Program 2019"
- Sponsored Ponto Final in organizing "The Script Road – 8th Macau Literary Festival"



Mr. Dominic Wong, owner of Dom's Kitchen, thanks GEG for helping his business grow and expand its market share by organizing the month-long "Macau Gourmet Festival" at Broadway Macau™.



To celebrate National Security Education Day, on 15 April, close to 20 GEG team members visited the National Security Education Exhibition to learn about the country's national security developments and achievements.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Reflecting on our priority to protect the environment and build a greener world for our future generation, GEG continues to promote environmental conservation by improving the environmental management of our properties and enhancing the initiatives taken to minimize the environmental impacts of our operations.

In the first half of 2019, GEG continued to make efforts to reduce its environmental impact and build a safer and healthier environment for the future generation by:

- Renewing the Membership to WWF-Hong Kong's "2019/20 Corporate Membership Program" and taking part in WWF's "Earth Hour" event for the 11th consecutive year
- Participating in the monthly "Lights Out" Activity on the first Tuesday of every month
- Participating in the "2019 Macao International Environmental Co-operation Forum & Exhibition" hosted by the Macau SAR Government
- Hosting the "GEG Occupational Health and Safety Roadshow" in the Heart-of-House areas of GEG properties which includes the signing of the Safety Pledge by senior management and team members
- Hosting the "GEG Environmental, Health and Safety Quiz Competition" for the 5th consecutive year; this year, a record of 29 teams comprising of 120 team members from nine departments participated in the competition
- Completing the improvement works of the lighting system at the Heart-of-House at Galaxy Macau™, thus resulting in an additional 1 million kWh of energy savings
- Installing a new smart lighting system at the car park at Galaxy Macau™ Phase 2 to further reduce energy consumption at this location by 80%
- Incorporating new wireless technology for the monitoring of space temperature for better air conditioning controls at the front-of-house areas at Galaxy Macau™
- Completing the enhancement work at both chiller plant systems in Galaxy Macau™ for improved power monitoring and chiller sequencing

Furthermore, the Group also continues to monitor, improve and reduce its energy use, water consumption and waste generation by continuing to:

- Work with our waste management vendor on strengthening the Group's recycling process
- Enhance the exhaust system at various properties' F&B kitchens to further reduce energy consumption
- Carry out the LED lights replacement program
- Improve the food waste management program

CORPORATE SOCIAL RESPONSIBILITY

- Identify new energy saving opportunities
- Enhance the lighting system at the loading bay at Galaxy Macau™ to further reduce energy consumption at the bay platform
- Install variable speed drives to the air handling units at the central air conditioning system at the retail areas of Galaxy Macau™ for additional energy efficiency
- Prepare for the roll-out of a comprehensive energy management systems' audit at Galaxy Macau™ in the second half of 2019

As a testament of GEG's environmental performance, Broadway Hotel was awarded with a Silver Award at the "Macau Green Hotel Awards 2018" earlier this year while our partner hotel, Hotel Okura Macau was presented with the Gold Award.

Recognizing the importance of responsible waste management, GEG has a comprehensive recycling program in place at all its properties. In the first half of 2019, GEG collected approximately 17,156 kg of food waste for composite or fish feed making, as well as collected approximately 531 tons of cardboard and paper materials, 63 tons of plastic, 22 tons of metals, 79 tons of glass bottles, 32 tons of waste oil and 0.74 ton of printer cartilages for recycling.



To promote team members' occupational safety awareness, GEG organized the "GEG Occupational Health and Safety Roadshow" in the back-of-house areas of its properties. During the roadshow, designated staff were arranged to explain safety tips to team members.



To deepen team members' awareness of environment, health and safety concepts, GEG organized the 5th annual "GEG Environmental, Health and Safety Quiz Competition".

CORPORATE SOCIAL RESPONSIBILITY

CONSTRUCTION MATERIALS DIVISION

Corporate Social Responsibility

In recognition of its contribution to the community, K. Wah Construction Materials Limited (“KWCM”) has been recognized as a Caring Company for 17 consecutive years by the Hong Kong Council of Social Service. As a responsible company, KWCM is committed to build a sustainable business by balancing social, environmental and economic considerations. Corporate social responsibility is a significant part in KWCM’s sustainability value proposition.

KWCM has developed long-term partnerships with various non-government organizations and supports charitable events, including a 2-year charitable services program “KWCM-ELCHK Cares” jointly organized with the Evangelical Lutheran Church Social Service – Hong Kong to provide learning opportunities and training activities for families in Tai Po that are confined to poor living environments.

With an innovative, caring and people-oriented approach, KWCM values its team members and workforce by promoting a caring culture among employees, enhancing team members’ working environment, providing comprehensive training and excellent career prospects. In addition, the KWCM Social Club organizes a variety of activities such as wellness workshops, interactive sports games and movie premiere to promote work-life balance.



2019 Tai Po Dragon Boat Race



2019 International Women Day Celebration Event

Health, Safety and Environmental Protection

Leadership plays an essential role in the management of occupational health and safety and environmental protection. A “Safety Leadership Workshop” was conducted for all senior management of KWCM to reinforce and secure the positive safety culture through visible leadership in senior management level.

In the Nanjing Nangang Slag Plant, KWCM installed a fully automated truck washing machine to effectively prevent off-site dust dispersion by slag tanker truck.

CORPORATE SOCIAL RESPONSIBILITY

In Hong Kong, KWCM has been partnering with the Hong Kong University of Science and Technology and the Hong Kong Polytechnic University to complete two research projects on “Mainland Carbon Trading” and “Impacts of Mobileye Driving Safety System”. The partnerships not only grant undergraduate students a chance to work with private company but also enable KWCM to enjoy the research results.



2019 Safety Leadership Workshop at K. Wah Centre



Automated Truck Washing Machine at Nanjing Nangang Slag Plant

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF GALAXY ENTERTAINMENT GROUP LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 63, which comprises the condensed consolidated balance sheet of Galaxy Entertainment Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2019 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated cash flow statement and condensed consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information 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 interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 13 August 2019

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CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2019

	Note	2019 HK\$'000	2018 HK\$'000
Revenue (Note)	6	26,219,471	28,058,405
Other income/gains, net	8(a)	582,778	672,463
Special gaming tax and other related taxes to the Macau Government		(11,626,931)	(13,103,737)
Raw materials and consumables used		(493,944)	(694,881)
Amortisation and depreciation		(1,663,633)	(1,620,472)
Employee benefit expenses		(3,987,121)	(3,615,297)
Other operating expenses		(2,423,392)	(2,502,614)
Finance costs	9	(89,501)	(52,806)
Share of profits less losses of:			
Joint ventures		275,028	185,420
Associated companies		(3)	–
Profit before taxation	8(b)	6,792,752	7,326,481
Taxation charge	10	(71,328)	(75,727)
Profit for the period		6,721,424	7,250,754
Attributable to:			
Equity holders of the Company		6,679,752	7,206,369
Non-controlling interests		41,672	44,385
		6,721,424	7,250,754
Earnings per share	12	HK cents	HK cents
Basic		154.3	167.0
Diluted		153.7	165.9
Note : Analysis of revenue		HK\$'000	HK\$'000
Gross revenue from gaming operations		29,581,395	33,367,882
Commission and incentives		(7,347,049)	(9,549,362)
Net revenue from gaming operations		22,234,346	23,818,520
Revenue from hotel and mall operations		2,652,659	2,572,160
Sales of construction materials		1,332,466	1,667,725
		26,219,471	28,058,405

