



銀娛 GEG

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

Stock Code 股份代號 : 27

2023 Interim Report 中期報告



星際酒店
StarWorld Hotel

GALAXY
MACAU
澳門銀河

澳門百老匯
BROADWAY MACAU

GALAXY™
ARENA
銀河綜藝館

GALAXY™
INTERNATIONAL
CONVENTION CENTER
銀河國際會議中心

OUR VISION

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

GALAXY'S BUSINESS PHILOSOPHY

LOCAL MARKET INSIGHTS

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

PROVEN EXPERTISE

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

WELL POSITIONED

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

DEMAND DRIVEN STRATEGY

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

願景

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

銀娛的經營理念

洞悉本地市場

深明中華文化，對亞洲及中國旅客喜好有透徹了解，為銀娛一大競爭優勢

專業經驗

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

定位清晰

將銀娛定位為領先的綜合博彩及休閒娛樂設施營運商

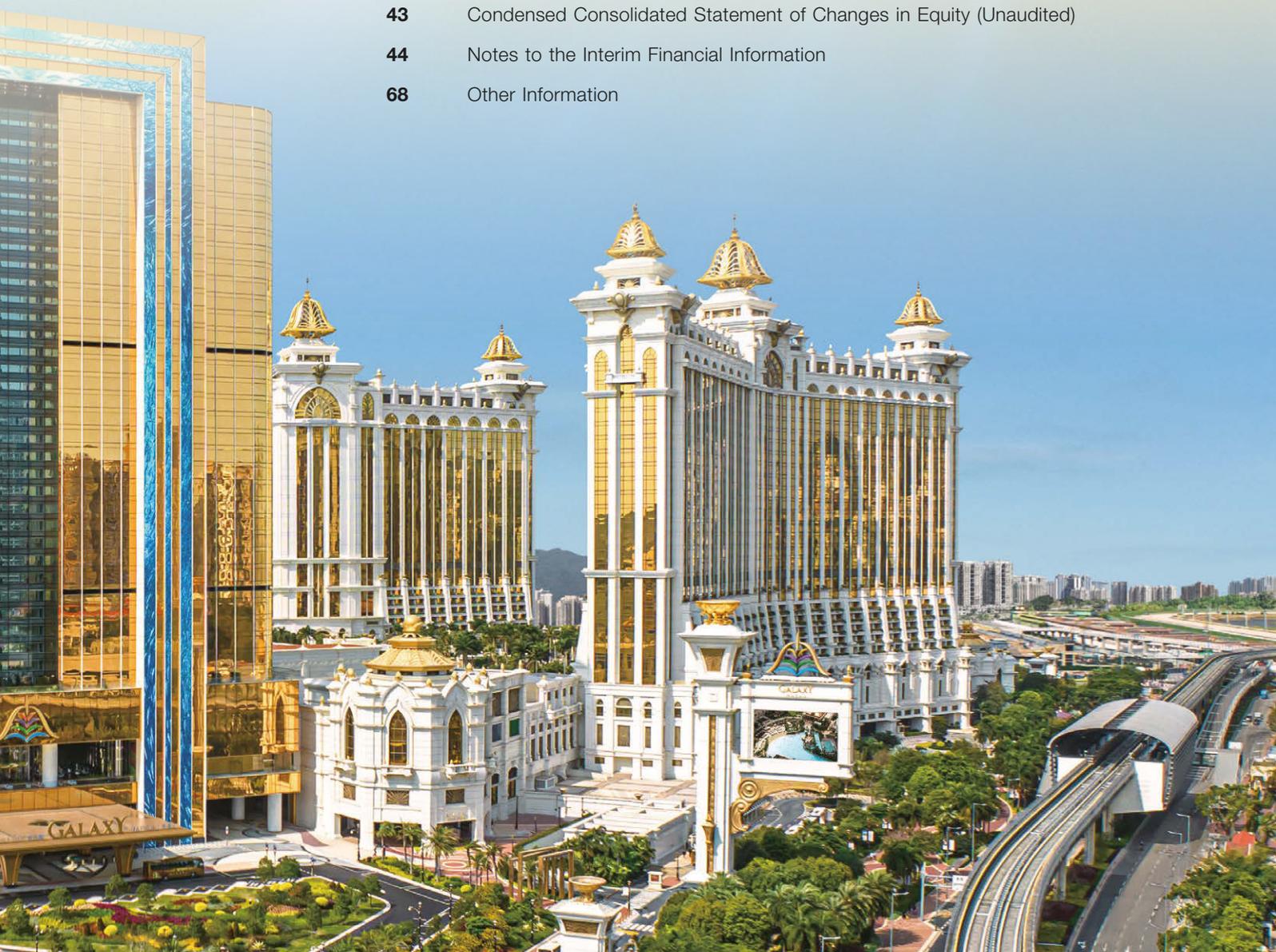
需求主導策略

密切注意市場發展並迅速作出謹慎的應變



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CORPORATE INFORMATION

CHAIRMAN

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

DEPUTY CHAIRMAN

Mr. Francis Lui Yiu Tung

EXECUTIVE DIRECTORS

Mr. Joseph Chee Ying Keung

Mrs. 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*

Mr. Michael Victor Mecca

EXECUTIVE BOARD

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

Mr. Francis Lui Yiu Tung

Mr. Joseph Chee Ying Keung

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

AUDIT COMMITTEE

Mr. James Ross Ancell (*Chairman*)

Dr. William Yip Shue Lam, *LLD*

Professor Patrick Wong Lung Tak, *BBS, JP*

Dr. Charles Cheung Wai Bun, *JP*

REMUNERATION COMMITTEE

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

Mr. Francis Lui Yiu Tung

Professor Patrick Wong Lung Tak, *BBS, JP*

NOMINATION COMMITTEE

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

Mr. Francis Lui Yiu Tung

Professor Patrick Wong Lung Tak, *BBS, JP*

CORPORATE GOVERNANCE COMMITTEE

Mr. Francis Lui Yiu Tung (*Chairman*)

Mr. James Ross Ancell

Professor Patrick Wong Lung Tak, *BBS, JP*

Dr. Charles Cheung Wai Bun, *JP*

COMPANY SECRETARY

Mrs. Jenifer Sin Li Mei Wah



CORPORATE INFORMATION

INDEPENDENT AUDITOR

PricewaterhouseCoopers
 Certified Public Accountant and
 Registered Public Interest Entity Auditor

REGISTERED OFFICE

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 111 Connaught Road Central
 Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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 17th Floor, Hopewell Centre
 183 Queen's Road East
 Wanchai, Hong Kong

PRINCIPAL BANKERS#

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

listed in alphabetical order

SOLICITORS*

Jorge Neto Valente, Escritório de Advogados e Notários
 Linklaters

* listed in alphabetical order

SHARE LISTING

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

STOCK CODE

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

INVESTOR RELATIONS CONTACT

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CORPORATE PROFILE

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

GEG was one of the three original concessionaires in Macau when the gaming industry was liberalized in 2002. In 2022, GEG was awarded a new gaming concession valid from 1 January 2023 to 31 December 2032. GEG has 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 the market in Macau.

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

GALAXY MACAU™

- Opened in May 2011; significantly expanded in May 2015 with the opening of Phase 2; And further expanded in 2023 with the opening of Phase 3 including Galaxy International Convention Centre (“GICC”), Galaxy Arena and Raffles at Galaxy Macau
- Footprint of 1.4 million square meters
- Comprises six world-class hotels with approximately 4,050 rooms, suites and villas, including:
 - Banyan Tree Macau
 - Galaxy Hotel™
 - Hotel Okura Macau
 - JW Marriott Hotel Macau
 - Raffles at Galaxy Macau
 - The Ritz-Carlton, Macau
- Features an unprecedented range of retail, food & beverage, entertainment, leisure and Meetings, Incentives, Conferences and Events (MICE) options, including:
 - Featuring the latest in fashion and curated experiences, Galaxy Promenade is the hottest shopping destination in Macau. Spanning over 100,000 square meters, Galaxy Promenade brings lifestyle trends and the world’s most sought-after brands in fashion and beauty to guests. Embark on a world-class journey with more than 200 luxury brands at the flagship stores and lifestyle boutiques

