



銀娛GEG

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

Stock Code 股份代號：27

2017

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



CONTENTS

- 002 Corporate Information
- 004 Corporate Profile
- 006 Letter from the Chairman
- 008 Financial & Operational Highlights
- 012 Selected Major Awards
- 016 Management Discussion and Analysis
- 024 Corporate Social Responsibility

- 033 Report on Review of Interim Financial Information
- 034 Condensed Consolidated Income Statement (Unaudited)
- 035 Condensed Consolidated Statement of
Comprehensive Income (Unaudited)
- 036 Condensed Consolidated Balance Sheet (Unaudited)
- 038 Condensed Consolidated Cash Flow Statement (Unaudited)
- 039 Condensed Consolidated Statement of Changes in Equity (Unaudited)
- 040 Notes to the Interim Financial Information
- 061 Other Information



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 DIRECTOR

Dr. Charles Cheung Wai Bun, *JP*

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*

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*

COMPANY SECRETARY

Mrs. Jenifer Sin Li Mei Wah

INDEPENDENT AUDITOR

PricewaterhouseCoopers



CORPORATE INFORMATION

REGISTERED OFFICE

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Hutchison House
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Central, 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 Limited (“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, hotels, 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 properties 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 retail space with approximately 160 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 over 120 restaurants 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 high end property
- Offers over 500 guestrooms and suites
- Offers sophisticated Chinese and International cuisine



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™
- 3,000 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
- Approximately 10 retail outlets

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 located in Macau.

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.



LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

I wish to share with you my personal grief on the devastating impact of Typhoons Hato and Pakhar experienced by everyone in the Macau community, a place where we all call home.

On Wednesday 23 August, Typhoon Hato, the most powerful and destructive Typhoon in over half a century, swiftly descended on Macau and caused wide spread damage to Macau and significant hardship to its citizens including many of our Team Members. GEG's properties were damaged, but fortunately, there were only minor injuries reported which was such a big relief to me and the whole GEG family.

We greatly appreciate every single person who has contributed their time and effort to help during such a difficult time. However, I would like to express my sincere condolences to the family and friends of the people who perished and the citizens who sustained injury as a result of the devastating destruction brought by the two typhoons plus so many who have suffered.

A portrait of Dr. Lui Che Woo, the Chairman of Galaxy Entertainment Group Limited. He is an elderly man with a friendly expression, wearing a dark grey pinstriped suit jacket, a white shirt, and a bright pink tie. He is also wearing a dark grey flat cap. The background is a bright blue sky with scattered white clouds. In the lower portion of the image, the ornate, classical-style architecture of a building with golden domes and arches is visible, suggesting a location in Macau.

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

LETTER FROM THE CHAIRMAN

Macau has endured the storm and is now focused on recovering and rebuilding with the helping hands of many, including GEG, which is a testament to the will, strength and character of the Macau people. The community is rallying around each other and together we will all move forward with a very bright future. We too at GEG will continue to actively support the community in these challenging times. Our teams at Galaxy Macau™, StarWorld Macau and Broadway Macau™ are contributing to the relief efforts in a variety of ways ranging from substantial donations of goods and services including food, water and trucks for debris removal to a number of team members volunteering to help Macau in areas of need from clean up efforts to delivering food and water to the elderly.

I am pleased to announce a MOP60 million contribution including MOP30 million from the GEG Foundation plus a MOP30 million matching contribution from the Lui family to support the relief efforts of the people of Macau as well as our GEG team members during this challenging and stressful period including materials and resources of K Wah Construction Materials. We look forward to working with the Macau government to determine the most effective way to deploy our contribution during this critically important period.

We can all learn from this traumatizing experience and be better prepared in the future, including GEG. I encourage unity within society to work together to rebuild our community.

I would like to thank all the hearts and souls who have worked to restore Macau including the resilient citizens of Macau, the Macau and Central Governments, the People's Liberation Army, the countless volunteers, and, as always, our family of GEG Team Members.

Thank you!

Dr. Lui Che Woo

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

Hong Kong, 30 August 2017

FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

Revenue

(HK\$'m)	1H 2016	1H 2017	% change
Gaming and Entertainment	24,547	27,078	10%
Construction Materials	991	1,466	48%
Group Total	25,538	28,544	12%



Adjusted EBITDA

(HK\$'m)	1H 2016	1H 2017	% change
Gaming and Entertainment	4,573	6,214	36%
Construction Materials	205	321	57%
Corporate	(72)	(69)	4%
Group Total	4,706	6,466	37%

Key Financial Metrics

	1H 2016	1H 2017	% change
Net Profit Attributable to Shareholders (HK\$'m)	2,558	4,631	81%
Earnings per Share (HK cents)	60.0	108.3	81%
Total Assets (HK\$'m)	56,839	72,646	28%
Cash on hand (HK\$'m)	10,762	18,731	74%
Debt (HK\$'m)	1,381	6,693	385%
Share Price on 30 June (HK\$)	23.0	47.4	106%
Market Capitalization (HK\$'m)	98,111	202,853	107%

FINANCIAL & OPERATIONAL HIGHLIGHTS

GALAXY MACAU™

Financial Highlights

(HK\$'m)	1H 2016	1H 2017	% change
Revenue	18,542	20,072	8%
Adjusted EBITDA	3,933	5,063	29%
Adjusted EBITDA Margin (HKFRS)	21%	25%	n/a
Adjusted EBITDA Margin (US GAAP)	27%	32%	n/a



1H 2017 Selected Gaming Statistics

(HK\$'m)	Turnover/ Table Drop/ Slots Handle	Net Win	Win/Hold %
VIP Gaming	264,654	9,943	3.8%
Mass Gaming	17,769	7,813	44.0%
Electronic Gaming	22,572	893	4.0%

1H 2016 Selected Gaming Statistics

(HK\$'m)	Turnover/ Table Drop/ Slots Handle	Net Win	Win/Hold %
VIP Gaming	245,832	9,866	4.0%
Mass Gaming	15,568	6,537	42.0%
Electronic Gaming	23,203	828	3.6%

FINANCIAL & OPERATIONAL HIGHLIGHTS

STARWORLD MACAU

Financial Highlights

(HK\$'m)	1H 2016	1H 2017	% change
Revenue	5,599	6,695	20%
Adjusted EBITDA	977	1,416	45%
Adjusted EBITDA Margin (HKFRS)	17%	21%	n/a
Adjusted EBITDA Margin (US GAAP)	24%	29%	n/a



1H 2017 Selected Gaming Statistics

(HK\$'m)	Turnover/ Table Drop/ Slots Handle	Net Win	Win/Hold %
VIP Gaming	125,764	3,805	3.0%
Mass Gaming	6,943	2,717	39.1%
Electronic Gaming	3,262	70	2.2%

1H 2016 Selected Gaming Statistics

(HK\$'m)	Turnover/ Table Drop/ Slots Handle	Net Win	Win/Hold %
VIP Gaming	105,290	3,131	3.0%
Mass Gaming	6,081	2,319	38.1%
Electronic Gaming	795	42	5.3%

FINANCIAL & OPERATIONAL HIGHLIGHTS

BROADWAY MACAU™

Financial Highlights

(HK\$'m)	1H 2016	1H 2017	% change
Revenue	350	262	(25%)
Adjusted EBITDA	9	7	(22%)



1H 2017 Selected Gaming Statistics

(HK\$'m)	Table Drop/ Slots Handle	Net Win	Hold %
Mass Gaming	616	139	22.6%
Electronic Gaming	509	16	3.2%

1H 2016 Selected Gaming Statistics

(HK\$'m)	Table Drop/ Slots Handle	Net Win	Hold %
Mass Gaming	1,103	246	22.3%
Electronic Gaming	280	16	5.6%

SELECTED MAJOR AWARDS

Award	Presenter
GEG	
Best Gaming Operator	Asia Gaming Awards 2017
Best IR Company – Large Cap	Hong Kong Investor Relations Association
Best IR Presentation Collaterals – Large Cap	
Top 100 Hong Kong Listed Companies Award – Comprehensive Strength	QQ.com x Finet
Most Honored Company	Institutional Investor Magazine
Best Investor Relations Program	– 2017 All-Asia Executive Team Survey
– Overall Second Place	
– First Place – Nominated by the Buy Side	
– Third Place – Nominated by the Sell Side	
Best Analyst Days – Overall First Place	
Best Website – Overall Second Place	
Silver Award for Organization Safety Performance	DSAL – Catering Industry Occupational
Excellent Safety Performance Management Staff	Safety and Health Program
– Silver Award (Local and Non-Local)	
– Bronze Award (Local and Non-Local)	
Family-Friendly Employers Award Scheme 2017	The Women’s General Association of Macau
– Family-Friendly Employer	
– The Best Support Breast-Feeding Mom’s Employer	
GALAXY MACAU™	
Luxury Hotel	Michelin Guide Hong Kong Macau 2017
– The Ritz-Carlton, Macau	
– Banyan Tree Macau	
Top Class Comfort Hotel	
– JW Marriott Hotel Macau	
– Hotel Okura Macau	
– Galaxy Hotel™	
1-Michelin-starred Restaurant	
– Lai Heen	
– 8½ Otto e Mezzo BOMBANA	
– Terrazza Italian Restaurant	
Recommended Restaurant	
– Fook Lam Moon	
– The Ritz-Carlton Café	
– Yamazato	
– Myung Ga	