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2019

	2019 HK\$'000	2018 HK\$'000
Profit for the period	6,721,424	7,250,754
Other comprehensive income/(loss)		
Items that will not be subsequently reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	1,129,497	(346,879)
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	(9,114)	(19,002)
Share of translation differences of joint ventures	(4,461)	(15,941)
Other comprehensive income/(loss) for the period, net of tax	1,115,922	(381,822)
Total comprehensive income for the period	7,837,346	6,868,932
Total comprehensive income attributable to:		
Equity holders of the Company	7,795,360	6,828,088
Non-controlling interests	41,986	40,844
	7,837,346	6,868,932

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2019

	Note	30 June 2019 HK\$'000	31 December 2018 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	31,463,600	31,359,096
Right-of-use assets	13	4,992,362	-
Leasehold land and land use rights	13	-	4,921,285
Intangible assets	13	639,835	722,371
Joint ventures		1,717,379	1,630,959
Associated companies		2,249	2,252
Financial assets at amortised cost	14	26,805,118	25,778,612
Financial assets at fair value through other comprehensive income	15	5,646,608	4,530,411
Long-term bank deposits		4,484,949	-
Other non-current assets	16	181,281	125,809
		75,933,381	69,070,795
Current assets			
Inventories		180,617	189,799
Debtors and prepayments	17	1,959,325	1,860,409
Amounts due from joint ventures		177,605	178,727
Taxation recoverable		38,416	35,373
Current portion of financial assets at amortised cost	14	2,901,110	1,543,905
Other cash equivalents		28,177	18,571
Cash and bank balances		11,183,354	14,486,252
		16,468,604	18,313,036
Total assets		92,401,985	87,383,831
EQUITY			
Share capital and shares held for share award scheme	18	22,303,468	22,016,854
Reserves		46,175,100	40,263,405
Equity attributable to owners of the Company		68,478,568	62,280,259
Non-controlling interests		570,847	550,941
Total equity		69,049,415	62,831,200

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2019

	Note	30 June 2019 HK\$'000	31 December 2018 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	18,189	251,392
Deferred taxation liabilities		197,359	194,695
Lease liabilities		306,449	-
Retention payable		134,089	55,160
Non-current deposits		261,892	312,853
		917,978	814,100
Current liabilities			
Creditors and accruals	20	15,785,474	14,827,617
Current portion of lease liabilities		39,159	-
Amounts due to joint ventures		37,907	59,463
Current portion of borrowings and short-term bank loans	19	6,504,935	8,803,558
Provision for tax		67,117	47,893
		22,434,592	23,738,531
Total liabilities		23,352,570	24,552,631
Total equity and liabilities		92,401,985	87,383,831
Net current liabilities		(5,965,988)	(5,425,495)
Total assets less current liabilities		69,967,393	63,645,300

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2019

	2019 HK\$'000	2018 HK\$'000
Net cash from operating activities	8,346,216	5,810,054
Net cash used in investing activities	(7,243,058)	(10,952,870)
Net cash used in financing activities	(4,083,476)	(2,623,808)
Net decrease in cash and cash equivalents from 1 January to 30 June	(2,980,318)	(7,766,624)
Cash and cash equivalents at 1 January	13,778,102	15,702,430
Translation differences	(18,478)	(2,474)
Cash and cash equivalents at 30 June	10,779,306	7,933,332
Analysis of cash and cash equivalents		
Cash and bank balances at 30 June	11,183,354	8,453,680
Less: short-term bank deposits with maturity over three months and short-term pledged bank deposits	(432,225)	(660,521)
Other cash equivalents	28,177	140,173
Cash and cash equivalents at 30 June	10,779,306	7,933,332

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2019

	Share capital HK\$'000	Shares held for share award scheme HK\$'000	Reserves HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2019	22,016,875	(21)	40,263,405	62,280,259	550,941	62,831,200
Comprehensive income						
Profit for the period	-	-	6,679,752	6,679,752	41,672	6,721,424
Other comprehensive income						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	1,129,497	1,129,497	-	1,129,497
Translation differences of subsidiaries	-	-	(9,320)	(9,320)	206	(9,114)
Share of translation differences of joint ventures	-	-	(4,569)	(4,569)	108	(4,461)
Total other comprehensive income, net of tax	-	-	1,115,608	1,115,608	314	1,115,922
Total comprehensive income for the period	-	-	7,795,360	7,795,360	41,986	7,837,346
Transactions with equity holders						
Dividend paid to non-controlling interests	-	-	-	-	(22,080)	(22,080)
Issue of shares pursuant to share award scheme	135	-	(135)	-	-	-
Issue of shares upon exercise of share options	286,479	-	(74,453)	212,026	-	212,026
Fair value of share options granted	-	-	84,305	84,305	-	84,305
Fair value of share award granted	-	-	54,609	54,609	-	54,609
Special dividends (note 11)	-	-	(1,947,991)	(1,947,991)	-	(1,947,991)
At 30 June 2019	22,303,489	(21)	46,175,100	68,478,568	570,847	69,049,415
At 1 January 2018	21,468,700	(7)	34,013,004	55,481,697	533,896	56,015,593
Comprehensive income						
Profit for the period	-	-	7,206,369	7,206,369	44,385	7,250,754
Other comprehensive loss						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	(346,879)	(346,879)	-	(346,879)
Translation differences of subsidiaries	-	-	(17,059)	(17,059)	(1,943)	(19,002)
Share of translation differences of joint ventures	-	-	(14,343)	(14,343)	(1,598)	(15,941)
Total other comprehensive loss, net of tax	-	-	(378,281)	(378,281)	(3,541)	(381,822)
Total comprehensive income for the period	-	-	6,828,088	6,828,088	40,844	6,868,932
Transactions with equity holders						
Dividend paid to non-controlling interests	-	-	-	-	(11,640)	(11,640)
Issue of shares pursuant to share award scheme	2,462	1	(2,463)	-	-	-
Issue of shares upon exercise of share options	374,251	-	(90,852)	283,399	-	283,399
Fair value of share options granted	-	-	57,057	57,057	-	57,057
Fair value of share award granted	-	-	45,971	45,971	-	45,971
Special dividends (note 11)	-	-	(1,769,884)	(1,769,884)	-	(1,769,884)
At 30 June 2018	21,845,413	(6)	39,080,921	60,926,328	563,100	61,489,428

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Galaxy Entertainment Group Limited (“GEG” or the “Company”) is a limited liability company incorporated in Hong Kong and has its listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”). The address of its registered office and principal place of business is 22nd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are operation in casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials in Hong Kong, Macau and Mainland China.

The financial information relating to the year ended 31 December 2018 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2019 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

The interim financial information has been approved for issue by the Board of Directors on 13 August 2019.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities, which are carried at fair values. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

At 30 June 2019, the Group’s current liabilities exceeded its current assets by HK\$5,966 million. Taking into account the cash flows from operations and unutilised banking facilities, the Group has a reasonable expectation that it has adequate resources to meet its liabilities and commitments (principally relating to the development of Galaxy Macau™ resort at Cotai) as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the interim financial information.

The accounting policies used in the preparation of the interim financial information are consistent with those used and as described in the annual financial statements for the year ended 31 December 2018, except as described below:

NOTES TO THE INTERIM FINANCIAL INFORMATION

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(a) The adoption of new and amended standards and interpretation

In 2019, the Group adopted the following new and amended standards and interpretation which are relevant to its operations.