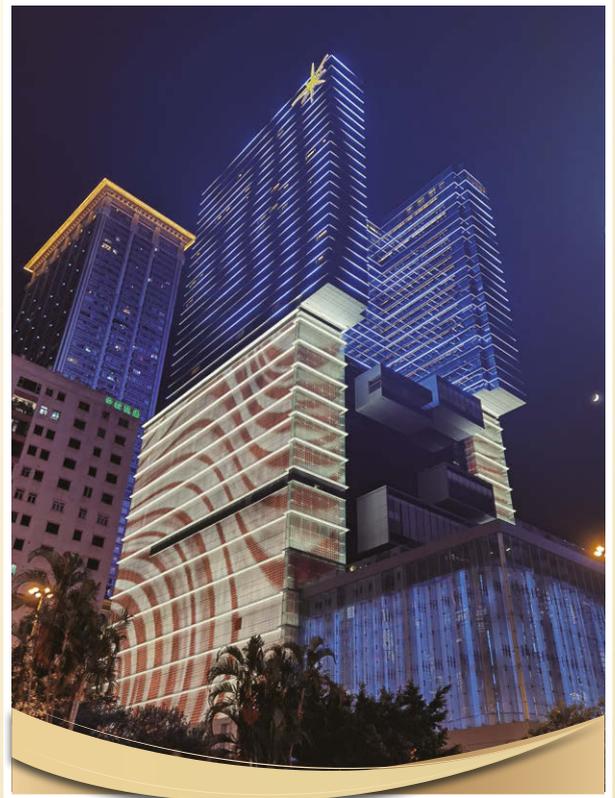


CORPORATE PROFILE

- As the dining destination in Asia, Galaxy Macau™ offers a wide variety of gastronomic delights, exquisite experiences and ingredients of the finest quality with over 120 dining options from Michelin dining to authentic delicacies. Guests can explore the finest of 18 Chinese provincial cuisines and 13 international cuisines, with amazing culinary discoveries at every turn
- Grand Resort Deck is the signature attraction of Galaxy Macau™. Sprawling across 75,000 square meters, it is the world's largest skytop oasis complete with best-in-class facilities – the world's longest Skytop Adventure Rapids at 575 meters, the largest Skytop Wave Pool with waves up to 1.5 meters high and a 150-meter pristine white sand beach
- Macau's most luxurious 10-screen 3D Cineplex – Galaxy Cinemas is equipped with 3D technology and a groundbreaking 4K laser projection system for an ultimate movie experience
- GICC – Asia's most iconic and advanced MICE destination – is a world-class event venue, featuring 40,000 sqm of total flexible MICE space that can cater for up to 8,500 banquet guests, or cocktail parties for as many as 16,000 guests. The 10,000-sqm pillar-less exhibition hall located on the ground floor, can accommodate up to 7,000 delegates. The exhibition hall is also perfectly suited for banquets of approximately 6,500 guests or cocktail parties for 8,500 guests
- The all-new 16,000-seat Galaxy Arena is the largest indoor arena in Macau, where spectacular events come to life – from world concert tours to thrilling fight nights. Our arena offers center-stage, end-stage or boxing ring set-ups, all of which are customizable for your event. With unobstructed views and high-definition broadcasting enabled by advanced technical infrastructure, every guest will enjoy amazing 360° views and high quality surround sound. The arena also features 8 Hospitality Suites for guests to relax and network in luxuriously private surrounds

STARWORLD HOTEL

- Opened in 2006 as the Group's first five-star hotel
- Located in the heart of the Macau Peninsula
- Multi award-winning world-class luxury hotel
- Offers over 500 luxury rooms and suites
- With sensational live performances and dazzling entertainment offerings, StarWorld Hotel is the destination to embark on a prestigious star experience of refined luxury



CORPORATE PROFILE



BROADWAY HOTEL

- Opened in May 2015; connected by bridge to Galaxy Macau™, Broadway Hotel is a popular dining and entertainment destination that offers the best of authentic Macau flavors and vibrant Asian experiences
- Broadway Hotel with 314 rooms and suites, is an exquisitely designed boutique hotel boasting 180-degree river views overlooking the Pearl River Delta
- Broadway Theatre with approximately 2,500 seats features 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

ANDAZ MACAU

Opening in September 2023 and seamlessly connected to GICC, Andaz Macau is a vibrant lifestyle hotel rooted in local art and culture. Andaz Macau will feature a check-in lounge catering to large MICE groups, over 700 rooms and suites, an Andaz lounge, a bar and restaurant, state-of-the-art fitness center and an indoor pool.

The new hotel will bring the distinctive Andaz style to Macau, immersing business and leisure guests in a stimulating environment inspired by the city's colorful heritage that is a blend of Chinese and Portuguese cultures. This includes the vibrant interior design, local tastes and aromas with a twist, and experiences that will satiate the curiosity of inquisitive guests.



CORPORATE PROFILE

FUTURE DEVELOPMENT OPPORTUNITIES**Phase 4**

The Group has the largest development pipeline of any casino operator in Macau. The Group is currently expanding its Cotai footprint by a further 600,000 square meters with the addition of Cotai Phase 4.

Phase 4 is planned to include 6 high-end hotel brands new to Macau, together with a 4,000-seat theater, extensive F&B, retail, non-gaming amenities, landscaping and a water resort deck. On completion our total Macau hotel capacity will be around 7,500 rooms and suites.

Hengqin, Greater Bay Area & Overseas

GEG is progressing plans for its Hengqin project and we are also expanding our focus beyond Hengqin and Macau to potentially include opportunities within the rapidly expanding Greater Bay Area. These projects will help GEG develop and support Macau in its vision of becoming a World Centre of Tourism and Leisure.

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

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

FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

- Net Revenue of HK\$15.7 billion, up 141% year-on-year
- Adjusted EBITDA of HK\$4.4 billion, up 2,193% year-on-year
- Net Profit Attributable to Shareholders of HK\$2.9 billion, versus HK\$(850) million in 1H 2022
- GEG experienced good luck in its gaming operation, which increased its Adjusted EBITDA by approximately HK\$63 million. Normalized 1H 2023 Adjusted EBITDA was HK\$4.3 billion, versus HK\$164 million in 1H 2022
- As at 30 June 2023, cash and liquid investments were HK\$24.4 billion and net cash (including liquid investments) was HK\$22.0 billion
- The Group announced a special dividend of HK\$0.20 per share payable on or about 27 October 2023



GALAXY MACAU™

- Net Revenue of HK\$11.9 billion, up 164% year-on-year
- Adjusted EBITDA of HK\$4.0 billion, up 650% year-on-year
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$63 million. Normalized 1H 2023 Adjusted EBITDA was HK\$4.0 billion, versus HK\$509 million in 1H 2022
- Hotel occupancy for 1H 2023 across the five hotels was 77%
- Non-gaming revenue of HK\$2,026 million, increased 104% year-on-year



STARWORLD MACAU

- Net Revenue of HK\$2.2 billion, up 236% year-on-year
- Adjusted EBITDA of HK\$578 million, versus HK\$(216) million in 1H 2022
- Hotel occupancy for 1H 2023 was 98%
- Non-gaming revenue of HK\$230 million, increased 318% year-on-year



BROADWAY MACAU™, CITY CLUBS AND CONSTRUCTION MATERIALS DIVISION

- Broadway Macau™: Adjusted EBITDA of HK\$(20) million, versus HK\$(36) million in 1H 2022
- City Clubs: Adjusted EBITDA of HK\$7 million, down 63% year-on-year
- Construction Materials Division: Adjusted EBITDA of HK\$329 million, up 14% year-on-year

DEVELOPMENT UPDATE

- Cotai Phase 3 – Soft opened GICC, Galaxy Arena and Raffles at Galaxy Macau, will open Andaz Macau in September 2023
- Cotai Phase 4 – Our efforts are firmly focused on the development of Phase 4. Phase 4 has a strong focus on non-gaming, primarily targeting MICE, entertainment, family facilities and also includes gaming

FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

Key Financial Data

(HK\$'m)	1H 2022	1H 2023
Revenues:		
Net Gaming	4,130	11,912
Non-gaming	1,079	2,296
Construction Materials	1,315	1,507
Total Net Revenue	6,524	15,715
Adjusted EBITDA	191	4,380

Gaming Statistics¹

(HK\$'m)	1H 2022	1H 2023
Rolling Chip Volume ²	21,560	50,602
Win Rate %	3.3%	3.4%
Win	719	1,725
Mass Table Drop ³	14,073	46,929
Win Rate %	27.1%	23.9%
Win	3,817	11,219
Electronic Gaming Volume	7,019	20,203
Win Rate %	3.4%	3.9%
Win	238	780
Total GGR Win ⁴	4,774	13,724

Key Financial Metrics

	1H 2022	1H 2023
Net (Loss)/Profit Attributable To Shareholders (HK\$'m)	(850)	2,890
(Loss)/Earnings Per Share (HK cents)	(19.5)	66.2
Total Assets (HK\$'m)	83,401	83,634
Cash and Liquid Investments (HK\$'m)	29,025	24,375
Debt (HK\$'m)	8,697	2,353
Share Price on 30 June (HK\$)	46.8	49.7
Market Capitalization (HK\$'m)	204,149	217,152

¹ Gaming statistics are presented before deducting commission and incentives.

² Reflects sum of junket VIP and inhouse premium direct.

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

⁴ Total GGR win includes gaming win from City Clubs.

FINANCIAL & OPERATIONAL HIGHLIGHTS

GALAXY MACAU™

Key Financial Data

(HK\$m)	1H 2022	1H 2023
Revenues:		
Net Gaming	3,519	9,872
Hotel/F&B/Others	403	1,196
Mall	590	830
Total Net Revenue	4,512	11,898
Adjusted EBITDA	536	4,018
Adjusted EBITDA Margin	12%	34%

Gaming Statistics⁵

(HK\$m)	1H 2022	1H 2023
Rolling Chip Volume ⁶	21,560	50,602
Win Rate %	3.3%	3.4%
Win	719	1,725
Mass Table Drop ⁷	9,944	34,270
Win Rate %	30.5%	26.3%
Win	3,036	9,008
Electronic Gaming Volume	4,610	14,704
Win Rate %	4.1%	4.6%
Win	190	670
Total GGR Win	3,945	11,403

⁵ Gaming statistics are presented before deducting commission and incentives.

⁶ Reflects sum of junket VIP and inhouse premium direct.

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

FINANCIAL & OPERATIONAL HIGHLIGHTS

STARWORLD MACAU

Key Financial Data

(HK\$m)	1H 2022	1H 2023
Revenues:		
Net Gaming	589	1,931
Hotel/F&B/Others	44	220
Mall	11	10
Total Net Revenue	644	2,161
Adjusted EBITDA	(216)	578
Adjusted EBITDA Margin	NEG ⁸	27%

星際酒店
StarWorld Hotel

Gaming Statistics⁹

(HK\$m)	1H 2022	1H 2023
Mass Table Drop ¹⁰	3,165	12,131
Win Rate %	19.3%	17.6%
Win	612	2,132
Electronic Gaming Volume	817	3,656
Win Rate %	2.3%	2.2%
Win	19	80
Total GGR Win	631	2,212

⁸ NEG represents negative margin.

⁹ Gaming statistics are presented before deducting commission and incentives.

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

LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

I would like to take this opportunity to update you on GEG's most recent activities and financial results for the half year of 2023. During the period, Macau continued its business recovery and the Group's primary focus was on operational execution, recruitment and project development. We believe that non-gaming is the future of Macau that is to attract a more diverse visitor base and drive longer stays which aligns with Macau Government's vision of building Macau into a World Center of Tourism and Leisure. Our investment in world-class, non-gaming facilities such as the Galaxy International Convention Center ("GICC") and the Galaxy Arena supports this vision. Our vote of confidence in Macau is demonstrated by the fact that GEG is the first Macau concessionaire to resume dividends and return capital to shareholders following the reopening of the border.