SELECTED MAJOR AWARDS

Award	Presenter
Best Integrated Resort	Asia Gaming Awards 2017
Casino Integrated Resort of the Year	International Gaming Awards
The Supreme Award of Asia's Most Favored Tourism Integrated Resort by Parent-Child	The 17th Golden Horse Awards of China Hotel
Asia's Most Excellent Integrated Hotel	Asia Awards of Excellence 2017
Energy-Saving Concept Award Excellence Award – Hotel Group C	CEM & GDSE – Macau Energy Saving Contest 2016
100 Top Tables 2017 – 8½ Otto e Mezzo BOMBANA – Yamazato – Lai Heen	South China Morning Post
Chinese Restaurants (Group A) – Laurel (Gold Award) Hotel Restaurants (Group C) – Terrazza Italian Restaurant (Silver Award) – Myung Ga (Bronze Award)	DSAL – Catering Industry Occupational Safety and Health Program
My Favorite Restaurant 2017 Award – Terrazza Italian Restaurant	U Magazine
Two-star Restaurant – 8½ Otto e Mezzo BOMBANA Selected Restaurant – Terrazza Italian Restaurant – Gosto – Festiva – Belon – Urban Kitchen – The Ritz-Carlton Café – Lai Heen – The Ritz-Carlton Bar & Lounge	Ctrip Gourmet List

SELECTED MAJOR AWARDS

Award	Presenter
2017 Forbes Travel Guide Five-Star Hotel – The Ritz-Carlton, Macau – Banyan Tree Macau Five-Star Restaurant – Belon Five-Star Spa – Banyan Tree Spa Macau – ESPA Four-Star Restaurant – Terrazza Italian Restaurant Recommended Restaurant – Yamazato	Forbes Travel Guide
STARWORLD MACAU	
Top Class Comfort Hotel 2-Michelin-starred Restaurant – Feng Wei Ju Recommended Restaurant – Temptations	Michelin Guide Hong Kong Macau 2017
Best Gaming Property	Asia Gaming Awards 2017
Top 10 Glamorous Hotels of China	The 12th China Hotel Starlight Awards
Excellence Award – Hotel Group C	CEM & GDSE – Macau Energy Saving Contest 2016
The Supreme Award of Asia's Best F&B Service Hotel	The 17th Golden Horse Awards of China Hotel
Hotel Restaurants (Group A) – Feng Wei Ju (Bronze Award)	DSAL – Catering Industry Occupational Safety and Health Program
My Favorite Restaurant 2017 Award – Feng Wei Ju	U Magazine
100 Top Tables 2017 – Feng Wei Ju	South China Morning Post
Selected Restaurant – Feng Wei Ju – Temptations – Laurel	Ctrip Gourmet List

SELECTED MAJOR AWARDS

Award	Presenter
BROADWAY MACAU™ Recommended Restaurant <ul style="list-style-type: none"> - Dragon Portuguese Cuisine - Du Hsiao Yueh - Wong Kun Sio Kung - Katong Corner 	Michelin Guide Hong Kong Macau 2017
Selected Restaurant <ul style="list-style-type: none"> - Fong Seng Lai Kei Restaurant Local Snacks <ul style="list-style-type: none"> - Wong Kun Sio Kung - Lei Ka Choi 	Ctrip Gourmet List
CONSTRUCTION MATERIALS DIVISION	
Caring Company Scheme – 15 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
Occupational Health Award 2016-2017 <ul style="list-style-type: none"> - Joyful@Healthy Workplace Best Practices Award - Enterprise/Organization Category - Merit Award 	Labour Department/Occupational Safety and Health Council
Hong Kong Green Organization Certification <ul style="list-style-type: none"> - Wastewi\$e Certificate - Excellence Level 	Environmental Campaign Committee
HKCMA Directors' Awards for Health, Safety & Environmental Excellence 2016–2017 Environmental Performance Award <ul style="list-style-type: none"> - Best in Class 	Hong Kong Construction Materials Association

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 2017 results posted revenue of \$28.5 billion, up 12% year-on-year and generated Adjusted EBITDA of \$6.5 billion, up 37% year-on-year. Net profit attributable to shareholders was \$4.6 billion, up 81% year-on-year. Galaxy Macau™'s Adjusted EBITDA was \$5.1 billion, up 29% year-on-year. StarWorld Macau's Adjusted EBITDA was \$1.4 billion, up 45% year-on-year. Broadway Macau™'s Adjusted EBITDA was \$7 million (1H 2016: \$9 million).

During 1H 2017, GEG experienced good luck in its gaming operations which increased Adjusted EBITDA by approximately \$20 million.

The Group's total gaming revenue on a management basis¹ in 1H 2017 was \$26.4 billion, up 9% year-on-year, total mass table games revenue was \$11.4 billion, up 15% year-on-year and total VIP revenue was \$13.9 billion, up 5% year-on-year. Total electronic gaming revenue was \$1.1 billion, up 12% year-on-year.

Group Gaming 1H 2017 (HK\$'b)	Turnover/ Table Drop/ Slots Handle	Net Win	Win/Hold %
VIP Gaming	396.4	13.9	3.5%
Mass Gaming	28.2	11.4	40.6%
Electronic Gaming	30.3	1.1	3.4%

Group Gaming 1H 2016 (HK\$'b)	Turnover/ Table Drop/ Slots Handle	Net Win	Win/Hold %
VIP Gaming	356.6	13.2	3.7%
Mass Gaming	24.8	10.0	40.1%
Electronic Gaming	27.5	0.9	3.4%



¹ The primary difference between statutory revenue and management basis revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gaming revenue is reported on a management basis.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Balance Sheet, Treasury Management and Special Dividends

The Group's balance sheet remains healthy and liquid. As of 30 June 2017, cash and liquid investments were \$29.8 billion and net cash was \$23.3 billion. Total debt increased from \$5.9 billion at 31 December 2016 to \$6.5 billion at 30 June 2017. Our debt primarily reflects a treasury management exercise where interest income on cash holdings exceeds corresponding borrowing costs. Our strong balance sheet combined with substantial cash flow from operations allows us to return capital to shareholders via dividends and to fund our development pipeline and international expansion ambitions.

In 1H 2017, GEG returned capital to shareholders by paying a special dividend of \$0.26 per share on 28 April 2017, a 73% increase compared to April 2016. Subsequently, GEG announced another special dividend of \$0.33 per share to be paid on or about 27 October 2017, a 83% increase compared to October 2016.

Set out below is the segmental analysis of the Group's operating results for 1H 2017.

1H 2017 (HK\$'m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	27,078	1,466	–	28,544
Adjusted EBITDA	6,214	321	(69)	6,466

1H 2016 (HK\$'m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	24,547	991	–	25,538
Adjusted EBITDA	4,573	205	(72)	4,706



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™'s revenue for 1H 2017 was \$20.1 billion, up 8% year-on-year. Adjusted EBITDA was \$5.1 billion, up 29% year-on-year.

Galaxy Macau™ experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately \$30 million in 1H 2017. Normalized exclude luck factor ("Normalized") 1H 2017 Adjusted EBITDA was \$5.1 billion, up 35% year-on-year.

Adjusted EBITDA margin for 1H 2017 calculated under HKFRS was 25% (1H 2016: 21%), or 32% under US GAAP (1H 2016: 27%).

VIP Gaming Performance

VIP rolling chip volume for 1H 2017 was \$264.7 billion, up 8% year-on-year. This translated to revenue of \$9.9 billion, up 1% year-on-year.

VIP Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Turnover	115,296	131,755	132,899	15%	1%	245,832	264,654	8%
Net Win	4,408	5,113	4,830	10%	(6%)	9,866	9,943	1%
Win %	3.8%	3.9%	3.6%	n/a	n/a	4.0%	3.8%	n/a

Mass Gaming Performance

Mass gaming revenue for 1H 2017 was \$7.8 billion, up 20% year-on-year.

Mass Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Table Drop	7,834	8,839	8,930	14%	1%	15,568	17,769	14%
Net Win	3,253	3,968	3,845	18%	(3%)	6,537	7,813	20%
Hold %	41.5%	44.9%	43.1%	n/a	n/a	42.0%	44.0%	n/a

Electronic Gaming Performance

Electronic gaming revenue for 1H 2017 was \$893 million, up 8% year-on-year.

Electronic Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Slots Handle	11,661	11,385	11,187	(4%)	(2%)	23,203	22,572	(3%)
Net Win	447	454	439	(2%)	(3%)	828	893	8%
Hold %	3.8%	4.0%	3.9%	n/a	n/a	3.6%	4.0%	n/a

MANAGEMENT DISCUSSION AND ANALYSIS

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

Non-Gaming Performance

In 1H 2017, non-gaming revenue for 1H 2017 was \$1.4 billion, up 9% year-on-year. The combined five hotels registered strong occupancy of 97% for 1H 2017. Net rental revenue for the Promenade was \$434 million for 1H 2017, up 22% year-on-year.