HKFRS 16	Leases
HKAS 19 (Amendment)	Plan Amendment, Curtailment and Settlement
HKAS 28 (Amendment)	Long-term Interests in Associates or Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
Annual Improvements to HKFRSs 2015–2017 Cycle	
HKAS 12 (Amendment)	Income Taxes
HKAS 23 (Amendment)	Borrowing Costs
HKFRS 3 (Amendment)	Business Combinations
HKFRS 11 (Amendment)	Joint Arrangements

The impact of adoption of HKFRS 16 is disclosed in note 3 below. The other amended standards and interpretation did not have significant impact on the Group's accounting policies and did not require retrospective adjustments.

(b) New standards and amendments to existing standards that are not yet effective

New standards and amendments		Effective for accounting periods beginning on or after
HKAS 1 and HKAS 8 (Amendment)	Definition of Material	1 January 2020
HKFRS 3 (Amendment)	Definition of a Business	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The Group has not early adopted the above new standards and amendments and is in the process of assessing the impact of these new standards and amendments on the Group's accounting policies and financial statements.

NOTES TO THE INTERIM FINANCIAL INFORMATION

3. CHANGES IN ACCOUNTING POLICIES

HKFRS 16 'Leases'

This note explains the impact of the adoption of HKFRS 16 'Leases' on the Group's unaudited condensed consolidated financial information that have been applied from 1 January 2019.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening condensed consolidated balance sheet on 1 January 2019 and summarised as follows:

	As at 31 December 2018 HK\$'000	Adjustments under HKFRS 16 HK\$'000	As at 1 January 2019 HK\$'000
Obligations under finance leases – non-current (included in borrowings)	(224,001)	224,001	–
Lease liabilities – current	–	(43,610)	(43,610)
Lease liabilities – non-current	–	(318,196)	(318,196)
Leasehold land and land use rights	4,921,285	(4,921,285)	–
Right-of-use assets	–	5,059,090	5,059,090

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

Lease payments include fixed payments, less any lease incentives receivable; and variable lease payment that are based on an index or a rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to condensed income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.34%.

As a result, the obligations under finance leases of HK\$224 million recognised and the operating lease commitments of HK\$172 million disclosed at 31 December 2018, adjusted by the effect of discounting and exclusion of short-term leases and low-value asset leases, resulted as HK\$138 million, are combined as lease liabilities of HK\$362 million and recognised on 1 January 2019. The amount was split into current portion and non-current portion of HK\$44 million and HK\$318 million respectively.

NOTES TO THE INTERIM FINANCIAL INFORMATION

3. CHANGES IN ACCOUNTING POLICIES (Continued)**HKFRS 16 'Leases' (Continued)**

As of 1 January 2019, leasehold land and land use rights arising from land concessions from Macau Government amounted to HK\$4,921 million while other right-of-use assets arising from other property, plant and equipment amounted to HK\$138 million. The other right-of-use assets are measured at the amount equal to the corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31 December 2018. These are presented together in the condensed consolidated balance sheet as right-of-use assets with the total amount of HK\$5,059 million as of 1 January 2019. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

There is no material impact to the Group's financial performance due to the adoption of this new accounting standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from their estimates.

The significant judgments, estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2018.

5. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018. There have been no changes in the financial risk management objectives and policies of the Group since 2018 year end.

5.1 Fair value estimation

The table below analyses financial instruments that are measured in the balance sheet at fair value, by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2019 and 31 December 2018.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2019				
Assets				
Financial assets at fair value through other comprehensive income				
– Equity securities	5,627,978	–	18,630	5,646,608
Total	5,627,978	–	18,630	5,646,608

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2018				
Assets				
Financial assets at fair value through other comprehensive income				
– Equity securities	4,511,356	–	19,055	4,530,411
Total	4,511,356	–	19,055	4,530,411

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representative of the fair value in the given circumstances. These instruments are included in level 1. Instruments included in level 1 comprise primarily financial assets at fair value through other comprehensive income.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

The following table presents the changes in level 3 instruments for the period ended 30 June 2019 and 30 June 2018.

	Financial assets at fair value through other comprehensive income	
	2019 HK\$'000	2018 HK\$'000
At beginning of the period	19,055	22,078
Losses recognised in other comprehensive income	(425)	(1,563)
At end of the period	18,630	20,515
Total gains for the period included in profit or loss for assets held at the end of the period	-	-

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. REVENUE

Revenue recognised during the period are as follows:

	2019 HK\$'000	2018 HK\$'000
Gaming operations		
Net gaming wins	29,516,990	33,305,952
Contributions from City Club Casinos (note a)	51,766	49,290
Tips received and administrative fees	12,639	12,640
Gross revenue from gaming operations	29,581,395	33,367,882
Less: Commission and incentives	(7,347,049)	(9,549,362)
Net revenue from gaming operations	22,234,346	23,818,520
Revenue from hotel and mall operations (note b)	2,652,659	2,572,160
Sales of construction materials	1,332,466	1,667,725
	26,219,471	28,058,405

Notes:

- (a) In respect of the operations of city club casinos (the "City Club Casinos"), the Group entered into agreements (the "Agreements") with third parties for a term equal to the life of the concession agreement with the Government of the Macau Special Administrative Region (the "Macau Government") up to June 2022.

Under the Agreements, the service providers (the "Service Providers") undertake for the provision of a steady flow of customers to the City Club Casinos and for procuring and/or introducing customers to these casinos. The Service Providers also agree to indemnify the Group against substantially all risks arising under the leases of the premises used by these casinos; and to guarantee payments to the Group of certain operating and administrative expenses. Revenue attributable to the Group is determined by reference to various rates on the net gaming wins.

After analysing the risks and rewards attributable to the Group, and the Service Providers under the Agreements, revenue from the City Club Casinos is recognised based on the established rates for the net gaming wins which reflect the gross inflow of economic benefits to the Group. In addition, all relevant operating and administrative expenses relating to the operations of the City Club Casinos are not recognised as expenses of the Group in the interim financial information.

During the period ended 30 June 2019, the Group is entitled to HK\$51,766,000 (2018: HK\$49,290,000), which is calculated by reference to various rates on the net gaming wins. Special gaming tax and other related taxes to the Macau Government, and all relevant operating and administrative expenses relating to the operations of the City Club Casinos are not recognised as expenses of the Group in the interim financial information.

- (b) Revenue from hotel and mall operations includes rental income amounted to approximately HK\$644 million (2018: HK\$600 million).

7. SEGMENT INFORMATION

The Board of Directors is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, based on a measurement of adjusted earnings before interest, tax, depreciation, amortisation and certain items (the "Adjusted EBITDA"). This measurement basis of Adjusted EBITDA excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, donation and sponsorship, loss on disposal/write-off of certain property, plant and equipment, and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes taxation of joint ventures and associated companies, the effects of share option expenses and share award expenses.

In accordance with the internal financial reporting and operating activities of the Group, the reportable segments are the gaming and entertainment segment and the construction materials segment. Corporate and treasury management represent corporate level activities including central treasury management and administrative function.

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. SEGMENT INFORMATION (Continued)

The reportable segments derive their revenue from the operations in casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials in Hong Kong, Macau and Mainland China.

There are no sales or trading transaction between the operating segments.