For the first half of 2023, Group Net Revenue increased 141% year-on-year to HK\$15.7 billion and Adjusted EBITDA increased significantly from HK\$191 million in 1H 2022 to HK\$4.4 billion in 1H 2023.

Our balance sheet continues to be exceptionally liquid and healthy. As of 30 June 2023, cash and liquid investments were HK\$24.4 billion and net cash was HK\$22.0 billion. Our strong balance sheet provides us with valuable flexibility in managing business operations and supporting our development initiatives. Today we are very pleased to announce a special dividend of HK\$0.20 per share, payable on or about 27 October 2023.

Since the border reopening of Macau in early January 2023, we have continued to be very active throughout Q2 in expanding our resort offerings and enhancing our service standards. This includes the soft opening of GICC and Galaxy Arena in April 2023. In late June, we opened a new promoter room in line with the new gaming regulations. We also opened a number of additional F&B outlets during Q2. In July, as part of Phase 3 development, we opened our new Horizon Premium Club and associated non-gaming amenities. We are in the process of opening our first overseas business development office in Tokyo and we are planning to open additional offices in Bangkok and Seoul.

Chairman

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA



LETTER FROM THE CHAIRMAN

On 16 August 2023, we successfully soft-opened the exclusive 450 all-suite Raffles at Galaxy Macau which brings a new level of opulence, service and luxurious customer experience to Macau. The Raffles will attract high-value customers in line with the Government's goal to attract longer-staying and high-value visitors to Macau. Further, we will open the 700-room Andaz Macau in September 2023.

To support the operation of GICC and Galaxy Arena, we are pleased to announce that we have signed a number of multi-year agreements with well-established entertainment companies that will help to support our events programming.

We have been working closely with the various Government departments and we are pleased to advise that we effectively have our full complement of staff and all of our hotel rooms were available towards the end of Q2, except for Broadway Hotel.

On the project development front, GEG continued to move forward with Phase 4 construction which will have a strong focus on non-gaming, primarily targeting MICE, entertainment, family facilities and also includes gaming.

Finally, I would like to thank all of our team members who deliver 'World Class, Asian Heart' service every day and contribute to the success of the Group.

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA

Chairman

Hong Kong, 17 August 2023

SELECTED MAJOR AWARDS

Award	Presenter
GEG	
Best Gaming Operator	Asia Gaming Awards 2023
Sustainability Award	International Gaming Awards 2023
MECC Award for EuroExcellence in Innovation	Macau European Chamber of Commerce
Outstanding Corporate Social Responsibility Award	Mirror Post of Hong Kong
GALAXY MACAU™	
Michelin One-Star Restaurant	The MICHELIN Guide Hong Kong Macau 2023
– 8½ Otto e Mezzo BOMBANA	
– Lai Heen	
2023 Forbes Travel Guide Five-Star Hotel	Forbes Travel Guide
– Banyan Tree Macau	
– Galaxy Hotel™	
– Hotel Okura Macau	
– The Ritz-Carlton, Macau	
2023 Forbes Travel Guide Five-Star Restaurant	
– 8½ Otto e Mezzo BOMBANA	
– Lai Heen	
2023 Forbes Travel Guide Five-Star Spa	
– Banyan Tree Spa Macau	
– The Ritz-Carlton Spa, Macau	
SCMP 100 Top Tables 2023 Award	South China Morning Post
– 8½ Otto e Mezzo BOMBANA	
– Lai Heen	
EarthCheck Gold Certification	EarthCheck
– Banyan Tree Macau	
EarthCheck Silver Certification	
– Galaxy Hotel™	
– Hotel Okura Macau	
Macao Green Hotel Awards – Gold Award	Environmental Protection Bureau of the Macau SAR Government
– Banyan Tree Macau	
– JW Marriott Hotel Macau	
– Hotel Okura Macau	
– The Ritz-Carlton, Macau	
Macao Green Hotel Awards – Silver Award	
– Galaxy Hotel™	

SELECTED MAJOR AWARDS

Award	Presenter
Travel + Leisure Luxury Awards Asia Pacific 2023 – Asia Pacific’s Integrated Resorts Award (ranks second) – Galaxy Macau™ – “Hotels (Macau)” (ranks third) – Banyan Tree Macau – “Hotel Spas (Macau)” (Top Honour) – Banyan Tree Spa Macau	Travel + Leisure
The Best Hotel Selected Restaurant – The Apron	iFood Award
China Best Champagne List – Hong Kong, Macao & Taiwan regions in China – Terrazza Italian Restaurant	2022 China Best Champagne List
Wine Spectator’s 2023 Restaurant Best of Award of Excellence – Terrazza Italian Restaurant	Wine Spectator’s Restaurant Awards
STARWORLD MACAU	
Michelin Two-Star Restaurant – Feng Wei Ju	The MICHELIN Guide Hong Kong Macau 2023
SCMP 100 Top Tables 2023 Award – Feng Wei Ju	South China Morning Post
Trip.com Global Elite Restaurant List – Feng Wei Ju	Trip.com
Favorite Food Awards 2023 – Feng Wei Ju	U Magazine
BROADWAY MACAU™	
Macao Green Hotel Awards – Silver Award	Environmental Protection Bureau of the Macau SAR Government
CONSTRUCTION MATERIALS DIVISION	
Caring Company Scheme – 20 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
21 st Hong Kong Occupational Safety & Health Award – Safety Management System Award – All Industries – Certificate of Attainment – Safety Performance Award – All Industries – Outstanding Award	Labour Department/Occupational Safety and Health Council

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

Macau continues its recovery post lifting of COVID-19 related travel restrictions in Q1 2023. Based on DICJ reporting, Macau's Gross Gaming Revenue ("GGR") for 1H 2023 was \$77.8 billion, up 205% year-on-year. Mass gaming revenue is the main profit driver of business in Macau.

In 1H 2023, visitor arrivals to Macau were 11.6 million which has recovered to 57% of 1H 2019, up 236% year-on-year. Visitor arrivals from the Mainland were 7.5 million, up 141% year-on-year. Overnight visitors were 6.1 million, up 372% year-on-year.

REVIEW OF OPERATIONS

Group Financial Results

In 1H 2023, the Group's Net Revenue was \$15.7 billion, up 141% year-on-year and Adjusted EBITDA was \$4.4 billion, up 2,193% year-on-year. Net profit attributable to shareholders was \$2.9 billion, versus \$(850) million in 1H 2022. Galaxy Macau™'s Adjusted EBITDA was \$4.0 billion, up 650% year-on-year. StarWorld Macau's Adjusted EBITDA was \$578 million, versus \$(216) million in 1H 2022. Broadway Macau™'s Adjusted EBITDA was \$(20) million, versus \$(36) million in 1H 2022.

In 1H 2023, GEG played lucky in its gaming operation, which increased its Adjusted EBITDA by approximately \$63 million. Normalized Adjusted EBITDA was \$4.3 billion, up 2,532% year-on-year.

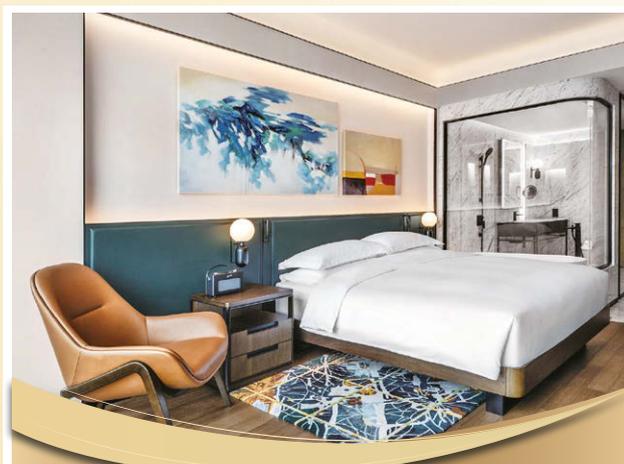
The Group's total GGR in 1H 2023 was \$13.7 billion, up 187% year-on-year. Mass GGR was \$11.2 billion, up 194% year-on-year. Rolling chip GGR was \$1.7 billion, up 140% year-on-year. Electronic GGR was \$780 million, up 228% year-on-year.

Summary Table of GEG Q2 and 1H 2023 Adjusted EBITDA and Adjustments:

in HK\$'m	Q2 2022	Q1 2023	Q2 2023	YoY	QoQ	1H 2022	1H 2023
Adjusted EBITDA	(384)	1,907	2,473	744%	30%	191	4,380
Luck ¹	24	59	4	–	–	27	63
Normalized Adjusted EBITDA	(408)	1,848	2,469	705%	34%	164	4,317



Raffles Signature Pool Suite



Guest Room of Andaz Macau

¹ Reflects luck associated with our rolling chip program.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Balance Sheet and Dividend

The Group's balance sheet remains healthy and liquid. As of 30 June 2023, cash and liquid investments were \$24.4 billion and net cash was \$22.0 billion. Total debt was \$2.4 billion which primarily reflects our ongoing treasury yield management initiatives 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. Subsequently the Group announced a special dividend of \$0.20 per share to be paid on or about 27 October 2023.

Set out below is the segmental analysis of the Group's operating results for 1H 2023:

Group Key Financial Data

(HK\$m)	1H 2022	1H 2023
Revenues:		
Net Gaming	4,130	11,912
Non-gaming	1,079	2,296
Construction Materials	1,315	1,507
Total Net Revenue	6,524	15,715
Adjusted EBITDA	191	4,380
Gaming Statistics²		
(HK\$m)	1H 2022	1H 2023
Rolling Chip Volume ³	21,560	50,602
Win Rate %	3.3%	3.4%
Win	719	1,725
Mass Table Drop ⁴	14,073	46,929
Win Rate %	27.1%	23.9%
Win	3,817	11,219
Electronic Gaming Volume	7,019	20,203
Win Rate %	3.4%	3.9%
Win	238	780
Total GGR Win ⁵	4,774	13,724

² Gaming statistics are presented before deducting commission and incentives.