Non-Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Net Rental Revenue	161	222	212	31%	(5%)	357	434	22%
Hotel Revenue/ F&B/Others	478	485	501	5%	3%	948	986	4%
Total	639	707	713	12%	1%	1,305	1,420	9%

StarWorld Macau**Financial and Operational Performance**

StarWorld Macau's revenue for 1H 2017 was \$6.7 billion, up 20% year-on-year. Adjusted EBITDA was \$1.4 billion, up 45% year-on-year.

StarWorld Macau experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$60 million in 1H 2017. Normalized 1H 2017 Adjusted EBITDA was \$1.4 billion, up 30% year-on-year.

Adjusted EBITDA margin for 1H 2017 calculated under HKFRS was 21% (1H 2016: 17%), or 29% under US GAAP (1H 2016: 24%).

VIP Gaming Performance

VIP rolling chip volume for 1H 2017 was \$125.8 billion, up 19% year-on-year. This translated to revenue of \$3.8 billion, up 22% year-on-year.

VIP Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Turnover	46,090	63,066	62,698	36%	(1%)	105,290	125,764	19%
Net Win	1,472	1,703	2,102	43%	23%	3,131	3,805	22%
Win %	3.2%	2.7%	3.4%	n/a	n/a	3.0%	3.0%	n/a

Mass Gaming Performance

Mass gaming revenue for 1H 2017 was \$2.7 billion, up 17% year-on-year.

Mass Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Table Drop	3,062	3,442	3,501	14%	2%	6,081	6,943	14%
Net Win	1,141	1,291	1,426	25%	10%	2,319	2,717	17%
Hold %	37.3%	37.5%	40.7%	n/a	n/a	38.1%	39.1%	n/a

MANAGEMENT DISCUSSION AND ANALYSIS

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

Electronic Gaming Performance

Electronic gaming revenue for 1H 2017 was \$70 million, up 67% year-on-year.

Electronic Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Slots Handle	386	1,594	1,668	332%	5%	795	3,262	310%
Net Win	18	34	36	100%	6%	42	70	67%
Hold %	4.7%	2.1%	2.2%	n/a	n/a	5.3%	2.2%	n/a

Non-Gaming Performance

Non-gaming revenue in 1H 2017 was \$101 million, down 3% year-on-year. Hotel room occupancy was 99% for 1H 2017.

Non-Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Net Rental Revenue	9	12	11	22%	(8%)	18	23	28%
Hotel Revenue/ F&B/Others	39	39	39	0%	0%	86	78	(9%)
Total	48	51	50	4%	(2%)	104	101	(3%)

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. Broadway Macau™'s revenue in 1H 2017 was \$262 million (1H 2016: \$350 million). Adjusted EBITDA was \$7 million for 1H 2017 (1H 2016: \$9 million).

Broadway Macau™ experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately \$6 million in 1H 2017. Normalized 1H 2017 Adjusted EBITDA was \$13 million, up 63% year-on-year.

Mass Gaming Performance

Mass gaming revenue for 1H 2017 was \$139 million.

Mass Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Table Drop	503	325	291	(42%)	(11%)	1,103	616	(44%)
Net Win	115	75	64	(44%)	(15%)	246	139	(43%)
Hold %	22.9%	23.1%	22.0%	n/a	n/a	22.3%	22.6%	n/a

MANAGEMENT DISCUSSION AND ANALYSIS

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

Electronic Gaming Performance

Electronic gaming revenue for 1H 2017 was \$16 million.

Electronic Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Slots Handle	137	201	308	125%	53%	280	509	82%
Net Win	9	8	8	(5%)	0%	16	16	0%
Hold %	6.2%	4.0%	2.6%	n/a	n/a	5.6%	3.2%	n/a

Non-Gaming Performance

Non-gaming revenue in 1H 2017 was \$107 million. Hotel room occupancy was virtually 100% for 1H 2017.

Non-Gaming								
HK\$m	Q2 2016	Q1 2017	Q2 2017	YoY%	QoQ%	1H 2016	1H 2017	YoY%
Net Rental Revenue	14	10	10	(29%)	0%	28	20	(29%)
Hotel Revenue/ F&B/Others	31	42	45	45%	7%	60	87	45%
Total	45	52	55	22%	6%	88	107	22%

City Clubs

City Clubs contributed \$49 million of Adjusted EBITDA to the Group's earnings for 1H 2017 (1H 2016: \$56 million).

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division ("CMD") achieved a solid performance for the first half of 2017. Revenue was up 48% year-on-year to \$1.5 billion and Adjusted EBITDA was up 57% year-on-year to \$321 million.

Hong Kong and Macau

The demand for construction materials in Hong Kong remains generally stable but market price has declined due to intensifying competition. Despite declining market price, CMD was able to deliver solid results by maintaining disciplined cost management and efficient operations.

In Macau, demand for construction materials remains soft due to the delays of certain casino, infrastructure and property projects.

Mainland China

In Yunnan, improved cement market price and volume, due to growth in infrastructure projects, combined with cost saving measures contributed to improved earnings.

Benefiting from the rise in cement price overall, Ground Granulated Blast-furnace Slag selling price improved, which contributed to better than expected profit. However, severe market competition continued to prevail in Northern China, and it may take time for the market to resolve the overcapacity situation.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DEVELOPMENT UPDATE

Cotai – The Next Chapter

GEG is uniquely positioned for long term growth. We continue to move forward with our plans for Phases 3 and 4, and we look forward to formally announcing our development plans in the future.

Hengqin

We continue to make progress with our concept plan for our Hengqin project. Hengqin will allow GEG to develop a leisure destination resort that will complement our high energy resorts in Macau.

International

GEG and Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (“Monte-Carlo SBM”) continue to progress our strategic partnership, which includes a mutual commitment to enhance the respective businesses and brands of each company and to work together on the development and operation of entertainment businesses including Integrated Resort projects in the Asia-Pacific region, including opportunities in Japan. The announcement of this agreement follows a strategic investment made by GEG in Monte-Carlo SBM in July 2015.

SUBSEQUENT EVENT

GEG announced a special dividend of \$0.33 per share payable on or about 27 October 2017.

GROUP OUTLOOK

Macau has suffered from the impact of Typhoon Hato in late August 2017, the most powerful typhoon to hit Macau in over a half a century, which was followed by Typhoon Pakhar just a few days after. Macau has endured the storms and is focusing on recovering and rebuilding with the help of many, including GEG, which is a testament to the will, strength, and character of the people of Macau. We are supporting the Macau community in their rebuilding efforts, assisting GEG team members and repairing damages to our properties as quickly as possible. We are doing our best to resume normal operations as quickly as possible and we are confident that Macau and GEG’s short and long term prospects remain bright and promising.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 30 June 2017 was \$50,358 million, an increase of 9% over that as at 31 December 2016 of \$46,345 million, while the Group’s total assets employed increased to \$72,646 million as at 30 June 2017 as compared to \$66,261 million as at 31 December 2016.

The Group continues to maintain a strong cash position. As at 30 June 2017, total cash and bank balances were \$18,731 million as compared to \$19,897 million as at 31 December 2016. The Group’s total borrowings were \$6,693 million as at 30 June 2017 as compared to \$6,135 million as at 31 December 2016. The Group was in a net cash position as at 30 June 2017 and 31 December 2016.

The total borrowings of the Group mainly comprised bank loans and other obligations 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

TREASURY POLICY

The Group continues to adopt a conservative treasury policy in liquidity and financial management. Cash is generally placed in short-term deposits 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 Monte-Carlo SBM investment in August 2015.

CHARGES ON GROUP ASSETS

Property, plant and equipment and leasehold land and land use rights with net book value of \$1,043 million (31 December 2016: \$1,023 million) and bank deposits of \$630 million (31 December 2016: \$315 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 \$790 million (31 December 2016: \$590 million). At 30 June 2017, facility utilized amounted to \$300 million (31 December 2016: \$300 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures and an associated company amounting to \$280 million (31 December 2016: \$297 million). At 30 June 2017, facilities utilized amounted to \$255 million (31 December 2016: \$255 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group, excluding associated companies and joint ventures, employed approximately 20,300 employees in Hong Kong, Macau and Mainland China. Employee costs, excluding Directors' emoluments, amounted to \$3,498 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 gaming and entertainment corporations, GEG is committed to sharing its success with the community. Investing in the future development of Macau, GEG supports the local government and makes valuable contributions to the wider society. In the first half of 2017, GEG supported and participated in a number of social, philanthropic and volunteering activities.

RELIEF EFFORTS FOR NATURAL DISASTERS AND COMMUNITY CARE

We are committed to making every effort to engage in relief activities and the most of our strengths and unique characteristics as a company. The Group continues to contribute to the recovery from natural disasters as a means to repay society.