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
Six months ended 30 June 2019				
Reportable segment revenue	25,868,994	1,332,466	-	27,201,460
Adjusted for:				
City Club Casinos arrangement set out in note 6				
Revenue not recognised	(1,039,009)	-	-	(1,039,009)
Contributions	51,766	-	-	51,766
Others	5,254	-	-	5,254
Revenue recognised under HKFRS	24,887,005	1,332,466	-	26,219,471
Adjusted EBITDA including share of results of joint ventures and associated companies	7,837,610	564,147	(87,100)	8,314,657
Interest income, dividend income from listed investments and gross earnings on finance lease				693,537
Amortisation and depreciation				(1,663,633)
Finance costs				(89,501)
Taxation charge				(71,328)
Adjusted items:				
Taxation of joint ventures and associated companies				(79,292)
Pre-opening expenses				(101,378)
Loss on disposal/write-off of certain property, plant and equipment				(32,305)
Share option expenses				(84,305)
Share award expenses				(54,609)
Donation and sponsorship				(5,011)
Others				(105,408)
Profit for the period				6,721,424
Share of results of joint ventures and associated companies	25,974	249,051	-	275,025

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
Six months ended 30 June 2018				
Reportable segment revenue	27,329,430	1,667,725	–	28,997,155
Adjusted for:				
City Club Casinos arrangement set out in note 6				
Revenue not recognised	(992,994)	–	–	(992,994)
Contributions	49,290	–	–	49,290
Others	4,954	–	–	4,954
Revenue recognised under HKFRS	26,390,680	1,667,725	–	28,058,405
Adjusted EBITDA including share of results of joint ventures and associated companies	8,196,749	538,414	(90,268)	8,644,895
Interest income, dividend income from listed investments and gross earnings on finance lease				494,686
Amortisation and depreciation				(1,620,472)
Finance costs				(52,806)
Taxation charge				(75,727)
Adjusted items:				
Taxation of joint ventures and associated companies				(59,502)
Pre-opening expenses				(61,918)
Loss on disposal/write-off of certain property, plant and equipment				(2,390)
Share option expenses				(57,057)
Share award expenses				(45,971)
Donation and sponsorship				(5,764)
Others				92,780
Profit for the period				7,250,754
Share of results of joint ventures and associated companies	29,045	156,375	–	185,420

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
As at 30 June 2019				
Total assets	87,353,847	4,969,603	78,535	92,401,985
Total assets include:				
Joint ventures	104,787	1,612,592	–	1,717,379
Associated companies	–	2,249	–	2,249
Total liabilities	15,618,553	1,541,216	6,192,801	23,352,570

As at 31 December 2018

Total assets	82,214,960	5,097,793	71,078	87,383,831
Total assets include:				
Joint ventures	82,614	1,548,345	–	1,630,959
Associated companies	–	2,252	–	2,252
Total liabilities	14,514,834	1,863,483	8,174,314	24,552,631

Six months ended 30 June 2019

Additions to non-current assets	1,709,019	77,350	44,558	1,830,927
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Six months ended 30 June 2018

Additions to non-current assets	1,544,376	16,711	–	1,561,087
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Geographical analysis

Six months ended 30 June	2019 HK\$'000	2018 HK\$'000
Revenue		
Macau	25,027,525	26,691,156
Hong Kong	683,068	937,911
Mainland China	508,878	429,338
	26,219,471	28,058,405
	As at 30 June 2019 HK\$'000	As at 31 December 2018 HK\$'000
Non-current assets		
Macau	72,501,180	65,716,471
Hong Kong	567,385	536,306
Mainland China	2,864,816	2,818,018
	75,933,381	69,070,795

NOTES TO THE INTERIM FINANCIAL INFORMATION

8. OTHER INCOME/GAINS, NET AND PROFIT BEFORE TAXATION

	2019 HK\$'000	2018 HK\$'000
(a) Other income/gains, net		
Interest income		
Bank deposits	164,666	65,869
Loans to joint ventures	150	412
Deferred receivable	603	593
Financial assets at amortised cost	477,027	404,903
Dividend income from unlisted investments	4,880	1,500
Dividend income from listed investments	49,963	21,834
Gross earnings on finance lease	1,128	1,075
(Loss)/gain on disposal/write-off of property, plant and equipment	(41,925)	3,095
Foreign exchange (loss)/gain	(98,777)	109,649
Others	25,063	63,533
	582,778	672,463
(b) Profit before taxation is stated after charging		
Depreciation		
Property, plant and equipment	1,487,595	1,462,601
Right-of-use assets	66,174	-
Amortisation		
Gaming licence	52,732	52,732
Computer software	13,169	16,158
Leasehold land and land use rights	-	45,018
Reacquired right	43,963	43,963

9. FINANCE COSTS

	2019 HK\$'000	2018 HK\$'000
Interest expenses		
Bank loans and overdrafts	77,047	60,305
Lease liabilities	8,984	6,408
Other borrowing costs	3,470	55
	89,501	66,768
Amount capitalised in assets under construction	-	(13,962)
	89,501	52,806

NOTES TO THE INTERIM FINANCIAL INFORMATION

10. TAXATION CHARGE

	2019 HK\$'000	2018 HK\$'000
Current taxation		
Hong Kong profits tax	10,398	22,335
Mainland China income tax and withholding tax	36,375	16,247
Macau complementary tax	2,563	5,446
Under provision in prior years, net	1,125	7,252
Lump sum in lieu of Macau complementary tax on dividend (note b)	18,204	17,767
Deferred taxation	2,663	6,680
Taxation charge	71,328	75,727

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the period after setting off available taxation losses brought forward. Taxation assessable on profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the areas in which those profits arose, and these rates range from 12% to 25% (2018: 12% to 25%). The weighted average applicable tax rate was 12% (2018: 12%).
- (b) In August 2019, Galaxy Casino, S.A. ("GCSA"), the Company's principal subsidiary, entered into a Shareholder Dividend Tax Agreement with the Macau Government. The agreement provided for an annual payment in lieu of Macau Complementary Tax otherwise due by the GCSA's shareholders on dividend distributions to them from gaming profits, effective from 1 January 2019 through 26 June 2022 to correspond to the Macau Complementary Tax exemption on its gaming activities.

11. DIVIDENDS

	2019 HK\$'000	2018 HK\$'000
First special dividend paid of HK\$0.45 (2018: HK\$0.41) per ordinary share	1,947,991	1,769,884

On 28 February 2019, the Board of Directors declared a special dividend of HK\$0.45 per share (2018: HK\$0.41 per share), payable to shareholders of the Company whose names appear on the register of the members of the Company on 29 March 2019. The total amount of the special dividend distributed was HK\$1,948 million and was paid on 26 April 2019.

The Board of Directors does not declare any interim dividend for the period ended 30 June 2019 (2018: nil).

Details of the special dividend declared subsequent to the period end are given in note 23.

NOTES TO THE INTERIM FINANCIAL INFORMATION

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two (2018: two) categories of dilutive potential ordinary shares: share options and share awards. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued from the share options and the share awards, the dilutive effect of the share award scheme is assumed if the awarded shares are issued by new shares, which is yet to be determined.