³ Reflects sum of junket VIP and inhouse premium direct.

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

⁵ Total GGR win includes gaming win from City Clubs.

MANAGEMENT DISCUSSION AND ANALYSIS

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

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™

Financial and Operational Performance

Galaxy Macau™ is the primary contributor to the Group's revenue and earnings. In 1H 2023, Net Revenue was \$11.9 billion, up 164% year-on-year. Adjusted EBITDA was \$4.0 billion, up 650% year-on-year.

In 1H 2023, Galaxy Macau™ played lucky in its gaming operations which increased its Adjusted EBITDA by approximately \$63 million. Normalized Adjusted EBITDA was \$4.0 billion, up 677% year-on-year.

The combined five hotels occupancy rate was 77% for 1H 2023.

Galaxy Macau™ Key Financial Data

(HK\$'m)	Q2 2022	Q1 2023	Q2 2023	1H 2022	1H 2023
Revenues:					
Net Gaming	1,016	4,442	5,430	3,519	9,872
Hotel/F&B/Others	175	470	726	403	1,196
Mall	244	436	394	590	830
Total Net Revenue	1,435	5,348	6,550	4,512	11,898
Adjusted EBITDA	(188)	1,846	2,172	536	4,018
Adjusted EBITDA Margin	NEG ⁶	35%	33%	12%	34%

Gaming Statistics⁷

(HK\$'m)	Q2 2022	Q1 2023	Q2 2023	1H 2022	1H 2023
Rolling Chip Volume ⁸	3,646	21,548	29,054	21,560	50,602
Win Rate %	4.2%	3.7%	3.2%	3.3%	3.4%
Win	153	794	931	719	1,725
Mass Table Drop ⁹	3,317	15,124	19,146	9,944	34,270
Win Rate %	27.6%	26.2%	26.3%	30.5%	26.3%
Win	915	3,970	5,038	3,036	9,008
Electronic Gaming Volume	1,589	6,290	8,414	4,610	14,704
Win Rate %	3.4%	4.6%	4.5%	4.1%	4.6%
Win	54	291	379	190	670
Total GGR Win	1,122	5,055	6,348	3,945	11,403

⁶ NEG represents negative margin.

⁷ Gaming statistics are presented before deducting commission and incentives.

⁸ Reflects sum of junket VIP and inhouse premium direct.

⁹ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

MANAGEMENT DISCUSSION AND ANALYSIS

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

StarWorld Macau**Financial and Operational Performance**

In 1H 2023, StarWorld Macau's Net Revenue was \$2.2 billion, up 236% year-on-year. Adjusted EBITDA was \$578 million, versus \$(216) million in 1H 2022.

Hotel occupancy was 98% for 1H 2023.

StarWorld Macau Key Financial Data

(HK\$m)	Q2 2022	Q1 2023	Q2 2023	1H 2022	1H 2023
Revenues:					
Net Gaming	198	828	1,103	589	1,931
Hotel/F&B/Others	17	105	115	44	220
Mall	5	5	5	11	10
Total Net Revenue	220	938	1,223	644	2,161
Adjusted EBITDA	(158)	216	362	(216)	578
Adjusted EBITDA Margin	NEG ¹⁰	23%	30%	NEG ¹⁰	27%

Gaming Statistics¹¹

(HK\$m)	Q2 2022	Q1 2023	Q2 2023	1H 2022	1H 2023
Mass Table Drop ¹²	982	5,289	6,842	3,165	12,131
Win Rate %	20.6%	17.5%	17.6%	19.3%	17.6%
Win	202	926	1,206	612	2,132
Electronic Gaming Volume	342	1,406	2,250	817	3,656
Win Rate %	2.4%	2.3%	2.1%	2.3%	2.2%
Win	9	32	48	19	80
Total GGR Win	211	958	1,254	631	2,212

Broadway Macau™

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs. In 1H 2023, Broadway Macau™'s Net Revenue was \$41 million, up 32% year-on-year. Adjusted EBITDA was \$(20) million for 1H 2023, versus \$(36) million in 1H 2022.

City Clubs

In 1H 2023, City Clubs' Net Revenue was \$108 million, up 391% year-on-year. Adjusted EBITDA was \$7 million, down 63% year-on-year.

¹⁰ NEG represents negative margin.

¹¹ Gaming statistics are presented before deducting commission and incentives.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division (“CMD”) contributed Adjusted EBITDA of \$329 million in 1H 2023, up 14% year-on-year. Hong Kong and Macau businesses quickly recovered after relaxation of COVID restrictions, whereas Mainland China businesses still remain subdued.

Hong Kong and Macau

Hong Kong and Macau performed solidly. Ready-mixed concrete (“RMC”) and precast materials performed well due to the accelerating demand at Hong Kong International Airport’s three runway system projects and ongoing infrastructure projects that are catching up after delays during COVID.

In Hong Kong, CMD won the tender for a RMC batching site at Tseung Kwan O, which is within an 80-hectare new development zone providing an estimated 50,000 residential units by 2030. This new plant will be commissioned in mid-2024.

In Macau, the new RMC batching plant at the reclamation of Zone A has been commissioned in Q2 2023. Production is ramping up as Zone A construction proceeds.

Mainland China

Demand for construction materials in Mainland China was impacted by the slower pace of economic growth. The low level of infrastructure and property development, resulted in lower demand for cement and Ground Granulated Blast-furnace Slag which impacted market prices.

Pending more supportive policies to stimulate the property market and infrastructure development, it is expected that CMD’s businesses in Mainland China will remain challenging in 2H 2023.

DEVELOPMENT UPDATE

Galaxy Macau™ and StarWorld Macau

We continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests with a particular focus on adding new and innovative F&B and retail offerings.

Cotai – The Next Chapter

We have successfully soft opened GICC and Galaxy Arena which was followed by Raffles at Galaxy Macau. We are recruiting additional staff in preparation for the opening of the Andaz Macau. We are now firmly focused on the development of Phase 4, which is already well under way. Phase 4 will include 6 high-end hotel brands new to Macau, together with a 4000-seat theater, extensive F&B, retail, non-gaming amenities, landscaping and a water resort deck. On completion our total Macau hotel capacity will be around 7,500 rooms and suites. We remain highly confident about the future of Macau where Phases 3 & 4 will support Macau’s vision of becoming a World Centre of Tourism and Leisure.

MANAGEMENT DISCUSSION AND ANALYSIS

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



Recent photograph of Cotai Phase 4



16,000-seat Galaxy Arena

SUBSEQUENT EVENT

GEG announced a special dividend of \$0.20 per share to be paid on or about 27 October 2023.

GROUP OUTLOOK

Moving onto Q3 2023, we are pleased to see the continuing recovery in gaming revenue, effectively full hotel occupancy even after increasing hotel room count, retail remains solid, food and beverage remains strong. The soft launch of GICC and Galaxy Arena in April has been well received and we continue to host a range of entertainment, cultural and sporting events. We believe that with the many additional facilities that we have added and will continue to add will position us strongly for longer term growth, including the opening of Raffles at Galaxy Macau and Andaz Macau.

We continue to focus on our key priorities which include: operational execution, full opening of Phase 3 and the ongoing development of Phase 4. Cash flow from operations are positive, and combined with our strong balance sheet we are well capitalized to continue with our significant development expansion plans.

As part of our recruitment program in 2023, we will create an additional 1,100 new local jobs and we continue to offer career diversification for our valuable employees to broaden their skill base and further their career opportunities. GEG has always been carrying out an employment policy that is under the principle of “local’s first” and prioritizes local employment.

We are in the process of opening our first overseas business development office in Tokyo and we are planning to open additional offices in Bangkok and Seoul, this is in-line with our commitment to the Government to further increase the number and flow of high value international visitors to Macau.

With the continued buildout of infrastructure in both Macau and Mainland China, the accessibility to Macau for leisure and tourism customers continues to improve and this combined with the current low penetration into Mainland China positions Macau well for long term development.

MANAGEMENT DISCUSSION AND ANALYSIS

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

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 30 June 2023 increased to \$68,034 million, an increase of 6% over that as at 31 December 2022 of \$63,914 million while the Group's total assets employed increased to \$83,634 million as at 30 June 2023 as compared to \$80,961 million as at 31 December 2022.

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in low risk fixed deposits as well as high quality listed debt securities issued by large financial institutions and corporations to generate low risk interest income for the Group. As at 30 June 2023, the listed debt securities were predominantly denominated in U.S. dollar with a weighted average tenor of approximately 2 years. Following the maturity of certain listed debt securities in our holding (all of investment grade) in the first half of 2023, and without re-investment of the proceeds in listed debt securities, our listed debt securities investment reduced considerably, from \$9,019 million as at 31 December 2022 to \$6,901 million as at 30 June 2023, of which a significant portion remained in investment grade rated securities. Listed debt securities investments are closely monitored by a designated team with the help of international leading banks. The listed debt securities were classified as financial assets at amortised cost and their carrying amounts as at 30 June 2023 approximated their fair values. These listed debt securities were considered to be of low credit risk and the expected credit loss was immaterial. As at 30 June 2023, none of the listed debt securities in any individual investee company held by the Group equaled or exceeded 5% of the Group's total assets.