On 23 August, Typhoon Hato, the most powerful and destructive typhoon in over half a century struck Macau, causing wide spread damage, leaving 10 people dead and over 200 injured. Macau's streets were left littered with debris and thousands of residents were without electricity and running water, including many of our Team Members. Five days later, on 27 August, Typhoon Pakhar hit Macau. While Pakhar's impact was much lower, it nonetheless severely hindered the territory's recovery efforts. To assist the Macau community, GEG had promptly responded by:

- Sending a team of GEG volunteers to visit the worst-affected areas, distributing food and bottled water to support the immediate needs of the community on the first day after Typhoon Hato had struck.
- Pledging a MOP60 million contribution including MOP30 million from Galaxy Entertainment Group Foundation and a MOP30 million matching contribution from the Lui family (including materials and resources of K Wah Construction Materials) to support the relief efforts of the people of Macau as well as GEG Team Members during this challenging and stressful period.
- Contributing to the relief efforts by deploying trucks to assist with debris removal and continuously sending out our volunteers to help restoring the Macau community through various clean-up efforts, deliver and distribute food and water. GEG has also joined various government-led restoration efforts in the city, utilizing our resources to contribute to the swift and sustainable recovery of the Macau community.



The day after Typhoon Hato, GEG volunteers went out to distribute food and bottled water to people in need

CORPORATE SOCIAL RESPONSIBILITY



Cleaned up debris on streets after typhoon devastation



Donated boxes of towels to help the poor animals whose homes were badly damaged during Typhoon Hato



Removed the collapsed parts of the houses and helped to repair the damaged homes of disaster-affected families



Visited and delivered emergency relief materials to the elderly who had no water and electricity supplies



Keep mobilizing our volunteer efforts to rebuild our society and spread our loves and cares to the community

CORPORATE SOCIAL RESPONSIBILITY

TEAM MEMBER ENGAGEMENT

Believing that our corporation succeeds when every team member is supported to reach their full potential, GEG provides training, development opportunities and recreational activities to help team members achieve quality work-life balances.

In the first half of the year, GEG organized close to 360 training programs for approximately 14,950 team members. In addition, the GEG Staff Social Club continued to promote team building among team members by organizing 16 different sports and recreational activities for over 1,250 team members and their family members to enjoy.



To promote work-life balance and strengthen team bonding, the GEG Staff Social Club organized the fourth "GEG CNY Soccer Fun Day" in which 120 team members and their family members took part

TALENT MANAGEMENT

The Group provides training and development opportunities that support team members to achieve both vertical and lateral career paths. Our talent development focus on diversifying local team members' skills and knowledge to support a diversified business, Macau economy and community.

Organization Development and Training initiatives engage and support the promotion and delivery of the Group's Mission, Vision and core values. Our team members' success in delivering service that stands out from the rest provides the very foundation of our achievements for all of our businesses.

CORPORATE SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

Responsible Gaming

As an active member of the Responsible Gaming Working Committee, GEG works closely with Social Welfare Bureau (IAS) and Gaming Inspection and Coordination Bureau (DICJ) of Macau SAR Government, Institute for the Study of Commercial Gaming (ISCG) of University of Macau (UM), Gaming Teaching and Research Centre (GTRC) of Macao Polytechnic Institute (IPM), local gaming operators and responsible gaming associations to establish an array of initiatives to promote Macau's responsible gaming culture and to deliver relevant messages to team members and guests. In the first half of 2017, GEG:

- Organized "Gambling with Borrowed Money is Harmful" responsible gaming promotion with Macau Youth Volunteer Association
- Collaborated with ISCG and Sheng Kung Hui Macau Social Services Coordination Office to organize Responsible Gaming Committee Training Program
- Coordinated with The Mental Health Association of Hong Kong to conduct "How to Manage Work Related Stress" seminar
- Organized team members to visit the new service center of Macao Gaming Industry Employees Home
- Conducted responsible gaming knowledge quiz at the back-of-house areas of GEG properties



GEG organizes internal promotions and participates in community activities regularly to help educate and support responsible gaming

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 2017, two of the Galaxy Entertainment Group Foundation's projects in the areas of Education and Health had begun to take shape:

- The "GEG Community Nursing Scheme" was initiated with the objective of encouraging and motivating young nurses to enter the community nursing profession, supporting community nurses working in local non-governmental organisations and enhancing the quality of community nursing care. During 2017, the GEG Community Nursing Scheme continued to award scholarships to students at the two nursing schools in Macau, some of whom attended a study visit to Australia to learn about the state of community nursing there. Scholarship recipients also shadowed an in-service community nurse working in a home care medical service setting to broaden their knowledge of community nursing practice in Macau. Local in-service community nurses were offered the opportunity to enroll in continuing education courses on topics related to community public health.
- The "GEG Chinese Literacy Development Pilot Scheme" was initiated with the objective of supporting children, parents and schools in the area of Chinese language development, in particular targeting children with dyslexic tendencies. The Scheme began working with two local kindergartens in 2017, offering teacher training and in-class intervention techniques and, through a non-governmental organization, offering community-based programmes to promote the importance of reading – using picture books – in developing Chinese language skills in young children. It is hoped that the Scheme will also raise awareness of literacy difficulties for children even at an early age, and the importance of early identification and intervention.

COMMUNITY ACTIVITIES

Following the philosophy of "what is taken from the community is to be used for the good of the community", GEG continues to remain active in the community. In the first half of 2017, close to 170 GEG team members participated in our volunteering activities and offered assistance to over 620 underprivileged individuals and families in need.



GEG invited around 80 elderly residents and members from Macau Holy House of Mercy's Elderly Home and Center for the Blind to enjoy "Viva la Broadway", a spectacular variety show at Broadway Macau™



GEG volunteers joined members of Fuhong Society of Macau for a Potted Plant Family Workshop at the Happy Shop of Fuhong Society of Macau at Anim'Arte Nam Van

CORPORATE SOCIAL RESPONSIBILITY

CHARITABLE ACTIVITIES

Believing in sharing its success with the local community, GEG attends to the needs of the community and donates to organizations and people in need.



Mr. Michael Mecca, President of GEG, presented a MOP100,000 donation to the Association of Parents of the People with Intellectual Disabilities of Macau to support its charitable work



Mr. Philip Cheng, Director of Galaxy Casino, S.A. (right center) presented a MOP300,000 cheque to Mr. António José de Freitas, President of Macau Holy House of Mercy (left center)

SPORTS DEVELOPMENT

Working closely with the Macau SAR Government and the local community on enhancing the cultural diversity and tourism attractiveness of Macau, GEG continually supports Macau's sports and community events. In the first half of 2017, GEG:

- Sponsored the Charity Association of Macau Business Readers in organizing the "Macau Special Olympics Golf Masters" tournament for the 6th consecutive year
- Supported six GEG Dragon Boat Teams to take part in the "Macau International Dragon Boat Races 2017"



Over 200 executives and team members convened at the Grand Ballroom of JW Marriott Hotel Macau for the "World Challenge Day" 15-minute exercise

CORPORATE SOCIAL RESPONSIBILITY

EDUCATION AND CULTURE

Supporting the Macau SAR Government on talent cultivation, GEG collaborates with many educational, arts and cultural associations and institutes on developing different programs that assist young people in building a more solid foundation for their future careers. In the first half of 2017, GEG:

- Recruited 44 students, of which 11 students were from special education institutes for the Batch 1 GEG Internship Program 2017
- Title sponsored the “GEG Macau Cup – Teenager National Conditions Knowledge Competition” for the 9th consecutive year
- Partnered with DFS Group Limited to promote social inclusion through art by inviting Macau artist Mary to work with three special needs students from Caritas School of Macau on painting oversized canvas placed outside T Galleria Beauty by DFS Group Limited at Galaxy Macau™



Art lets us connect, express love and has no boundaries. Here, Macau Artist, Mary encourages the special-needs students to express themselves with colors and to sign their names on the oversized canvas

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Committed to improving its environmental performance, GEG takes active steps to communicate its environmental protection objectives across all properties. Integrating sustainability into the Group’s business strategy, in the first half of the year:

- Received “Excellence Award – Hotel Group C” for StarWorld Macau and Galaxy Macau™, as well as an “Energy Savings Concept Award” for Galaxy Macau™ at the Macau Energy Saving Contest 2016
- Received a Gold Award for Banyan Tree Macau and Silver Awards for JW Marriott Hotel Macau and Ritz-Carlton Macau at the “Green Hotel Award 2016”

CORPORATE SOCIAL RESPONSIBILITY

- Renewed GEG's Pearl Membership to WWF-Hong Kong's 2017/18 Corporate Membership Program and took part in WWF's Earth Hour event for the 9th consecutive year
- Participated in the monthly "Lights Out" Activity on the first Tuesday of every month
- Participated in the "2017 Macao International Environmental Co-operation Forum & Exhibition" hosted by the Macau SAR Government

Continuing to raise environmental awareness among GEG team members, the Group also held the following activities at its various properties:

- Launched the first "World Water Day" promotional campaign at Galaxy Macau™
- Established a Sustainability Award Program at Galaxy Macau™ to recognize ideas and input from team members on how the property can further improve its energy and water conservation as well as create a more hazardous-free workplace
- Encouraging team members to support the Office of the Development of the Energy Sector's various "2017 Macau Energy Conservation Week" promotional activities

Meanwhile, the Group also continued to reduce its energy use, water consumption and waste generation across its properties as follows:

Energy, Water and Waste

By strengthening team member communications and improving the conservation measures across all properties, GEG achieved over 7.64 million kWh of energy and over 79,300 m³ of water savings.