The calculation of basic and diluted earnings per share for the period is based on the following:

	2019 HK\$'000	2018 HK\$'000
Profit attributable to equity holders of the Company	6,679,752	7,206,369

	Number of shares	
	2019	2018
Weighted average number of shares for calculating basic earnings per share	4,330,465,460	4,315,349,409
Effect of dilutive potential ordinary shares		
Share options	14,698,826	24,079,076
Share awards	567,042	3,734,403
Weighted average number of shares for calculating diluted earnings per share	4,345,731,328	4,343,162,888

13. CAPITAL EXPENDITURE

For the six months ended 30 June 2019, the Group incurred HK\$1,804 million (2018: HK\$1,550 million) on property, plant and equipment, HK\$27 million (2018: HK\$11 million) on intangible assets and nil (2018: nil) on land use right.

NOTES TO THE INTERIM FINANCIAL INFORMATION

14. FINANCIAL ASSETS AT AMORTISED COST

	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Listed debt securities in Hong Kong, at amortised cost	15,285,069	15,424,286
Listed debt securities in overseas, at amortised cost	14,358,721	11,796,471
Unlisted debt securities, at amortised cost	62,438	101,760
	29,706,228	27,322,517
Less: current portion of financial assets at amortised cost – listed debt securities, at amortised cost	(2,901,110)	(1,543,905)
	26,805,118	25,778,612

Notes:

- (a) The listed/unlisted debt securities are denominated in US dollars.
- (b) As at 30 June 2019, the carrying amounts of these listed/unlisted debt securities approximated their fair values. No provision for impairment loss was made at 30 June 2019 as these financial assets were considered to be of low credit risk and the expected credit loss was minimal.
- (c) As at 30 June 2019, none of the debt securities in any individual investee company held by the Group equaled or exceeded 5 per cent of the Group's total assets.

NOTES TO THE INTERIM FINANCIAL INFORMATION

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Unlisted investments in overseas, at fair value (note a)	18,630	19,055
Listed investments in overseas, at fair value (note b)	5,627,541	4,510,841
Listed investments in Hong Kong, at fair value	437	515
	5,646,608	4,530,411

Notes:

- (a) Unlisted investments are mainly denominated in Macau Patacas and US dollar.
- (b) As at 30 June 2019, the listed investments in overseas, at fair value included 5,200,000 shares of Wynn Resorts, Limited (“Wynn Resorts”) which represented approximately 4.8% of the issued share capital of Wynn Resorts. Investment cost was HK\$7.14 billion. Principal businesses of Wynn Resorts are to develop and operate high end hotels and casinos and its shares are listed on the Nasdaq Stock Exchange (stock code WYNN). This listed investment is denominated in US dollar. The directors of the Group considered that the closing price as at 30 June 2019 was the fair value of this listed investment. As of 30 June 2019, fair value of our investment in Wynn Resorts was HK\$5.04 billion, representing 5.45% of the Group’s total asset of HK\$92.40 billion. The market value of Wynn Resorts as of 30 June 2019 and 31 December 2018, and the performance of the investment during the period ended 30 June 2019 and 2018 are as follows:

	Market value		Unrealised gain/(loss) for the period ended 30 June		Dividend income for the period ended 30 June	
	30 June 2019 HK\$'000	31 December 2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Wynn Resorts, Limited	5,037,738	4,027,991	1,009,747	(314,033)	49,963	21,834

GEG will continue to closely monitor the performance of our passive minority equity investment in Wynn Resorts.

16. OTHER NON-CURRENT ASSETS

	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Finance lease receivable	35,896	44,093
Deferred receivable	11,993	14,202
Interest receivable	26,176	–
Deposits paid for property, plant and equipment	93,078	53,241
Advances to investee companies	19,010	23,010
Less: Provision for impairment	(19,010)	(23,010)
Others	14,138	14,273
	181,281	125,809

NOTES TO THE INTERIM FINANCIAL INFORMATION

17. DEBTORS AND PREPAYMENTS

	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Trade debtors, net of provision	385,348	374,331
Other debtors and deposit paid, net of provision	1,200,615	1,167,127
Contract assets	134,195	127,654
Prepayments	208,984	157,409
Current portion of finance lease receivable	30,183	33,888
	1,959,325	1,860,409

Trade debtors mainly arise from the sales of construction materials and mall operations. The Group has established credit policies which follow local industry standards. The Group normally allows an approved credit period ranging from 30 to 60 days (2018: 30 to 60 days) for customers in Hong Kong and Macau and 60 to 180 days (2018: 60 to 180 days) for customers in Mainland China. These are subject to periodic reviews by management.

The ageing analysis of trade debtors of the Group based on the invoice dates and net of provision for bad and doubtful debts is as follows:

	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Within one month	214,236	223,669
Two to three months	130,967	133,952
Four to six months	32,581	8,887
Over six months	7,564	7,823
	385,348	374,331

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. SHARE CAPITAL AND SHARES HELD FOR SHARE AWARD SCHEME

	Number of ordinary shares	Ordinary shares capital HK\$'000	Shares held for share award scheme HK\$'000	Total HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January 2018	4,308,141,595	21,468,700	(7)	21,468,693
Issue of shares pursuant to share award scheme	–	2,462	1	2,463
Issue of shares upon exercise of share options (note a)	11,095,968	374,251	–	374,251
At 30 June 2018 and 1 July 2018	4,319,237,563	21,845,413	(6)	21,845,407
Share award scheme – shares issued to the trustee	2,499,599	25	(25)	–
Share award scheme – shares repurchased by the trustee	–	–	(23,118)	(23,118)
Issue of shares pursuant to share award scheme	–	41,472	23,128	64,600
Issue of shares upon exercise of share options	3,260,939	129,965	–	129,965
At 31 December 2018 and 1 January 2019	4,324,998,101	22,016,875	(21)	22,016,854
Issue of shares pursuant to share award scheme	–	135	–	135
Issue of shares upon exercise of share options (note a)	7,108,172	286,479	–	286,479
At 30 June 2019	4,332,106,273	22,303,489	(21)	22,303,468

Notes:

- (a) The Company operates a share option scheme under which options to subscribe for ordinary shares in the Company are granted to selected qualifying grantees.

During the period, no new options (2018: nil) were granted and 7,108,172 options (2018: 11,095,968) were exercised and 737,637 options (2018: 973,724) lapsed. The number of share options outstanding at 30 June 2019 was 48,249,792 (2018: 43,196,646).

- (b) The Group operates a share award scheme (adopted on 4 August 2014) under which the Group has absolute discretion to select any qualifying grantee for participation in the scheme and determine the terms and conditions of the awards and the number of shares to be awarded.

During the period, no share award (2018: nil) was granted and 173,762 share awards (2018: 154,726) lapsed. 3,017 share awards (2018: 115,467) were vested. The number of share awards outstanding as at 30 June 2019 was 4,803,538 (2018: 3,734,403), all of which are unvested.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19. BORROWINGS

	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Bank loans		
Secured (note a)	159,152	453,719
Unsecured	6,363,972	8,377,230
	6,523,124	8,830,949
Obligations under finance leases (note b)	-	224,001
	6,523,124	9,054,950
Total borrowings	6,523,124	9,054,950
Current portion included in current liabilities	(18,189)	(16,548)
Short-term bank loans	(6,486,746)	(8,787,010)
	18,189	251,392
Non-current portion of borrowings	18,189	251,392

Notes:

- (a) The bank loans of HK\$159 million (2018: HK\$454 million) are secured by bank deposits of HK\$141 million (2018: HK\$435 million).
- (b) Obligations under finance leases mainly represent land renewal considerations to the Macau Government for land in Cotai or Macau under the concession contract. The amount has been reclassified as lease liabilities effective as of 1 January 2019 (note 3).