As at 30 June 2023, the Group held \$6,901 million (\$9,019 million as at 31 December 2022) in listed debt securities and an investment of \$4,305 million (\$3,349 million as at 31 December 2022) in listed shares of Wynn Resorts, Limited ("Wynn Resorts"). As at 30 June 2023, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.6% (4.6% as at 31 December 2022) of the issued share capital of Wynn Resorts. Investment cost was \$7,142 million. The principal businesses of Wynn Resorts are to develop and operate high end hotels and casinos and its shares are listed on the Nasdaq Stock Exchange (stock code: WYNN). This listed investment is denominated in U.S. dollar. The directors of the Group considered that the closing price as at 30 June 2023 was the fair value of this listed investment. As of 30 June 2023, the fair value of our investment in Wynn Resorts was \$4,305 million, representing 5.1% of the Group's total asset of \$83,634 million. The market value of Wynn Resorts as of 31 December 2022 and 30 June 2023, and the performance of the investment during the periods ended 30 June 2022 and 30 June 2023 are as follows:

(HK\$'m)	2022	2023
Market value as at 31 December 2022 and 30 June 2023	3,349	4,305
Unrealised (loss)/gain for the period ended 30 June	(1,123)	956
Dividend income for the period ended 30 June	–	7

The Group considers this investment a long term asset and will continue to closely monitor the performance of our passive minority equity investment in Wynn Resorts, which is a globally recognised entertainment corporation with exceptionally high quality assets and a significant development pipeline.

The Group's total cash and bank balances (including fixed deposits) were \$13,169 million as at 30 June 2023 compared to \$14,011 million as at 31 December 2022 while total borrowings were \$2,353 million as at 30 June 2023 as compared to \$7,505 million as at 31 December 2022. The Group was in a net cash position as at 30 June 2023 and 31 December 2022.

The total borrowings of the Group mainly comprised bank loans which were largely denominated in Hong Kong dollar, Macau Patacas, U.S. dollar, Euro and Renminbi. 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. The Group has no gearing ratio.

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. Surplus cash is generally placed in fixed deposits and high-quality listed debt securities mostly denominated in Hong Kong dollar, Macau Patacas, 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, Macau Patacas, U.S. dollar, Euro and Renminbi. Euro bank loan was utilized to fund and hedge the foreign exchange risk on the Euro-denominated Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco investment in August 2015.

CHARGES ON GROUP ASSETS

No property, plant and equipment, leasehold land and land use rights was pledged to secure banking facilities (31 December 2022: nil). No bank deposit (31 December 2022: \$299 million) was pledged to secure banking facilities.

GUARANTEES

GEG has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to \$5,770 million (31 December 2022: \$5,770 million). At 30 June 2023, facilities utilized by a subsidiary amounted to \$1,667 million (31 December 2022: \$4,228 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to \$41 million (31 December 2022: \$43 million). At 30 June 2023, \$14 million (31 December 2022: \$14 million) had been utilized.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group, excluding associated companies and joint ventures, employed approximately 18,600 employees in Hong Kong, Macau and Mainland China. Employee costs, excluding Directors' emoluments, amounted to \$3,392 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 the world's leading resorts, hospitality and gaming companies, GEG continues to demonstrate our commitment to being a responsible business by integrating environmental, social and governance factors into our strategic decisions and operational processes. During the first half of 2023, GEG participated in and supported numerous initiatives and activities to promote responsible gaming, youth and talent nurturing, sports and cultural development, environmental protection, national education, advance Macau as a "World Center of Tourism and Leisure", and create positive value for society.

Guided by our core values of anticipation, respect, excellence, prudence, efficiency, integrity and teamwork, in the first half of 2023, GEG continued to provide exceptional experiences to our guests, instill pride in our employees, and delight our stakeholders through participating and supporting various community, charitable and volunteering activities.

TEAM MEMBER ENGAGEMENT

Being one of Macau's largest employers, GEG cares about our reputation as an employer of choice and commits to providing a safe and friendly workplace for our team members. We consider our team members as our greatest assets, and emphasize on supporting them in pursuing their career and life ambitions. To attract and retain talents, GEG pays attention to the health and wellness of our team members, and prepares many career development and recreational activities for them and their family members to enjoy.

To promote teamwork, companionship and work-life balance, in the first half of 2023, GEG's Team Member Services and Staff Social Club arranged a number of team member engagement, sports and recreational activities for team members and their family members to participate. Some of these activities included the "GEG Asian Heart Team Member Rally", "Galaxy Macau™ 12th Anniversary Team Member Celebrations", "GEG Chinese New Year Team Member Celebrations", and "GEG Photography Workshop", to name a few.

To celebrate our newly developed properties – the Galaxy International Convention Center and the Galaxy Arena, in March, GEG organized two sessions of the "GEG Asian Heart Team Member Rally". Held at the Galaxy Arena, around 9,000 team members joined for a first-hand experience of the world-class entertainment venue and sharing of team excellence.



Two sessions of the "GEG Asian Heart Team Member Rally" were organized at the Galaxy Arena for team members to be the first to experience this world-class entertainment venue.

CORPORATE SOCIAL RESPONSIBILITY

TALENT MANAGEMENT

GEG attaches great importance to the career development of our team members and dedicates significant resources to assist their personal and professional achievements. Working closely with different local and overseas educational and professional training institutions, GEG designs different training and development programs that strengthens the management and leadership capabilities of team members, contributes to GEG's diversified business needs, and supports Macau's continued economic diversification.

To facilitate the upward mobility of our team members and support them on enhancing their professional advantage, in the first half of 2023, GEG continued to provide:

- GEG Supervisory & Management Skills Programs: These two programs are designed to assist team members in progressing their careers as future Supervisors and Managers by aligning their expectations towards the role, as well as providing techniques to help them excel once they have entered their new role.
- GEG People Management Program: Targeted at middle to senior management team members, this program adopts a blended learning approach to build strong people management practices. Team members will go through a series of online learning modules and participate in classroom workshops. Topics include transferrable skills that will be required as a manager or leader, regardless of department or field.
- Accreditation and Certification Training: GEG will also continue to provide opportunities for team members to achieve locally and internationally recognized qualifications in their respective roles to strengthen their mastery in their areas and gain credible certifications that will help them in their careers.
- Soft Skills Training: A wide range of transferrable soft skills training will also be offered to managerial team members across the enterprise, such as project management, change management and presentation skills. Through these programs, we hope to further strengthen the abilities of our managers and leaders, which supports the company's growth and sustainability, as well as unleash their potentials and helps them achieve their professional goals.
- Trainer Development Programs: As trainers are the enablers in many areas across the organization, their capability in delivering training is of great importance. Hence, we have developed a range of targeted training programs for different levels of trainers.
- Build for the Future Programs: Targeting our senior management and growing our key leaders of today for tomorrow.
- IR-LEAD Career Diversification Program: In support of the Macau SAR Government's initiative to diversify the career and non-gaming skillsets of our gaming team members, this voluntary program aims to help gaming team members obtain cross-departmental work experience into other areas within integrated resort so that they can enhance their professional skills and increase their competitiveness at work. Coverage includes hospitality mindset, positive thinking, problem solving and occupational professionalism, and other departmental specific skills trainings.

In the first half of 2023, GEG organized close to 900 training programs and delivered more than 500,000 hours of in-class, online and on-the-job training to over 17,500 team members.

CORPORATE SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

Responsible Gaming

As the first gaming operator to establish a responsible gaming team, over the years, GEG has been working closely with the Social Welfare Bureau of the Macau SAR Government, the Gaming Inspection and Coordination Bureau of the Macau SAR Government, the Institute for the Study of Commercial Gaming of the University of Macau (“ISCG”), the Centre for Gaming and Tourism Studies of Macao Polytechnic University, and local gaming operators and non-governmental organizations on actively promoting rational gambling behaviors to our team members and the community.

To effectively disseminate responsible gaming messages and concepts, GEG organizes a wide range of promotional activities for our team members and the public on a regular basis. During the first half of 2023, GEG:

- Co-organized the “Stay Sensible with Festive Fun” Roadshow” with The Youth Volunteers Association of Macao (“AJVM”) prior to Chinese New Year to deepen GEG team members’ knowledge of the casino entry law, festive-related gambling myths and the importance of responsible gaming awareness;
- Co-organized the “Responsible Gaming Sandplay Experience Workshop” with Macao Gaming Industry Employees Home (“MGIEH”) and The Chinese Society for Sandplay Therapy to promote responsible gaming and mental health to team members;
- Jointly organized an “Easter Bunny Baking Workshop” with MGIEH to pass money management and responsible gaming concepts to parents and children while baking;
- Launched the “Tips for Healthy Lifestyle” Roadshow with Sheng Kung Hui Macau Social Services Coordination Office at the back-of-house areas of GEG properties to educate team members of the relationship and consequences of stress, anxiety, depression and addictive gambling in hopes of encouraging them to maintain healthy lifestyle practices;
- Title-sponsored AJVM’s organization of a month-long “GEG Presents – Responsible Gaming Mental Health Online” campaign where infographics were shared on social media platforms for the public to better understand different ways of improving physical and mental wellness and to learn about stress and emotional management with a positive attitude;
- Delivered a “Responsible Gaming Parent-child Stone Painting Workshop” with AJVM where parents and children listened to a responsible gaming talk, played money management board games, and relieved stress through stone painting;
- Cooperated with MGIEH on holding the “Understand More About Casino Entry Law” responsible gaming roadshow in the back-of-house areas of GEG properties during which key information and regulations on the Macau SAR Government’s responsible gaming policies were promoted to team members via information displays and interactive games aimed at reinforcing their understanding of the related legal supervisions and the importance to law abidance; and
- Worked with ISCG on providing the annual Responsible Gaming Management Team training to designated frontline team members so that they remained up-to-date on the government’s latest responsible gambling measures and guidelines.

CORPORATE SOCIAL RESPONSIBILITY



GEG continued to organize different responsible gaming activities and trainings with local non-governmental associations and academic professionals to strengthen the responsible gaming knowledge of GEG team members and the community.

Galaxy Entertainment Group Foundation

In operating a sustainable and successful business, GEG is mindful of the impact it has on the community it operates in. GEG strongly believes in sharing its success with the community in order to help it develop and grow, in particular by focusing on nurturing young people in the community through philanthropic initiatives and upholding its corporate social responsibilities, so as to bring about a brighter future for our next generation.