Furthermore, the Group also installed a new food waste dehydrating machine at the team member canteen at Galaxy Macau™ to reduce landfill dumping load and enhance the cooking oil recycling programme with the property's new vendor to extend oil collection points which resulted in GEG generating 4,000 kg of composites for landscape planting from food waste recycling, as well as the collection of approximately 585 tons of cardboard and paper materials, 72 tons of plastic, 0.6 tons of metals, 58.6 tons of glass bottles, and 26.9 tons of waste oil for recycling via the recycling programs at all its properties during the first half of the year.



Mr. Benny Mu, Vice President – Engineering, Facilities Management, Galaxy Macau™ (top row, 2nd to the right), represents GEG in attending the "2017 Macau Energy Conservation Week" Launching Ceremony organized by the Office of the Development of the Energy Sector

CORPORATE SOCIAL RESPONSIBILITY

CONSTRUCTION MATERIALS DIVISION

Health, Safety and Environmental Protection

Construction Materials Division continues to pay effort in the provision of healthy, safe and environmental friendly working environment (“HSE”) to staff. HSE requirements are now embedded in the design stage of operation process, plant and equipment, and only “hazard free” products shall be considered in the supply chain procurement. The division’s ultimate goal is to operate a sustainable business through maintaining a harmonious relationship with different stakeholders.

Corporate Social Responsibility

In 2017, K. Wah Construction Materials Limited (“KWCM”) receives the Caring Company Award in 15th consecutive years. As a caring company, KWCM holds and promotes the health and well being to all employees. The social club organized numerous activities, such as therapy massage and emotional workshop to assist employee on the handling of stress.

KWCM continues to participate into and support the social sponsorships with various NGOs, such as Cycleformillions and Hong Kong Mine Challenge 2017.

Before the return of Anderson quarry to HKSAR government, KWCM manages to organize a fun day with employees to celebrate and express the appreciation for those who contributed to the development of the company together with the quarry operations.



KWCM Managing Director Mr. Joseph Chee participated the celebration party of 15th Caring Company Award with CSR Committee and Social Club members



KWCM Managing Director Mr. Joseph Chee (left 7th) enjoyed the fun day with aggregate management and operation team in Anderson quarry

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 34 to 60, which comprises the condensed consolidated balance sheet of Galaxy Entertainment Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2017 and the related 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 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 August 2017

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CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2017

	Note	2017 HK\$'000	2016 HK\$'000
Revenue	5	28,544,136	25,538,536
Other income/gains, net	7(a)	221,105	75,970
Special gaming tax and other related taxes to the Macau Government		(10,017,529)	(9,080,382)
Commission and allowances to gaming counterparties		(6,008,686)	(5,624,667)
Raw materials and consumables used		(610,470)	(404,768)
Amortisation and depreciation		(1,659,459)	(1,849,003)
Employee benefit expenses		(3,567,576)	(3,515,829)
Other operating expenses		(2,299,119)	(2,546,594)
Finance costs	8	(31,596)	(16,391)
Share of profits less losses of:			
Joint ventures		118,024	21,663
Associated companies		(75)	834
Profit before taxation	7(b)	4,688,755	2,599,369
Taxation charge	9	(44,709)	(40,426)
Profit for the period		4,644,046	2,558,943
Attributable to:			
Equity holders of the Company		4,630,706	2,558,080
Non-controlling interests		13,340	863
		4,644,046	2,558,943
		HK cents	HK cents
Earnings per share	11		
Basic		108.3	60.0
Diluted		107.2	59.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2017

	2017 HK\$'000	2016 HK\$'000
Profit for the period	4,644,046	2,558,943
Other comprehensive income/(loss)		
Items that may be subsequently reclassified to profit or loss		
Change in fair value of available-for-sale financial assets	33,554	(38,006)
Translation differences of subsidiaries	47,646	(25,184)
Share of translation differences of joint ventures	39,813	(27,689)
Other comprehensive income/(loss) for the period, net of tax	121,013	(90,879)
Total comprehensive income for the period	4,765,059	2,468,064
Total comprehensive income attributable to:		
Equity holders of the Company	4,739,694	2,475,767
Non-controlling interests	25,365	(7,703)
	4,765,059	2,468,064

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2017

	Note	30 June 2017 HK\$'000	31 December 2016 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	32,567,349	33,502,151
Investment properties		–	42,000
Leasehold land and land use rights	12	5,055,009	5,055,566
Intangible assets	12	1,026,449	1,138,488
Joint ventures		1,367,012	1,253,450
Associated companies		2,242	2,317
Other non-current assets	13	11,466,709	3,235,300
		51,484,770	44,229,272
Current assets			
Inventories		143,570	158,367
Debtors and prepayments	14	1,916,829	1,583,156
Amounts due from joint ventures		233,728	302,783
Taxation recoverable		23,765	20,382
Other current assets		103,319	11,178
Other cash equivalents		8,335	59,290
Cash and bank balances		18,731,481	19,896,602
		21,161,027	22,031,758
Total assets		72,645,797	66,261,030

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2017

	Note	30 June 2017 HK\$'000	31 December 2016 HK\$'000
EQUITY			
Share capital	15	20,360,506	20,106,376
Reserves		29,997,949	26,238,974
Equity attributable to owners of the Company		50,358,455	46,345,350
Non-controlling interests		530,912	517,663
Total equity		50,889,367	46,863,013
LIABILITIES			
Non-current liabilities			
Borrowings	16	517,549	525,978
Deferred taxation liabilities		257,298	256,783
Retention payable		7,399	–
Non-current deposits		192,127	293,883
		974,373	1,076,644
Current liabilities			
Creditors and accruals	17	14,485,571	12,659,706
Amounts due to joint ventures		64,980	15,729
Derivative financial instruments		–	121
Current portion of borrowings and short-term bank loans	16	6,175,641	5,608,695
Provision for tax		55,865	37,122
		20,782,057	18,321,373
Total liabilities		21,756,430	19,398,017
Total equity and liabilities		72,645,797	66,261,030
Net current assets		378,970	3,710,385
Total assets less current liabilities		51,863,740	47,939,657

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2017

	2017 HK\$'000	2016 HK\$'000
Net cash from operating activities	8,048,195	4,995,366
Net cash used in investing activities	(3,366,426)	(5,593,448)
Net cash used in financing activities	(439,842)	(652,423)
Net increase/(decrease) in cash and cash equivalents from 1 January to 30 June	4,241,927	(1,250,505)
Cash and cash equivalents at 1 January	6,803,466	7,979,218
Translation differences	7,608	(7,649)
Cash and cash equivalents at 30 June	11,053,001	6,721,064
Analysis of cash and cash equivalents		
Cash and bank balances at 30 June	18,731,481	10,761,914
Less: short-term bank deposits with maturity over three months and short-term pledged deposits	(7,686,815)	(4,249,119)
Other cash equivalents	8,335	208,269
Cash and cash equivalents at 30 June	11,053,001	6,721,064

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2017

	Share capital 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 2017	20,106,376	26,238,974	46,345,350	517,663	46,863,013
Comprehensive income					
Profit for the period	-	4,630,706	4,630,706	13,340	4,644,046
Other comprehensive income					
Change in fair value of available-for-sale financial assets	-	33,554	33,554	-	33,554
Translation differences of subsidiaries	-	41,030	41,030	6,616	47,646
Share of translation differences of joint ventures	-	34,404	34,404	5,409	39,813
Total other comprehensive income, net of tax	-	108,988	108,988	12,025	121,013
Total comprehensive income for the period	-	4,739,694	4,739,694	25,365	4,765,059
Transactions with equity holders					
Dividend paid to non-controlling interests	-	-	-	(12,116)	(12,116)
Issue of shares upon exercise of share options	254,130	(71,382)	182,748	-	182,748
Fair value of share options granted	-	60,530	60,530	-	60,530
Fair value of share award granted	-	141,972	141,972	-	141,972
Special dividends (note 10)	-	(1,111,839)	(1,111,839)	-	(1,111,839)
At 30 June 2017	20,360,506	29,997,949	50,358,455	530,912	50,889,367
At 1 January 2016	19,952,107	21,149,332	41,101,439	611,898	41,713,337
Comprehensive income					
Profit for the period	-	2,558,080	2,558,080	863	2,558,943
Other comprehensive loss					
Change in fair value of available-for-sale financial assets	-	(38,006)	(38,006)	-	(38,006)
Translation differences of subsidiaries	-	(19,952)	(19,952)	(5,232)	(25,184)
Share of translation differences of joint ventures	-	(24,355)	(24,355)	(3,334)	(27,689)
Total other comprehensive loss, net of tax	-	(82,313)	(82,313)	(8,566)	(90,879)
Total comprehensive income for the period	-	2,475,767	2,475,767	(7,703)	2,468,064
Transactions with equity holders					
Return of capital to non-controlling interests	-	-	-	(16,484)	(16,484)
Dividend paid to non-controlling interests	-	-	-	(20,491)	(20,491)
Issue of shares upon exercise of share options	46,144	(13,785)	32,359	-	32,359
Fair value of share options granted	-	100,390	100,390	-	100,390
Fair value of share award granted	-	137,198	137,198	-	137,198
Special dividends (note 10)	-	(639,639)	(639,639)	-	(639,639)
At 30 June 2016	19,998,251	23,209,263	43,207,514	567,220	43,774,734

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 Room 1606, 16th Floor, Hutchison House, 10 Harcourt 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 2016 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2017 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 2016 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 30 August 2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2017 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 non-current investments, 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 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

NOTES TO THE INTERIM FINANCIAL INFORMATION

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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 2016, except as described below:

(a) The adoption of amended standards

In 2017, the Group adopted the following amended standards which are relevant to its operations.

HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	
HKFRS 12 (Amendment)	Disclosure of Interests in Other Entities

The Group has assessed the impact of the adoption of these amended HKFRS and considered that there was no significant impact on the Group's results and financial position.

(b) Standards, interpretations and amendments to existing standards that are not yet effective

New standards, interpretations and amendments		Effective for accounting periods beginning on or after
HKAS 40 (Amendment)	Transfers of Investment Property	1 January 2018
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK(IFRIC)-Int 23	Uncertainty over Income Tax treatment	1 January 2019
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15 and HKFRS 15 (Amendment)	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined
Annual Improvements to HKFRSs 2014–2016 Cycle		
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures	
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards	

NOTES TO THE INTERIM FINANCIAL INFORMATION

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)**(b) Standards, interpretations and amendments to existing standards that are not yet effective (Continued)**

Further information about those new standards, amendments and interpretations that are not yet effective but are expected to be applicable to the Group is set out below:

HKFRS 9, 'Financial instruments'

The new standard addresses and introduces new requirements for the classification, measurement and derecognition of financial instruments, hedge accounting, and a new impairment model for financial assets.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases.

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

3. 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 2016.

NOTES TO THE INTERIM FINANCIAL INFORMATION

4. 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 2016. There have been no changes in the financial risk management objectives and policies of the Group since 2016 year end.

4.1 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).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2017 and 31 December 2016.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2017				
Assets				
Available-for-sale financial assets				
– Equity securities	361,368	–	22,843	384,211
– Unlisted investment in Hong Kong	–	–	6,000	6,000
Total	361,368	–	28,843	390,211

NOTES TO THE INTERIM FINANCIAL INFORMATION

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Fair value estimation (Continued)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2016				
Assets				
Available-for-sale financial assets				
– Equity securities	301,188	–	24,412	325,600
– Unlisted investment in Hong Kong	–	–	6,000	6,000
– Debt Securities	400,822	–	–	400,822
Total	702,010	–	30,412	732,422
Liability				
Derivative financial instruments	–	121	–	121

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 equity investments classified as available-for-sale financial assets.

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.

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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Fair value estimation (Continued)

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 2017 and 30 June 2016.

	Available-for-sale financial assets	
	2017 HK\$'000	2016 HK\$'000
At beginning of the period	30,412	26,381
Additions	–	6,000
(Losses)/gains recognised in other comprehensive income	(1,569)	45
At end of the period	28,843	32,426
Total gains for the period included in profit or loss for assets held at the end of the period	–	–

5. REVENUE

Revenue comprises turnover from gaming operations, hotel and mall operations, administrative fees from gaming operations and sales of construction materials.

	2017 HK\$'000	2016 HK\$'000
Gaming operations		
Net gaming wins	25,395,269	22,985,514
Contributions from City Club Casinos (note)	44,032	51,280
Tips received	4,787	4,584
Hotel and mall operations	1,628,410	1,496,144
Administrative fees from gaming operations	5,879	10,026
Sales of construction materials	1,465,759	990,988
	28,544,136	25,538,536

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. REVENUE (Continued)

Note: 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 2017, the Group is entitled to HK\$44,032,000 (2016: HK\$51,280,000), 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.

6. 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 of other investments, 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, 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 represents corporate level activities including central treasury management and administrative function.

The reportable segments derive their revenue from the 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.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. 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 2017				
Reportable segment revenue	28,022,400	1,465,759	–	29,488,159
Adjusted for:				
City Club Casinos arrangement set out in note 5				
Revenue not recognised	(993,934)	–	–	(993,934)
Contributions	44,032	–	–	44,032
Others	5,879	–	–	5,879
Revenue recognised under HKFRS	27,078,377	1,465,759	–	28,544,136
Adjusted EBITDA including share of results of joint ventures and associated companies	6,214,241	321,149	(69,195)	6,466,195
Interest income and gross earnings on finance lease				235,590
Amortisation and depreciation				(1,659,459)
Finance costs				(31,596)
Taxation charge				(44,709)
Adjusted items:				
Taxation of joint ventures				(36,360)
Pre-opening expenses				(24,901)
Loss on disposal/write-off of certain property, plant and equipment				(62,567)
Share option expenses				(60,530)
Share award expenses				(128,505)
Donation and sponsorship				(386)
Others				(8,726)
Profit for the period				4,644,046
Share of results of joint ventures and associated companies	21,185	96,764	–	117,949

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. 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 2016				
Reportable segment revenue	25,620,686	990,988	–	26,611,674
Adjusted for:				
City Club Casinos arrangement set out in note 5				
Revenue not recognised	(1,134,444)	–	–	(1,134,444)
Contributions	51,280	–	–	51,280
Others	10,026	–	–	10,026
Revenue recognised under HKFRS	24,547,548	990,988	–	25,538,536
Adjusted EBITDA including share of results of joint ventures and associated companies	4,572,648	204,978	(71,750)	4,705,876
Interest income and gross earnings on finance lease				46,562
Amortisation and depreciation				(1,849,003)
Finance costs				(16,391)
Taxation charge				(40,426)
Adjusted items:				
Taxation of joint ventures				(9,977)
Pre-opening expenses				(20,798)
Loss on disposal of other investments				(896)
Share option expenses				(100,390)
Share award expenses				(123,249)
Donation and sponsorship				(5,390)
Others				(26,975)
Profit for the period				2,558,943
Share of results of joint ventures and associated companies	10,378	12,119	–	22,497

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. 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 2017				
Total assets	66,916,506	5,671,402	57,889	72,645,797
Total assets include:				
Joint ventures	88,050	1,278,962	–	1,367,012
Associated companies	–	2,242	–	2,242
Total liabilities	14,007,072	2,280,012	5,469,346	21,756,430
As at 31 December 2016				
Total assets	60,513,416	5,696,510	51,104	66,261,030
Total assets include:				
Joint ventures	58,684	1,194,766	–	1,253,450
Associated companies	–	2,317	–	2,317
Total liabilities	12,291,216	2,125,796	4,981,005	19,398,017
Six months ended 30 June 2017				
Additions to non-current assets	514,414	49,315	–	563,729
Six months ended 30 June 2016				
Additions to non-current assets	372,938	378,350	–	751,288

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. SEGMENT INFORMATION (Continued)

Geographical analysis

Six months ended 30 June	2017 HK\$'000	2016 HK\$'000
Revenue		
Macau	27,226,298	24,657,696
Hong Kong	885,885	755,357
Mainland China	431,953	125,483
	28,544,136	25,538,536
Non-current assets	As at 30 June 2017 HK\$'000	As at 31 December 2016 HK\$'000
Macau	48,163,475	40,999,658
Hong Kong	550,190	576,608
Mainland China	2,771,105	2,653,006
	51,484,770	44,229,272

NOTES TO THE INTERIM FINANCIAL INFORMATION

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

	2017 HK\$'000	2016 HK\$'000
(a) Other income/gains, net		
Rental income from investment properties	-	2,222
Interest income		
Bank deposits	152,268	41,032
Loans to joint ventures	304	2,500
Deferred receivables	762	751
Held-to-maturity financial assets	81,757	1,751
Dividend income from unlisted investments	1,300	600
Gross earnings on finance lease	499	528
Loss on disposal of other investments	-	(896)
(Loss on disposal/write-off)/gain on disposal of property, plant and equipment	(63,017)	721
Fair value change/realised loss on financial derivative instruments	(1,605)	(12,474)
Foreign exchange gain	33,564	21,561
Others	15,273	17,674
	221,105	75,970
(b) Profit before taxation is stated after charging		
Depreciation	1,499,852	1,689,751
Amortisation		
Gaming licence	52,732	53,023
Computer software	19,057	17,225
Leasehold land and land use rights	43,855	45,041
Reacquired right	43,963	43,963

NOTES TO THE INTERIM FINANCIAL INFORMATION

8. FINANCE COSTS

	2017 HK\$'000	2016 HK\$'000
Interest expenses		
Bank loans and overdrafts	54,672	18,138
Obligations under finance leases	5,904	5,677
Other borrowing costs	111	173
	60,687	23,988
Amount capitalised in assets under construction	(29,091)	(7,597)
	31,596	16,391

9. TAXATION CHARGE

	2017 HK\$'000	2016 HK\$'000
Current taxation		
Hong Kong profits tax	15,467	18,828
Mainland China income tax and withholding tax	7,820	621
Macau complementary tax	3,075	3,026
Net under/(over) provision in prior years	65	(1,478)
Lump sum in lieu of Macau complementary tax on dividend (note b)	17,767	17,767
Deferred taxation	515	1,662
Taxation charge	44,709	40,426

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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% (2016: 12% to 25%). The weighted average applicable tax rate was 12% (2016: 12%).
- (b) During the year ended 31 December 2015, 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 through the end of 2018 to correspond to the Macau Complementary Tax exemption on its gaming activities.