The carrying amounts and fair value of the borrowings are as follows:

	Carrying amount		Fair value	
	30 June 2019 HK\$'000	31 December 2018 HK\$'000	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Bank loans	6,523,124	8,830,949	6,523,124	8,830,949
Obligations under finance leases	-	224,001	-	335,776
	6,523,124	9,054,950	6,523,124	9,166,725

The fair value of the borrowings is calculated using cash flows discounted at prevailing borrowing rates or based on quoted market price. The carrying amounts of other current borrowings approximate their fair value. All borrowings are within level 2 of the fair value hierarchy.

NOTES TO THE INTERIM FINANCIAL INFORMATION

20. CREDITORS AND ACCRUALS

	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Trade creditors	4,213,273	4,433,403
Other creditors (note a)	3,834,874	4,116,913
Chips issued	5,346,066	3,770,448
Loans from non-controlling interests	87,769	93,399
Accruals and provision	2,259,979	2,369,381
Deposits received	43,513	44,073
	15,785,474	14,827,617

The ageing analysis of trade creditors of the Group based on the invoice dates is as follows:

	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Within one month	3,807,935	4,022,831
Two to three months	73,192	69,868
Four to six months	118,111	136,522
Over six months	214,035	204,182
	4,213,273	4,433,403

Note:

(a) Other creditors mainly represented gaming tax payable to the Macau Government and construction payable to contractors.

21. CAPITAL COMMITMENTS

	30 June 2019 HK\$'000	31 December 2018 HK\$'000
Contracted but not provided for – Property, plant and equipment	5,333,099	5,361,882

NOTES TO THE INTERIM FINANCIAL INFORMATION

22. RELATED PARTY TRANSACTIONS

In addition to the transactions or balances disclosed elsewhere in the interim financial information, the significant related party transactions carried out in the normal course of the Group's business activities during the period are as follows:

- (a) Interest income from joint ventures amounted to HK\$150,000 (2018: HK\$412,000) are charged at prevailing market rate.
- (b) Management fee received from joint ventures amounted to HK\$6,526,000 (2018: HK\$4,853,000) are charged at terms agreed among the parties.
- (c) Rental expenses of HK\$739,000 (2018: HK\$738,000) were paid to a subsidiary of K. Wah International Holdings Limited, a shareholder of the Company, based on the terms of the rental agreement between the parties. This is a continuing connected transaction which is fully exempted from reporting and disclosure requirements under rule 14A.76(1) of the Rules Governing the Listing of Securities on SEHK.
- (d) Purchases from joint ventures and non-controlling interests amounted to HK\$101,816,000 (2018: HK\$49,328,000) at terms agreed among the parties.
- (e) Interest expenses to joint ventures and non-controlling interests amounted to HK\$1,770,000 (2018: nil) at terms agreed among the parties.
- (f) Key management personnel comprise the Chairman, Deputy Chairman and other Executive Directors. Key management compensation amounted to HK\$94,000,000 for the six months ended 30 June 2019 (2018: HK\$73,000,000).

23. POST BALANCE SHEET EVENT

Arrangements have been made for Galaxy Casino S.A., the Company's principal subsidiary, to declare and pay a dividend of approximately HK\$4,000 million, most of which will ultimately be received, through dividends of wholly-owned subsidiaries ("Subsidiary Dividend"), by the Company. On declaration of the Subsidiary Dividend, the Company will have distributable reserves of approximately HK\$4,630 million, which will be reflected in the special purpose financial statements to be prepared by the Company and delivered to the Registrar of Companies in Hong Kong for registration, in compliance with the Companies Ordinance.

As a result of the above, the Board of Directors is pleased to announce that it has declared a special dividend of HK\$0.46 per share (2018: HK\$0.50 per share), subject to and conditional upon the Subsidiary Dividend receivable by the Company being declared (which is expected to occur on or about 31 August 2019), payable to shareholders of the Company whose names appear on the register of members of the Company on 30 September 2019. This special dividend is expected to be paid on or about 25 October 2019. The total amount of this special dividend to be distributed is estimated to be approximately HK\$2,000 million (2018: HK\$2,160 million).

OTHER INFORMATION

DIVIDENDS

A special dividend of HK\$0.45 per share totaling approximately HK\$1,948 million was paid to the shareholders of the Company on 26 April 2019.

The Board of Directors is pleased to announce that it has declared another special dividend of HK\$0.46 per share (2018: HK\$0.50 per share) payable to shareholders whose names appear on the register of members of the Company on 30 September 2019 and expected to be paid on or about 25 October 2019. The total amount of this special dividend to be distributed is estimated to be approximately HK\$2,000 million (2018: HK\$2,160 million).

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR SPECIAL DIVIDEND

Book close dates for Special Dividend	:	26 September 2019 (Thursday) to 30 September 2019 (Monday) (both days inclusive)
Record date for Special Dividend	:	30 September 2019 (Monday)
Ex-dividend date	:	24 September 2019 (Tuesday)
Expected payment date	:	25 October 2019 (Friday)
Latest time to lodge transfer documents with the Company's share registrar to entitle Special Dividend	:	4:30 p.m. on 25 September 2019 (Wednesday)
Name and address of the Company's share registrar	:	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES AND UNDERLYING SHARES

As at 30 June 2019, the interests or short positions of each Director in the shares, underlying shares and debentures of the Company, and the details of any right to subscribe for shares of the Company and of the exercise of such rights, as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

(a) Shares (including underlying shares)

Name	Number of shares (including underlying shares)				Total	Percentage of Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Lui Che Woo	36,643,844	2,181,518	363,726,401 ⁽¹⁾	1,362,225,231 ⁽²⁾	1,764,776,994	40.74
Francis Lui Yiu Tung	48,853,979	–	396,150,099 ⁽³⁾	1,362,225,231 ⁽²⁾	1,807,229,309	41.72
Joseph Chee Ying Keung	1,932,321	–	–	–	1,932,321	0.04
Paddy Tang Lui Wai Yu	14,011,207	–	–	1,362,225,231 ⁽²⁾	1,376,236,438	31.77
James Ross Ancell	250,000	–	–	50,000 ⁽⁴⁾	300,000	0.01
William Yip Shue Lam	250,000	–	–	–	250,000	0.01
Patrick Wong Lung Tak	–	–	–	–	–	–
Charles Cheung Wai Bun	–	–	–	–	–	–
Michael Victor Mecca	1,368,280	–	–	–	1,368,280	0.03

Notes:

- (1) 305,401 shares, 295,421,000 shares and 68,000,000 shares of the Company were held by Po Kay Securities & Shares Company Limited, Lui Che Woo Foundation Limited ("Lui Che Woo Foundation") and LUI Che Woo Prize Limited ("LUI Che Woo Prize") respectively, all of which are controlled by Dr. Lui Che Woo. Lui Che Woo Foundation and LUI Che Woo Prize are charitable organizations.
- (2) A discretionary family trust established by Dr. Lui Che Woo as settlor was interested in 1,362,225,231 shares of the Company. Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu, as discretionary beneficiaries of the discretionary family trust, are deemed to have an interest in those shares in which the trust has an interest.
- (3) 103,096,039 shares of the Company were held by Recurrent Profits Limited ("Recurrent Profits"). Top Notch Opportunities Limited ("Top Notch") was indirectly interested in 171,916,021 shares of the Company. Kentlake International Investments Limited ("Kentlake") was directly and indirectly interested in 121,138,039 shares of the Company. Recurrent Profits, Top Notch and Kentlake are companies controlled by Mr. Francis Lui Yiu Tung.
- (4) Mr. James Ross Ancell was interested in 50,000 shares of the Company as being one of the trustees and a major beneficiary of a pension scheme.