It is with this commitment that in April 2015, GEG established the Galaxy Entertainment Group Foundation (the “Foundation”) with the goal of investing in, and giving back to the community. The Foundation operates independently from GEG, with its own Board of Trustees, and focuses on philanthropic activities to nurture young people by instilling in them positive life values, as well as enhancing their education and employment opportunities. Ultimately, it hopes to enable the next generation to attain a higher standard of living and acquire the toolset to craft a collaborative and inclusive community, with these young people maturing to become responsible citizens of our community.

In the first half of 2023, the Foundation continued to develop the “GEG Arts & Culture Initiative”, which aims at popularizing arts and cultures in Macau, especially among young people. From September 2022 to February 2023, the Foundation made it possible for 800 students and teachers to visit GalaxyArt for educational programs, special topic seminars and curated exhibition tours of the “5 a.m.” oil painting exhibition that showcased over 40 art pieces by Macau artist Yuen Wai-lp, to learn from his artworks the different life reflections and changes in society from 1990s to 2020s. In addition, docent-led guided tours were also conducted for the general public while 19 art appreciation workshops entitled “The Clumsy Artist” were delivered for children.

To further strengthen Macau’s integration of “tourism + art”, the Foundation also took part in the 33rd Macao Arts Festival. As part of the “GEG Arts & Culture Initiative”, the Foundation supported the Cultural Affairs Bureau of the Macau SAR Government (“ICM”) on hosting the selected screenings of two international stage performances – “The Hours” and “PINA”, by providing venue at the Grand Theatre of Galaxy Cinemas.

With regard to the “GEG Cultural & Academic Fund” that the Foundation had launched in 2021 to promote the Portuguese language and the cultural exchange between Portuguese-speaking countries and Macau, the Foundation continued to fund the Instituto Português do Oriente in hosting its annual “Letras & Companhia”, or “Alphabets and Friends” Literary and Cultural Festival for the third consecutive year. From April to May, a series of activities, including the donation of Portuguese-language books to libraries at 34 primary and secondary schools in Macau, the organization of Portuguese creative writing workshops, book market, bilingual story-telling sessions, concerts, and art performances were held.

CORPORATE SOCIAL RESPONSIBILITY

Working with the University of Saint Joseph's Bishop Domingos Lam Centre for Research in Education, the "GEG Chinese Literacy Development Scheme" continued to support children, parents and schools on Chinese language development for kindergarten children. Trainings were continuously held for teachers from participating kindergartens so that they have the necessary skills to identify kindergarten children in need of enhancing proficiency in the Chinese language, and to conduct consequent intervention programs. From December 2022 to January 2023, 71 kindergarten teachers completed the "Early Education Professional Development Basic Course: Early Literacy Support" training co-hosted by the Education and Youth Development Bureau of the Macau SAR Government ("DSEDJ") and the University of Saint Joseph.

To further support parents, three online seminars were offered to 160 parents of children attending the participating kindergartens, introducing them to the appropriate developmental language level expected for their children, as well as methods on how parents can be involved in helping their child grasp language concepts and improve their language skills.

In addition, the project team also connected with the community by participating in various events, such as the "World Book Day" event held at the University of Saint Joseph in April and Macau Spring Book Fair at Tap Seac Multi-sports Pavilion, hosting reading corners, children books section and parent-child shared reading demonstration workshops and seminars to the parents and children, aiming to encourage parental co-reading and enhancing the public's knowledge of young children's literacy development.



GalaxyArt welcomed parents and children to "The Clumsy Artist" art appreciation workshops.



Educational Program specially curated for local schools were offered at GalaxyArt.



The Foundation funded "Alphabets and Friends" Literary and Cultural Festival for the third consecutive year.



Parents and children participated in co-reading workshops under the "GEG Chinese Literacy Development Scheme".

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY & CHARITABLE ACTIVITIES

Upholding our philosophy of “what is taken from the community is to be used for the good of the community”, GEG continued to attend to the needs of the community by extending our care and donating to organizations and people in need. With a motto of “Community at Heart, Empathy in Action”, the GEG Volunteer Team stayed active, and organized a number of volunteering activities and “Empathy in Action” Volunteer Training Program to promote inclusivity and social harmony. Some of the activities held in the first half of 2023 includes:

- Pre-Chinese New Year elderly home visits;
- “Paws of Fury” movie screening and Galaxy Kidz “Spring Arts and Crafts Workshop” with parents and children;
- Food hamper distribution to underprivileged families at the Welfare Shop of Macau Holy House of Mercy;
- Workshop on “How to provide care to the elderly”; and
- Workshop on “Understanding the needs of people with disabilities and how to support them”, to name a few.



Mr. Philip Cheng, Director of Galaxy Casino, S.A. (4th to the right), presented a MOP300,000 cheque to the Welfare Shop of Macau Holy House of Mercy in support of the program for the 11th consecutive year.



Close to 100 parents and children from the Women’s General Association of Macau joined GEG volunteers for a workshop on Chinese calligraphy and traditional paper-cutting at the Galaxy Kidz “Spring Arts and Craft Workshop”.



As part of the “Empathy in Action” Volunteer Training Program, GEG volunteers attended a workshop on “How to provide care to the elderly” conducted by Caritas Macau.

CORPORATE SOCIAL RESPONSIBILITY

SPORTS DEVELOPMENT

To support the development of sports tourism and enrich Macau's offerings as a "World Center of Tourism and Leisure", GEG continues to work closely with the Macau SAR Government and the local community on bringing in more attractive and large-scale sporting events to Macau. In the first half of 2023, GEG:

- Organized the WTT Champions Macao 2023 presented by Galaxy Entertainment Group;
- Title-sponsored the launch of the "Galaxy Entertainment Group Presents - We Are Macau Athletes" campaign;
- Participated in the 2023 Macao International Dragon Boat Races;
- Participated in the Macau Women's Sports Festival 2023;
- Participated in the "2023 Caritas Macau 3 x 3 Basketball Tournament";
- Participated in the "Gaming Employees Home Table Tennis and Badminton Competitions"; and
- Joined the "2023 Macau Special Olympics Charity Soccer and Bowling Tournaments", to name a few.



After presenting the "WTT Champions Macao" for three times, GEG co-organized the WTT Champions Macao 2023 with the Sports Bureau of the Macau SAR Government and World Table Tennis.



Title-sponsored the "Galaxy Entertainment Group Presents - We are Macau Athletes" campaign organized by the Macau Sports Channel and supported by the Sports Bureau of the Macau SAR Government and DSEDJ.

CULTURE AND ARTS DEVELOPMENT

GEG believes in the importance of cultural diversity in maintaining Macau's status as a cultural and tourism capital. We are proud to be able to take on the responsibility of disseminating and promoting the diverse cultures of Macau to the local community and beyond, as well as to support Macau's development as a "One Center, One Platform and One Base".

To facilitate arts and cultural exchanges in the community, GEG leveraged on the non-profit art gallery GalaxyArt and held the "Artists-in-Residence: Summer Love" exhibition from 31 March to 30 June 2023. The exhibition showcased the works of talented Macau and Hong Kong artists, who used the walls at GalaxyArt as their canvas for their artistic creations.

CORPORATE SOCIAL RESPONSIBILITY

In addition, GEG also continued to provide venue sponsorships and other supports to different arts and performance troupes, community associations and charitable organizations in arranging their arts and cultural activities at our properties via the GEG Venue Partnership Pilot Program. Besides, GEG also continued to support Macau on expanding its tourism offerings by contributing to the “tourism plus” initiatives of various Macau SAR Government departments and community tourism revitalization projects. In the first half of 2023, GEG:

- Co-sponsored the “Super Trio CNY Countdown Celebration 2023” variety show at Broadway Theatre;
- Venue sponsored the “Flower Rains Along Silk Road” Chinese dance drama by Gansu Provincial Song and Dance Troupe at Broadway Theatre;
- Venue sponsored the “Art • Music Unlimited” inclusive performance by Macau Association for Intellectual Development Services at Broadway Theatre;
- Supported the “Pet Weekend Market” at Broadway Food Street for Macau residents to have another pet-friendly location to spend the weekend playing games, buying pet products, take photos and to enjoy leisure time with their furry friends;
- Participated in the “Parade for Celebration of the Year of the Rabbit” organized by the Macao Government Tourism Office;
- Supported the “Strolling Through Almeida Ribeiro – Pilot Project for a Pedestrian Area” jointly organized by various departments of the Macau SAR Government; and
- Supported ICM and the Architects Association of Macau in launching the “Call for Design Proposals for Public Art Installations and Public Facilities for Lai Chi Vun Shipyards – Plots X11 to X15”, to name a few.

CORPORATE SOCIAL RESPONSIBILITY



“Super Trio CNY Countdown Celebration 2023” at Broadway Theatre.



“Parade for Celebration of the Year of the Rabbit”

EDUCATION AND YOUTH DEVELOPMENT

To support talent cultivation, GEG works with many educational and professional learning institutions on developing different programs to help provide young people with the building blocks they need for future success. In the first half of 2023, GEG supported and organized a wide range of talent development activities, including:

- Jointly launched an Integrated Resort Youth Development Program with the Labour Affairs Bureau of the Macau SAR Government (“DSAL”) to provide comprehensive training and career development opportunities for residents to develop their careers in the integrated resort sector;
- Provided MICE facilities’ guided tours for close to 50 lecturers and students of the Vocational Training Program with Subsidy – 12th Edition of MICE Assistant Training Course that was jointly organized by the DSAL and the School of Liberal Arts of Macau University of Science and Technology;
- Provided Galaxy Macau™ guided tours and guest lectures for over 150 students from local universities to increase their exposure to world-class integrated resort facilities;
- Launched an enhanced U-LEAD Graduate Internship Program that incorporates new MICE opportunities and provides a broader internship platform for local high potentials;
- Organized a “Meta With U Workshop” for participants of the GEG Youth Achievement Program (“GEG YAP”) co-organized with the Macau Management Association for young people to better understand latest digital technology development, XR technology, NFT business applications, and metaverse developments and opportunities in Macau and China; and
- Organized a field trip to Zhuhai Aerospace Land for participants of the GEG YAP to allow young people to better understand China’s development in AI, AR technology and cloud computing, as well as China’s leading scientific and technological projects, to name a few.