NOTES TO THE INTERIM FINANCIAL INFORMATION

10. DIVIDENDS

	2017 HK\$'000	2016 HK\$'000
First special dividend paid of HK\$0.26 (2016: HK\$0.15) per ordinary share	1,111,839	639,639

On 28 February 2017, the Board of Directors declared a special dividend of HK\$0.26 per share (2016: HK\$0.15 per share), payable to shareholders of the Company whose names appear on the register of the members of the Company on 31 March 2017. The total amount of the special dividend distributed was HK\$1,112 million and was paid on 28 April 2017.

The Board of Directors does not declare any interim dividend for the period ended 30 June 2017 (2016: nil).

Details of the special dividend declared subsequent to the period end are given in note 20.

11. 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 (2016: two) categories of dilutive potential ordinary shares: share options and share award. 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 above is compared with the number of shares that would have been issued assuming the exercise of the share options and share award, the dilutive effect of the share award scheme is assumed if the award 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:

	2017 HK\$'000	2016 HK\$'000
Profit attributable to equity holders of the Company	4,630,706	2,558,080

NOTES TO THE INTERIM FINANCIAL INFORMATION

11. EARNINGS PER SHARE (Continued)

	Number of shares	
	2017	2016
Weighted average number of shares for calculating basic earnings per share	4,275,536,212	4,262,732,631
Effect of dilutive potential ordinary shares		
Share options	21,332,953	9,470,794
Share award	23,702,380	22,976,970
Weighted average number of shares for calculating diluted earnings per share	4,320,571,545	4,295,180,395

12. CAPITAL EXPENDITURE

For the six months ended 30 June 2017, the Group incurred HK\$558 million (2016: HK\$719 million) on property, plant and equipment, HK\$4 million (2016: HK\$8 million) on intangible assets and nil (2016: HK\$24 million) on land use right.

13. OTHER NON-CURRENT ASSETS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Available-for-sale financial assets		
Unlisted investments in Hong Kong, at fair value	6,000	6,000
Unlisted investments in overseas, at fair value	22,843	24,412
Listed investments in overseas, at fair value	361,046	300,604
Listed investments in Hong Kong, at fair value	322	584
Listed debt securities in Hong Kong, at fair value	–	287,986
Listed debt securities in overseas, at fair value	–	112,836
Held-to-maturity financial assets (note a)	10,934,910	2,339,965
Finance lease receivable	61,102	58,215
Deferred receivable	10,113	27,333
Deposits paid for property, plant and equipment	61,415	68,478
Others	8,958	8,887
	11,466,709	3,235,300

NOTES TO THE INTERIM FINANCIAL INFORMATION

13. OTHER NON-CURRENT ASSETS (Continued)

(a) Held-to-maturity financial assets

	2017 HK\$'000	2016 HK\$'000
Listed debt securities in Hong Kong, at amortised cost	6,461,515	1,642,480
Listed debt securities in overseas, at amortised cost	4,576,714	708,663
	11,038,229	2,351,143
Current portion included in other current assets	(103,319)	(11,178)
	10,934,910	2,339,965

- (i) The listed debt securities are denominated in US dollar.
- (ii) As at 30 June 2017, the carrying amounts of these listed debt securities approximate their fair values.

14. DEBTORS AND PREPAYMENTS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Trade debtors, net of provision	703,713	486,408
Other debtors and deposit paid, net of provision	1,017,345	947,829
Prepayments	170,362	125,347
Current portion of finance lease receivable	25,409	23,572
	1,916,829	1,583,156

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 (2016: 30 to 60 days) for customers in Hong Kong and Macau and 60 to 180 days (2016: 60 to 180 days) for customers in Mainland China. These are subject to periodic reviews by management.

NOTES TO THE INTERIM FINANCIAL INFORMATION

14. DEBTORS AND PREPAYMENTS (Continued)

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 2017 HK\$'000	31 December 2016 HK\$'000
Within one month	483,005	320,527
Two to three months	202,725	145,690
Four to six months	12,031	13,993
Over six months	5,952	6,198
	703,713	486,408

15. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares, issued and fully paid:		
At 1 January 2016	4,260,737,025	19,952,107
Issue of shares upon exercise of share options	4,957,002	46,144
At 30 June 2016 and 1 July 2016	4,265,694,027	19,998,251
Issue of shares upon exercise of share options	5,979,475	108,125
At 31 December 2016 and 1 January 2017	4,271,673,502	20,106,376
Issue of shares upon exercise of share options (note a)	7,928,392	254,130
At 30 June 2017	4,279,601,894	20,360,506

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 (2016: nil) were granted and 7,928,392 options (2016: 4,957,002) were exercised and 1,447,856 options (2016: 3,589,940) have lapsed. The number of share options outstanding at 30 June 2017 was 55,799,150 (2016: 78,242,613).

- (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 awards (2016: nil) were granted and 1,015,730 share awards (2016: 1,193,030) have lapsed. The number of share awards outstanding as at 30 June 2017 was 23,702,380 (2016: 23,090,330), all of which are unvested.

NOTES TO THE INTERIM FINANCIAL INFORMATION

16. BORROWINGS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Bank loans		
Secured (note a)	746,094	768,633
Unsecured	5,725,435	5,149,785
Obligations under finance leases (note b)	6,471,529	5,918,418
	221,661	216,255
Total borrowings	6,693,190	6,134,673
Current portion included in current liabilities	(153,463)	(126,270)
Short-term bank loans	(6,022,178)	(5,482,425)
	(6,175,641)	(5,608,695)
	517,549	525,978

Notes:

- (a) The bank loans of HK\$746 million (2016: HK\$769 million) are secured by:
- (i) property, plant and equipment and leasehold land and land use rights with net book value of HK\$1,043 million (2016: HK\$1,023 million); and
 - (ii) bank deposits of HK\$324 million (2016: HK\$315 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 carrying amounts and fair value of the borrowings are as follows:

	Carrying amount		Fair value	
	30 June 2017 HK\$'000	31 December 2016 HK\$'000	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Bank loans	6,471,529	5,918,418	6,471,529	5,918,418
Obligations under finance leases	221,661	216,255	470,152	401,977
	6,693,190	6,134,673	6,941,681	6,320,395

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

17. CREDITORS AND ACCRUALS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Trade creditors	2,907,676	2,251,461
Other creditors (note a)	4,305,708	4,974,565
Chips issued	5,301,672	3,258,253
Loans from non-controlling interests	29,827	26,505
Accruals and provision	1,915,607	2,127,876
Deposits received	25,081	21,046
	14,485,571	12,659,706

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

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Within one month	2,513,643	1,882,003
Two to three months	76,512	91,372
Four to six months	119,605	95,134
Over six months	197,916	182,952
	2,907,676	2,251,461

Note:

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. CAPITAL COMMITMENTS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Contracted but not provided for	1,035,676	1,065,850

19. 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\$304,000 (2016: HK\$2,500,000) are charged at prevailing market rate.
- (b) Management fee received from joint ventures and an associated company amounted to HK\$3,842,000 (2016: HK\$2,515,000) are charged at terms agreed among the parties.
- (c) Rental expenses of HK\$691,000 (2016: HK\$719,000) 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) Sales to joint ventures amounted to nil (2016: HK\$548,000) at terms agreed among the parties.
- (e) Purchases from joint ventures and non-controlling interests amounted to HK\$63,666,000 (2016: HK\$58,620,000) 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\$69,000,000 for the six months ended 30 June 2017 (2016: HK\$45,000,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

20. POST BALANCE SHEET EVENT

On 30 August 2017, the Board of Directors declared a special dividend of HK\$0.33 per share, payable to shareholders of the Company whose names appear on the register of members of the Company on 29 September 2017. The total amount of the special dividend to be distributed is estimated to be approximately HK\$1,420 million and will be paid on or about 27 October 2017.

OTHER INFORMATION

DIVIDENDS

A special dividend of HK\$0.26 per share totaling approximately HK\$1,112 million was paid to the shareholders of the Company on 28 April 2017.