OTHER INFORMATION

(b) Underlying Shares – Share Options and Share Awards

Details are set out in the sections headed “Share Options” and “Share Awards” below.

All the interests stated above represent long positions.

Save as disclosed above, as at 30 June 2019, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its other associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS’ AND OTHER SHAREHOLDERS’ INTERESTS

As at 30 June 2019, the interests or short positions of every person (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Number of Shares (Long Position)	Percentage of Issued Share Capital
City Lion Profits Corp.	973,282,206	22.47
CWL Assets (PTC) Limited	1,362,225,231	31.44
HSBC International Trustee Limited	1,363,000,491 ⁽¹⁾	31.46
Super Focus Company Limited	274,494,154	6.34
Lui Che Woo Foundation Limited	295,421,000	6.82
The Capital Group Companies, Inc.	430,457,500	9.94

Note:

- (1) HSBC International Trustee Limited, the trustee of the trust established by Dr. Lui Che Woo as settlor, was interested in 1,362,225,231 shares of the Company.

There was duplication of interests of:

- (i) 1,362,225,231 shares of the Company between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu, CWL Assets (PTC) Limited and HSBC International Trustee Limited;
- (ii) 973,282,206 shares of the Company between City Lion Profits Corp. and CWL Assets (PTC) Limited;
- (iii) 274,494,154 shares of the Company between CWL Assets (PTC) Limited and Super Focus Company Limited; and
- (iv) 295,421,000 shares of the Company between Lui Che Woo Foundation and Dr. Lui Che Woo.

Save as disclosed above, as at 30 June 2019, the Company had not been notified by any person who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under section 336 of the SFO.

OTHER INFORMATION

SHARE OPTIONS

The particulars of the movements in the options held by each of the Directors of the Company and their associates, the employees of the Group in aggregate and other participants granted under the share option scheme adopted on 22 June 2011 by the Company (the "Share Option Scheme") during the six months ended 30 June 2019 were as follows:

Name	Date of grant	Number of Options					Held at 30 June 2019	Exercise price (HK\$)	Exercise period
		Held at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Re-classified during the period ^(a)			
Lui Che Woo	17 Jan 2013	1,150,000	-	1,150,000 ^(b)	-	-	-	32.50	17 Jan 2014 – 16 Jan 2019
	24 Dec 2015	2,601,000	-	-	-	-	2,601,000	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	1,021,312	-	-	-	-	1,021,312	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,002,000	-	-	-	-	1,002,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	616,000	-	-	-	-	616,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	2,651,000	-	-	-	-	2,651,000	48.65	28 Dec 2019 – 27 Dec 2024
Francis Lui Yiu Tung	17 Jan 2013	1,650,000	-	1,650,000 ^(b)	-	-	-	32.50	17 Jan 2014 – 16 Jan 2019
	24 Dec 2015	1,912,000	-	-	-	-	1,912,000	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	1,445,483	-	-	-	-	1,445,483	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,417,000	-	-	-	-	1,417,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	871,000	-	-	-	-	871,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	3,749,000	-	-	-	-	3,749,000	48.65	28 Dec 2019 – 27 Dec 2024
Joseph Chee Ying Keung	24 Dec 2015	120,000	-	-	-	-	120,000	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	24,321	-	-	-	-	24,321	28.35	12 Mar 2018 – 11 Sep 2022
	26 Jul 2017	130,000	-	-	-	-	130,000	46.95	26 Jul 2018 – 25 Jul 2023
	28 Dec 2018	140,000	-	-	-	-	140,000	48.65	28 Dec 2019 – 27 Dec 2024
Paddy Tang Lui Wai Yu	24 Dec 2015	229,000	-	-	-	-	229,000	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	111,285	-	-	-	-	111,285	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	79,000	-	-	-	-	79,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	49,000	-	-	-	-	49,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	116,000	-	-	-	-	116,000	48.65	28 Dec 2019 – 27 Dec 2024
James Ross Ancell	-	-	-	-	-	-	-	-	-
William Yip Shue Lam	-	-	-	-	-	-	-	-	-
Patrick Wong Lung Tak	-	-	-	-	-	-	-	-	-
Charles Cheung Wai Bun	-	-	-	-	-	-	-	-	-
Michael Victor Mecca	24 Dec 2015	523,334	-	100,000 ^(c)	-	-	423,334	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	481,278	-	-	-	-	481,278	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	371,000	-	-	-	-	371,000	33.49	28 Dec 2017 – 27 Dec 2022

OTHER INFORMATION

Name	Date of grant	Number of Options					Held at 30 June 2019	Exercise price (HK\$)	Exercise period
		Held at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Re-classified during the period ^(a)			
Employees ^(d) (in aggregate)	17 Jan 2013	763,717	-	763,717 ^(e)	-	-	-	32.50	17 Jan 2014 – 16 Jan 2019
	15 Jan 2014	69,000	-	-	-	-	69,000	77.75	15 Jan 2015 – 14 Jan 2020
	16 Jul 2014	66,000	-	-	-	-	66,000	62.75	16 Jul 2015 – 15 Jul 2020
	16 Jan 2015	108,668	-	-	-	-	108,668	39.86	16 Jan 2016 – 15 Jan 2021
	24 Dec 2015	9,854,416	-	2,165,042 ^(e)	-	103,334	7,586,040	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	2,375,873	-	384,991 ^(e)	-	-	1,990,882	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	4,697,562	-	602,743 ^(e)	87,425	133,030	3,874,364	33.49	28 Dec 2017 – 27 Dec 2022
	26 Jul 2017	1,182,002	-	30,997 ^(e)	21,334	-	1,129,671	46.95	26 Jul 2018 – 25 Jul 2023
	27 Dec 2017	4,116,000	-	-	216,115	124,000	3,775,885	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	7,975,000	-	-	309,763	133,000	7,532,237	46.75	21 Nov 2019 – 20 Nov 2024
28 Dec 2018	2,162,000	-	-	103,000	-	2,059,000	48.65	28 Dec 2019 – 27 Dec 2024	
Others (in aggregate)	5 Jul 2013	80,000	-	40,000 ^(f)	-	-	40,000	37.45	5 Jul 2014 – 4 Jul 2019
	24 Dec 2015	84,000	-	134,000 ^(f)	-	103,334	53,334	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	48,016	-	48,016 ^(f)	-	-	-	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	27,334	-	38,666 ^(f)	-	133,030	121,698	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	26,000	-	-	-	124,000	150,000	62.36	27 Dec 2018 – 26 Dec 2023
21 Nov 2018	-	-	-	-	133,000	133,000	46.75	21 Nov 2019 – 20 Nov 2024	
Total		56,095,601	-	7,108,172	737,637	-	48,249,792		

Notes:

- (a) Options were re-classified during the period from “Employees” to “Others”.
- (b) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$48.05.
- (c) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$56.18.