CORPORATE SOCIAL RESPONSIBILITY



GEG held an inauguration ceremony for the Integrated Resort Youth Development Program.



GEG YAP participants joined a field trip to Zhuhai Aerospace Land.

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Committed to building a greener city for our future generation, GEG integrates sustainability into our business strategy and conducts business in an environmentally responsible manner. Continuing to monitor our environmental performance and strive for reductions in our environmental impact, new initiatives and technologies implemented in the first half by GEG includes:

- Replacing plastic amenities such as combs and toothbrushes that are used at the hotels at Galaxy Macau™ with bamboo products that come with cornstarch packaging;
- Replacing single-use bottles of amenities used at Galaxy Hotel™ and Broadway Macau™ with refillable containers;
- Installing Multi-Function Device that are equipped with sensors for measuring food temperatures at the production kitchen at Galaxy Macau™ such to reduce compressor on-off period, improve energy and cost efficiency, and overall food safety by ensuring that food is stored and prepared at the correct temperatures;
- Installing Electronic Induction Device for the electrical heaters at Galaxy Macau™ to reduce scale formation and build-up so as to improve efficiency, maintenance costs, and life-cycles of electrical heaters;
- Replacing hot water piping insulation at StarWorld Macau to reduce diesel consumption and energy loss;
- Installing sun control window films for façade window at StarWorld Macau to block sunlight and reduce energy consumption by air conditioning system;
- Exploring with suppliers on installing superchargers and wall chargers for EV electric vehicles at the carpark at StarWorld Macau to further support the city's carbon emissions reduction plan; and
- Testing and exploring wind power generation at the rooftop at StarWorld Macau with installation of a pilot wind turbine that supplies power to the property's back-of-house plant, to name a few.

CORPORATE SOCIAL RESPONSIBILITY

To support us in meeting our energy saving, water saving, and waste diversion targets set for 2023, GEG also continued to:

- Conduct Energy and Environmental Assessments within the Environmental Services at Galaxy Macau™ and Broadway Macau™ to continuously evaluate and enhance our environmental practices with focus on improving our energy efficiency, water and waste reduction;
- Update the Environmental Aspects and Control Register to cover departments such as Housekeeping, F&B, Engineering and Facilities, Design and Development, and Contractors so as to enable us to more effectively manage resource life cycles and monitor waste disposal, reuse and recycling processes at all GEG properties;
- Remain committed to implementing our Integrated Management System for ISO45001, 14001 and 50001 to ensure high standards of environmental management and occupational health and safety across all GEG properties;
- Implement paperless carpark and mobile receiving and delivery solutions at Galaxy Macau™ to reduce paper usage and digitalize the service process for greater efficiency;
- Install additional Reverse Vending Machines at the back-of-house areas at Galaxy Macau™ to encourage and increase plastic bottle recycling by team members;
- Regularly replace LED lights and add motion sensors to LED lights at the back-of-house areas across all of our properties;
- Install high efficiency motors and fan coil units in the back-of-house areas at Galaxy Macau™ and StarWorld Macau to further improve the energy efficiency of our heating, ventilation, and air conditioning systems and lower operating costs;
- Re-use low temperature condensate drain water from air conditioning units for Cooling Tower feed water at Galaxy Macau™ to lower the temperature of the water supplied to the chiller and improving chiller efficiency;
- Retro-commission the cooling tower and re-adjust the fan blade angle at Galaxy Macau™ to lower wind resistance and enhance the efficiency of the HVAC – Water-Side/Central Chiller Plant;
- Rebalance and optimize the indoor air at the mass gaming hall and retail areas at Galaxy Macau™ to maintain positive pressure, prevent hot and high humidity air infiltration and improve the overall comfort of the indoor environment for guests; and
- Replace ageing Chilled Water pipe insulation at Galaxy Macau™ and StarWorld Macau to avoid the degradation of the HVAC system's performance.

CORPORATE SOCIAL RESPONSIBILITY

Believing that sustainable practices begins with awareness, in the first half of 2023, GEG also continued to hold various environmental engagement activities for our team members, including:

- Conducting “Sustainability Awareness & EarthCheck Training” for members of the GEG Green Team to enhance their environmental knowledge and sustainability culture;
- Hosting online Green Quizzes and establishing Green Training Cards to promote energy conservation and environmental sustainability;
- Participating in Earth Hour for the 16th consecutive year and the monthly “Lights Out” campaign on the first Tuesday of each month;
- Participating in the Red Packet Recycling Campaign organized by the Environmental Protection Bureau of the Macau SAR Government;
- Observing World Water Day by collaborating with Green Future Macau to host a workshop at Galaxy Macau™ to enhance teammates’ knowledge on conserving water and reducing water pollution; and
- Raising internal awareness about sustainability by sending monthly Environmental and Energy Conservation Ideas and Reminders, as well as quarterly Sustainability Newsletters to team members.

With regard to waste management, GEG has a comprehensive recycling program in place at all our properties. In the first half of 2023, GEG recycled approximately 425.05 tons of cardboard and paper materials 25.65 tons of plastics, 35.60 tons of metals, 23.62 tons of glass bottles, 31.48 tons of waste oil, and 0.32 tons of printer cartilages.

In recognition of our continued achievements, in the first half of 2023, Galaxy Macau™’s hotel brands Banyan Tree Macau, JW Marriott Hotel Macau and The Ritz-Carlton, Macau obtained the Macao Green Hotel Award – Gold Award. Additionally, we are also renewing the EarthCheck Gold Certification for Banyan Tree Macau and the EarthCheck Silver Certification for Galaxy Hotel™ and Hotel Okura Macau, respectively.

CONSTRUCTION MATERIALS DIVISION

Corporate Social Responsibility

Our Construction Materials Division (“CMD”) upholds the belief of “giving back to the society” and endeavors to help those in need. The two-year “KWCM-ELCHK Cares” programme that was jointly organized by CMD and the Evangelical Lutheran Church of Hong Kong (“ELCHK”) to support underprivileged families in Tai Po district has successfully concluded, despite the previous delays caused by COVID-19. Over the past three years, CMD worked closely with ELCHK Tai Wo Integrated Youth Service Centre to empower young people to unleash their potential and achieve their dreams. Various meaningful workshops, interactive play and recreational activities, covering educational enrichment, career development, Science, Technology, Engineering & Mathematics (“STEM”) learning were delivered for children from underprivileged families. CMD also continued to sponsor the 5-year education fund in Zhaotong, Yunnan Province to enhance the learning environment of underprivileged undergraduates and secondary school students in Zhaotong. As a result of our continued contributions to the society, CMD received the “20 Years Plus” Caring Company Logo from The Hong Kong Council of Social Service.

CORPORATE SOCIAL RESPONSIBILITY

Health, Safety and Environmental Protection

Ensuring work safety is of utmost importance to CMD. CMD actively promotes a safety culture within the workplace, with the safety of employees being the highest priority. To promote safety awareness at the workplace, CMD organized a slogan competition, inviting participants to submit a slogan with a designed theme on occupational safety awareness. Furthermore, CMD continuously strives to decarbonize its operations by transitioning to renewable energy sources. As part of this initiative, CMD has installed 180 solar panels at its Sheung Shui asphalt plant, which was commissioned in early 2023.

Employee Engagement

CMD values the wellbeing and health of employees. In an effort to create a harmonious workplace, CMD regularly organizes a wide range of wellness activities including Lunch & Learn Workshops, talks and festival celebrations. In addition, a Dragon Boat Team was formed to foster the culture of work-life balance and team spirit, further reinforcing CMD's commitment to the overall wellbeing of employees.



The two-year “KWCM-ELCHK Cares” programme has successfully concluded.



CMD regularly organizes a wide range of wellness activities including Lunch & Learn Workshops.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of Galaxy Entertainment Group Limited

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 67, which comprises the condensed consolidated balance sheet of Galaxy Entertainment Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the six-month period then ended, and selected 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” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 17 August 2023

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue (Note)	6	15,715,349	6,523,844
Other income/gains, net	8(a)	265,804	377,045
Special gaming tax and other related taxes to the Macau Government		(5,488,075)	(1,906,419)
Raw materials and consumables used		(702,433)	(645,917)
Amortisation and depreciation	8(b)	(1,187,141)	(1,038,773)
Employee benefit expenses		(3,480,227)	(2,868,280)
Other operating expenses	8(c)	(2,101,300)	(1,253,326)
Finance costs	9	(122,915)	(42,002)
Share of profits less losses of:			
Joint ventures		45,360	51,744
Associated companies		(27)	79
Profit/(loss) before taxation	8(b)	2,944,395	(802,005)
Taxation charge	10	(46,945)	(42,985)
Profit/(loss) for the period		2,897,450	(844,990)
Attributable to:			
Equity holders of the Company		2,890,261	(850,473)
Non-controlling interests		7,189	5,483
		2,897,450	(844,990)
Earnings/(loss) per share	12	HK cents	HK cents
Basic		66.2	(19.5)
Diluted		66.1	(19.5)
Note: Analysis of revenue		HK\$'000	HK\$'000
Gross revenue from gaming operations		13,728,266	4,600,372
Commission and incentives		(1,816,254)	(470,123)
Net revenue from gaming operations		11,912,012	4,130,249
Revenue from hotels, mall operations and others		2,296,148	1,078,501
Sales of construction materials		1,507,189	1,315,094
		15,715,349	6,523,844