The Board of Directors is pleased to announce that it has declared another special dividend of HK\$0.33 per share (2016: HK\$0.18 per share) payable to shareholders whose names appear on the register of members of the Company on 29 September 2017 and expected to be paid on or about 27 October 2017. The total amount of this special dividend distributed was approximately HK\$1,420 million (2016: HK\$769 million). It will be funded by dividends received by the Company from wholly-owned subsidiaries after the date of its last audited financial statements, as a result of which the Company has distributable reserves of approximately HK\$2,751 million. These will be reflected in a special purpose financial statement to be delivered to the Registrar of Companies in Hong Kong for registration, in compliance with the Companies Ordinance, before payment of the special dividend.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR SPECIAL DIVIDEND

Book close dates for Special Dividend	:	27 September 2017 (Wednesday) to 29 September 2017 (Friday) (both days inclusive)
Record date for Special Dividend	:	29 September 2017 (Friday)
Ex-dividend date	:	25 September 2017 (Monday)
Expected payment date	:	27 October 2017 (Friday)
Latest time to lodge transfer documents with the Company's share registrar to entitle Special Dividend	:	4:30 p.m. on 26 September 2017 (Tuesday)
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

At 30 June 2017, the interests 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	32,907,444	2,181,518	363,726,401 ⁽¹⁾	1,362,225,231 ⁽²⁾	1,761,040,594	41.15
Francis Lui Yiu Tung	43,720,179	–	396,150,099 ⁽³⁾	1,362,225,231 ⁽²⁾	1,802,095,509	42.11
Joseph Chee Ying Keung	1,862,321	–	–	–	1,862,321	0.04
Paddy Tang Lui Wai Yu	13,816,007	–	–	1,362,225,231 ⁽²⁾	1,376,041,238	32.15
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	–	–	–	–	–	–

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 held by Recurrent Profits Limited, is controlled by Mr. Francis Lui Yiu Tung. Top Notch Opportunities Limited ("Top Notch") was interested in 171,916,021 underlying shares of the Company. Kentlake International Investments Limited ("Kentlake") was directly and indirectly interested in a total of 121,138,039 shares of the Company. Both Top Notch and Kentlake are controlled by Mr. Francis Lui Yiu Tung. The aforesaid underlying shares had not been delivered to Top Notch and are still counted towards the public float.
- (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 2017, 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’ INTERESTS

At 30 June 2017, the interests 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	22.74
CWL Assets (PTC) Limited	1,362,225,231	31.83
HSBC International Trustee Limited	1,363,000,491 ⁽¹⁾	31.85
Super Focus Company Limited	274,494,154	6.41
Lui Che Woo Foundation Limited	295,421,000	6.90
The Capital Group Companies, Inc.	256,843,000	6.00

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; and
- (iii) 274,494,154 shares of the Company between CWL Assets (PTC) Limited and Super Focus Company Limited.

Save as disclosed above, as at 30 June 2017, 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

Name	Date of grant	Number of Options					Held at 30 June 2017	Exercise price (HK\$)	Exercise period
		Held at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Re-classified during the period ^(a)			
Employees ^(d) (in aggregate)	20 Apr 2011	424,668	–	424,668 ^(e)	–	–	–	13.82	20 Apr 2012 – 19 Apr 2017
	9 Jan 2012	2,411,340	–	1,252,004 ^{(d)(e)}	–	334	1,159,002	14.22	9 Jan 2013 – 8 Jan 2018
	16 Mar 2012	1,403,000	–	60,000 ^(e)	–	–	1,343,000	20.10	16 Mar 2013 – 15 Mar 2018
	17 Jan 2013	6,853,924	–	1,611,673 ^(e)	–	18,666	5,223,585	32.50	17 Jan 2014 – 16 Jan 2019
	5 Jul 2013	60,000	–	–	–	60,000	–	37.45	5 Jul 2014 – 4 Jul 2019
	15 Jan 2014	125,000	–	–	56,000	–	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	356,333	–	57,998 ^(e)	87,001	–	211,334	39.86	16 Jan 2016 – 15 Jan 2021
	24 Dec 2015	19,005,667	–	2,029,465 ^(e)	856,510	150,000	15,969,692	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	5,085,441	–	15,249 ^(e)	198,345	48,016	4,823,831	28.35	12 Mar 2018 – 11 Sep 2022
28 Dec 2016	7,153,000	–	–	250,000	–	6,903,000	33.49	28 Dec 2017 – 27 Dec 2022	
Others (in aggregate)	9 Jan 2012	–	–	–	–	334	334	14.22	9 Jan 2013 – 8 Jan 2018
	17 Jan 2013	272,002	–	272,002 ^(f)	–	18,666	18,666	32.50	17 Jan 2014 – 16 Jan 2019
	5 Jul 2013	80,000	–	–	–	60,000	140,000	37.45	5 Jul 2014 – 4 Jul 2019
	24 Dec 2015	653,446	–	163,333 ^(f)	–	150,000	640,113	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	311,176	–	–	–	48,016	359,192	28.35	12 Mar 2018 – 11 Sep 2022
Total		65,175,398	–	7,928,392	1,447,856	0	55,799,150		

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\$38.70.
- (c) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$43.85.
- (d) Include associate of director, Ms. Eileen Lui Wai Ling who held 1,000,000 (of which 500,000 were exercised during the period and the weighted average closing price before the date of exercise was HK\$38.55), 400,000, 594,000, 224,540 and 204,000 options granted on 9 January 2012, 17 January 2013, 24 December 2015, 12 September 2016 and 28 December 2016 respectively at an exercise price and exercise period shown above. The remaining options represent balance held at 30 June 2017.
- (e) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$42.32.
- (f) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$39.03.

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 following options:

- The vesting period for the 484,000 options granted on 20 April 2011 and exercised during the period is 100% vesting on the first anniversary of the date of grant; and
- The vesting period for 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 respective share option schemes adopted on 30 May 2002 and 22 June 2011.

OTHER INFORMATION

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.

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 Company in aggregate 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 2017 were as follows:

Name	Date of grant	Number of Awards			Held at 30 June 2017	Vesting Date	Closing price at date of grant (HK\$)
		Held at 1 January 2017	Lapsed during the period	Re-classified during the period ^(a)			
Lui Che Woo	28 Dec 2016	115,166	–	–	115,166	28 Dec 2017	33.25
	28 Dec 2016	115,166	–	–	115,166	28 Dec 2018	33.25
	28 Dec 2016	115,168	–	–	115,168	28 Dec 2019	33.25
Francis Lui Yiu Tung	28 Dec 2016	162,933	–	–	162,933	28 Dec 2017	33.25
	28 Dec 2016	162,933	–	–	162,933	28 Dec 2018	33.25
	28 Dec 2016	162,934	–	–	162,934	28 Dec 2019	33.25
Paddy Tang Lui Wai Yu	28 Dec 2016	9,000	–	–	9,000	28 Dec 2017	33.25
	28 Dec 2016	9,000	–	–	9,000	28 Dec 2018	33.25
	28 Dec 2016	9,000	–	–	9,000	28 Dec 2019	33.25
Employees (in aggregate)	28 Oct 2014	16,460,690	492,960	–	15,967,730	31 Dec 2017	47.70
	16 Jan 2015	1,129,820	55,630	–	1,074,190	31 Dec 2017	38.35
	7 May 2015	876,660	74,850	2,480	799,330	31 Dec 2017	37.10
	13 Jul 2015	2,692,680	245,350	–	2,447,330	31 Dec 2017	35.45
	24 Nov 2015	444,490	75,840	–	368,650	31 Dec 2017	23.45
	24 Dec 2015	101,790	–	–	101,790	30 Jun 2018	24.80
	28 Dec 2016	692,623	23,697	–	668,926	28 Dec 2017	33.25
	28 Dec 2016	692,623	23,697	–	668,926	28 Dec 2018	33.25
28 Dec 2016	692,854	23,706	–	669,148	28 Dec 2019	33.25	
Associates of Directors ^(b)	7 May 2015	2,480	–	2,480	4,960	31 Dec 2017	37.10
	28 Dec 2016	23,366	–	–	23,366	28 Dec 2017	33.25
	28 Dec 2016	23,366	–	–	23,366	28 Dec 2018	33.25
	28 Dec 2016	23,368	–	–	23,368	28 Dec 2019	33.25
Total		24,718,110	1,015,730	0	23,702,380		

Notes:

(a) Share awards were re-classified during the period from Employees to Associates of Directors.

(b) Except share awards granted on 7 May 2015, all share awards were granted to Ms. Eileen Lui Wai Ling.

OTHER INFORMATION

Save as disclosed, no share awards were granted to Directors of the Company and their associates and the employees of the Company under the Share Award Scheme during the six months ended 30 June 2017. No share awards were vested 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 2017.

REVIEW OF INTERIM RESULTS

The Group's interim results for the six months ended 30 June 2017 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.

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 2017.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2017, 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.

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, change in Directors' information since the publication of Annual Report 2016 is set out below:

Professor Patrick Wong Lung Tak, *BBS, JP*

- Professor Wong retired as an independent non-executive director of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (a company listed on the Stock Exchange) with effect from the conclusion of the annual general meeting of the company held on 23 June 2017 and did not offer himself for re-election.

OTHER INFORMATION

Dr. Charles Cheung Wai Bun, *JP*

- Dr. Cheung has been appointed as an independent non-executive director of China Taifeng Beddings Holdings Limited (a company listed on the Stock Exchange) with effect from 20 April 2017.
- Dr. Cheung has been appointed as an executive director of Roma Group Limited (a company listed on the growth enterprise market of the Stock Exchange) with effect from 2 June 2017.

By Order of the Board

Galaxy Entertainment Group Limited

Jenifer Sin Li Mei Wah

Company Secretary

Hong Kong, 30 August 2017



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