OTHER INFORMATION

- (d) Employees include associates of Directors and the movements in the options held by each of the associates of Directors during the period with exercise price and period shown above were as follows:

Name	Date of grant	Number of Options			Held at 30 June 2019
		Held at 1 January 2019	Granted during the period	Exercised during the period	
Eileen Lui Wai Ling	24 Dec 2015	594,000	–	–	594,000
	12 Sep 2016	224,540	–	–	224,540
	28 Dec 2016	204,000	–	–	204,000
	27 Dec 2017	130,000	–	–	130,000
	28 Dec 2018	426,000	–	–	426,000
Joanna Claudia Lui	27 Dec 2017	3,000	–	–	3,000
	28 Dec 2018	6,000	–	–	6,000

- (e) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$52.98.
- (f) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$52.94.

The vesting period for all options is 1/3 vesting on each of the first, second and third anniversary of the date of grant except the options granted on 12 September 2016 is 100% vesting on 18 months after the date of grant.

Vesting period may accelerate if triggered by certain events stated in the Share Option Scheme.

The consideration paid by each grantee for each grant of options was HK\$1.00.

Details of the options exercised or lapsed during the period are set out above. No options were granted or cancelled during the period.

OTHER INFORMATION

SHARE AWARDS

The particulars of the movements in the share awards held by the Directors of the Company and their associates, and the employees of the Group in aggregate and other participants granted under the share award scheme adopted by the Board of Directors of the Company on 4 August 2014 (the "Share Award Scheme") during the six months ended 30 June 2019 were as follows:

Name	Date of grant	Number of Awards					Closing price at date of grant (HK\$)	
		Held at 1 January 2019	Vested during the period	Lapsed during the period	Re-classified during the period ^(a)	Held at 30 June 2019		
Lui Che Woo	28 Dec 2016	115,168	-	-	-	115,168	28 Dec 2019	33.25
	27 Dec 2017	70,766	-	-	-	70,766	27 Dec 2019	61.65
	27 Dec 2017	70,768	-	-	-	70,768	27 Dec 2020	61.65
	28 Dec 2018	85,700	-	-	-	85,700	28 Dec 2019	48.55
	28 Dec 2018	85,700	-	-	-	85,700	28 Dec 2020	48.55
28 Dec 2018	85,700	-	-	-	85,700	28 Dec 2021	48.55	
Francis Lui Yiu Tung	28 Dec 2016	162,934	-	-	-	162,934	28 Dec 2019	33.25
	27 Dec 2017	50,066	-	-	-	50,066	27 Dec 2019	61.65
	27 Dec 2017	50,068	-	-	-	50,068	27 Dec 2020	61.65
	28 Dec 2018	121,200	-	-	-	121,200	28 Dec 2019	48.55
	28 Dec 2018	121,200	-	-	-	121,200	28 Dec 2020	48.55
28 Dec 2018	121,200	-	-	-	121,200	28 Dec 2021	48.55	
Paddy Tang Lui Wai Yu	28 Dec 2016	9,000	-	-	-	9,000	28 Dec 2019	33.25
	27 Dec 2017	5,533	-	-	-	5,533	27 Dec 2019	61.65
	27 Dec 2017	5,534	-	-	-	5,534	27 Dec 2020	61.65
	28 Dec 2018	4,533	-	-	-	4,533	28 Dec 2019	48.55
	28 Dec 2018	4,533	-	-	-	4,533	28 Dec 2020	48.55
28 Dec 2018	4,534	-	-	-	4,534	28 Dec 2021	48.55	
Michael Victor Mecca	28 Dec 2016	42,668	-	-	-	42,668	28 Dec 2019	33.25
Employees ^(b) (in aggregate)	28 Dec 2016	579,498	1,110	27,364	22,568	528,456	28 Dec 2019	33.25
	26 Jul 2017	6,432	-	-	-	6,432	26 Jul 2019	46.95
	26 Jul 2017	6,436	-	-	-	6,436	26 Jul 2020	46.95
	27 Dec 2017	428,255	757	22,138	14,199	391,161	27 Dec 2019	61.65
	27 Dec 2017	579,090	-	22,910	14,202	541,978	27 Dec 2020	61.65
	21 Nov 2018	667,879	1,150	24,780	12,166	629,783	21 Nov 2019	46.75
	21 Nov 2018	667,879	-	25,930	12,166	629,783	21 Nov 2020	46.75
	21 Nov 2018	668,142	-	25,940	12,168	630,034	21 Nov 2021	46.75
	28 Dec 2018	49,792	-	8,231	-	41,561	28 Dec 2019	48.55
	28 Dec 2018	49,792	-	8,231	-	41,561	28 Dec 2020	48.55
28 Dec 2018	49,816	-	8,238	-	41,578	28 Dec 2021	48.55	
Others (in aggregate)	28 Dec 2016	4,634	-	-	22,568	27,202	28 Dec 2019	33.25
	27 Dec 2017	2,933	-	-	14,199	17,132	27 Dec 2019	61.65
	27 Dec 2017	2,934	-	-	14,202	17,136	27 Dec 2020	61.65
	21 Nov 2018	-	-	-	12,166	12,166	21 Nov 2019	46.75
	21 Nov 2018	-	-	-	12,166	12,166	21 Nov 2020	46.75
21 Nov 2018	-	-	-	12,168	12,168	21 Nov 2021	46.75	
Total		4,980,317	3,017	173,762	-	4,803,538		

OTHER INFORMATION

Notes:

- (a) Share awards were re-classified during the period from “Employees” to “Others”.
- (b) Employees include associates of Directors and the movements in the share awards held by each of the associates of Directors during the period with closing price at date of grant shown above were as follows:

Name	Date of grant	Number of Awards			Held at 30 June 2019	Vesting Date
		Held at 1 January 2019	Granted during the period	Vested during the period		
Eileen Lui Wai Ling	28 Dec 2016	23,368	–	–	23,368	28 Dec 2019
	27 Dec 2017	14,866	–	–	14,866	27 Dec 2019
	27 Dec 2017	14,868	–	–	14,868	27 Dec 2020
	28 Dec 2018	16,733	–	–	16,733	28 Dec 2019
	28 Dec 2018	16,733	–	–	16,733	28 Dec 2020
	28 Dec 2018	16,734	–	–	16,734	28 Dec 2021
Joanna Claudia Lui	27 Dec 2017	266	–	–	266	27 Dec 2019
	27 Dec 2017	268	–	–	268	27 Dec 2020
	28 Dec 2018	233	–	–	233	28 Dec 2019
	28 Dec 2018	233	–	–	233	28 Dec 2020
	28 Dec 2018	234	–	–	234	28 Dec 2021

Details of the share awards vested or lapsed during the period are set out above. No share awards were granted or cancelled during the period.

DEALINGS IN LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the six months ended 30 June 2019.

REVIEW OF INTERIM RESULTS

The Group’s interim results for the six months ended 30 June 2019 have been reviewed by the Audit Committee of the Company and by the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information by the Auditor is included in this interim report.

OTHER INFORMATION

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by Directors. The Company, having made specific enquiry of all Directors, confirms that the Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2019.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2019, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except code provision A.4.2.

Given that the other Directors do retire by rotation in accordance with the Articles of Association of the Company, the Board considers that the Group is best served by not requiring the Chairman to retire by rotation as his continuity in office is of considerable benefit to and his leadership, vision and profound knowledge in the widespread geographical business of the Group is an asset of the Company.

By Order of the Board

Galaxy Entertainment Group Limited

Jenifer Sin Li Mei Wah

Company Secretary

Hong Kong, 13 August 2019



This interim report is printed on environmentally friendly paper.
此中期報告以環保紙張印製。



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