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2023

	2023 HK\$'000	2022 HK\$'000
Profit/(loss) for the period	2,897,450	(844,990)
Other comprehensive income/(loss)		
Items that will not be subsequently reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	1,188,170	(999,230)
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	(63,477)	(68,601)
Share of translation differences of joint ventures	(64,552)	(90,765)
Other comprehensive income/(loss) for the period, net of tax	1,060,141	(1,158,596)
Total comprehensive income/(loss) for the period	3,957,591	(2,003,586)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	3,962,516	(1,984,773)
Non-controlling interests	(4,925)	(18,813)
	3,957,591	(2,003,586)

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2023

	Note	30 June 2023 HK\$'000	31 December 2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	47,188,186	45,542,295
Right-of-use assets	13	4,922,059	4,787,811
Intangible assets	13	2,623,248	32,949
Joint ventures		1,349,818	1,396,078
Associated companies		2,418	2,444
Financial assets at amortised cost	14	5,476,550	6,694,557
Financial assets at fair value through other comprehensive income	15	5,419,187	4,214,239
Financial asset at fair value through profit or loss	16	64,410	272,104
Other non-current assets	17	148,916	106,666
		67,194,792	63,049,143
Current assets			
Inventories		217,506	208,995
Debtors and prepayments	18	1,448,657	1,152,535
Amounts due from joint ventures		139,334	174,210
Taxation recoverable		28,913	29,193
Current portion of financial assets at amortised cost	14	1,424,793	2,324,512
Cash and cash equivalents and other bank deposits		13,179,834	14,022,744
		16,439,037	17,912,189
Total assets		83,633,829	80,961,332

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2023

	Note	30 June 2023 HK\$'000	31 December 2022 HK\$'000
EQUITY			
Share capital and shares held for share award scheme	19	24,012,432	23,968,153
Reserves		44,022,002	39,945,783
Equity attributable to owners of the Company		68,034,434	63,913,936
Non-controlling interests		537,259	551,429
Total equity		68,571,693	64,465,365
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		159,473	167,312
Lease liabilities		583,944	433,063
Retention payable		452,360	429,012
Macau gaming concession payable		2,346,793	–
Non-current deposits and other payables		174,463	167,597
		3,717,033	1,196,984
Current liabilities			
Creditors and accruals	21	8,780,559	7,689,593
Amounts due to joint ventures		72,965	6,216
Current portion of lease liabilities		62,670	49,922
Borrowings	20	2,353,015	7,505,246
Provision for tax		75,894	48,006
		11,345,103	15,298,983
Total liabilities		15,062,136	16,495,967
Total equity and liabilities		83,633,829	80,961,332
Net current assets		5,093,934	2,613,206
Total assets less current liabilities		72,288,726	65,662,349

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2023

	2023 HK\$'000	2022 HK\$'000
Net cash from/(used in) operating activities	5,191,499	(1,635,998)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,269,042)	(3,067,316)
Purchase of intangible assets	(27,414)	(1,845)
Proceeds from disposal of property, plant and equipment	1,377	30
Proceeds from disposal of subsidiaries	1,360	–
(Increase)/decrease in advances to joint ventures	(2,687)	12,947
Increase in deferred receivable	(6,032)	(2,318)
Increase in deposit paid for other non-current assets	(21,693)	–
Decrease in finance lease receivable	–	6,750
Purchase of financial assets	–	(1,166,284)
Proceeds from redemption/disposal of financial assets	2,110,158	2,424,907
Interest received	445,389	746,548
(Increase)/decrease in short-term bank deposits with maturity over three months and short-term pledged bank deposits	(3,286,395)	4,476,339
Dividend received from listed investment	7,128	–
Dividends received from joint ventures	45,068	141,309
Net cash (used in)/from investing activities	(4,002,783)	3,571,067
Cash flows from financing activities		
Issue of new shares	16,574	40,636
Shares purchased by the trustee	(7,700)	(6,477)
New bank loans	2,371,193	9,630,938
Repayment of bank loans	(8,160,000)	(7,294,838)
Principal elements of lease payments	(49,246)	(27,823)
Principal elements of Macau gaming concession payment	(93,429)	–
Dividends paid to shareholders	–	(1,307,566)
Dividends paid to non-controlling interests	(5,193)	(7,560)
Return of capital to non-controlling interests	(350)	–
Net cash (used in)/from financing activities	(5,928,151)	1,027,310
Net (decrease)/increase in cash and cash equivalents from 1 January to 30 June	(4,739,435)	2,962,379
Cash and cash equivalents at 1 January	13,495,789	13,606,743
Translation differences	(21,646)	8,775
Cash and cash equivalents at 30 June	8,734,708	16,577,897
Analysis of cash and cash equivalents		
Cash and other bank deposits	13,168,498	16,858,363
Other cash equivalents	11,336	11,276
Cash and cash equivalents and other bank deposits	13,179,834	16,869,639
Less: short-term bank deposits with maturity over three months and short-term pledged bank deposits	(3,585,316)	(291,742)
Less: bank overdrafts	(859,810)	–
Cash and cash equivalents at 30 June	8,734,708	16,577,897

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2023

	Share capital HK\$'000	Shares held for share award scheme HK\$'000	Reserves HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2022	23,598,067	(10)	44,826,622	68,424,679	651,061	69,075,740
Comprehensive income						
(Loss)/profit for the period	-	-	(850,473)	(850,473)	5,483	(844,990)
Other comprehensive loss						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	(999,230)	(999,230)	-	(999,230)
Translation differences of subsidiaries	-	-	(54,548)	(54,548)	(14,053)	(68,601)
Share of translation differences of joint ventures	-	-	(80,522)	(80,522)	(10,243)	(90,765)
Total other comprehensive loss, net of tax	-	-	(1,134,300)	(1,134,300)	(24,296)	(1,158,596)
Total comprehensive loss for the period	-	-	(1,984,773)	(1,984,773)	(18,813)	(2,003,586)
Transactions with equity holders						
Injection of capital from non-controlling interests	-	-	-	-	20	20
Dividends paid to non-controlling interests	-	-	-	-	(7,560)	(7,560)
Share award scheme – shares issued to the trustee	12	(12)	-	-	-	-
Share award scheme – shares purchased by the trustee	-	(6,477)	-	(6,477)	-	(6,477)
Shares vested pursuant to share award scheme	26,655	6,481	(33,136)	-	-	-
Issue of shares upon exercise of share options	40,982	-	(346)	40,636	-	40,636
Fair value of share options granted	-	-	44,601	44,601	-	44,601
Fair value of share awards granted	-	-	34,014	34,014	-	34,014
Special dividends (note 11)	-	-	(1,307,566)	(1,307,566)	-	(1,307,566)
At 30 June 2022	23,665,716	(18)	41,579,416	65,245,114	624,708	65,869,822
At 1 January 2023	23,968,164	(11)	39,945,783	63,913,936	551,429	64,465,365
Comprehensive income						
Profit for the period	-	-	2,890,261	2,890,261	7,189	2,897,450
Other comprehensive income/(loss)						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	1,188,170	1,188,170	-	1,188,170
Translation differences of subsidiaries	-	-	(56,962)	(56,962)	(6,515)	(63,477)
Share of translation differences of joint ventures	-	-	(58,953)	(58,953)	(5,599)	(64,552)
Total other comprehensive income/(loss), net of tax	-	-	1,072,255	1,072,255	(12,114)	1,060,141
Total comprehensive income/(loss) for the period	-	-	3,962,516	3,962,516	(4,925)	3,957,591
Transactions with equity holders						
Return of capital to non-controlling interests	-	-	-	-	(350)	(350)
Disposal of a subsidiary	-	-	-	-	(3,702)	(3,702)
Dividends paid to non-controlling interests	-	-	-	-	(5,193)	(5,193)
Share award scheme – shares purchased by the trustee	-	(7,700)	-	(7,700)	-	(7,700)
Shares vested pursuant to share award scheme	22,811	7,704	(30,515)	-	-	-
Issue of shares upon exercise of share options	21,464	-	(4,890)	16,574	-	16,574
Fair value of share options granted	-	-	68,262	68,262	-	68,262
Fair value of share awards granted	-	-	80,846	80,846	-	80,846
At 30 June 2023	24,012,439	(7)	44,022,002	68,034,434	537,259	68,571,693

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

The financial information relating to the year ended 31 December 2022 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2023 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) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the 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 17 August 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION

2. MACAU GAMING CONCESSION

Gaming in Macau is administered by the Government of the Macau Special Administrative Region (the “Macau Government”) through concession awarded, of which the Company’s principal subsidiary, Galaxy Casino, S.A. (“GCSA”) is one of Concessionaires.

On 16 December 2022, the Macau Government and GCSA entered into a new Gaming Concession Contract for a term of 10 years, from 1 January 2023 to 31 December 2032. Under the terms of the new Gaming Concession Contract, GCSA is required to pay the Macau Government fixed and variable annual premium during the 10-year term with effect from 1 January 2023 onwards. The annual premium is comprised of a fixed amount MOP30 million (equivalent to approximately HK\$29.13 million) and an annual amount of MOP300,000 (equivalent to approximately HK\$291,262) for each gaming table exclusively for particular games or players, MOP150,000 (equivalent to approximately HK\$145,631) for each other gaming table, and MOP1,000 (equivalent to approximately HK\$971) for one gaming machine, including slot machines, operated by GCSA. In addition, GCSA commits to invest MOP28.35 billion (approximately HK\$27.52 billion), which includes MOP27.45 billion (approximately HK\$26.65 billion) in non-gaming facilities and activities and MOP0.9 billion (approximately HK\$0.87 billion) on gaming, primarily investing in the tourism and entertainment sectors that will be spent, over the span of the new Gaming Concession Contract, to support the Macau Government’s objectives to further develop and diversify Macau’s economy and attract more overseas visitors.

In addition, separate contracts for the reversion of casinos and related assets for gaming business to the Macau Government (the “Reversion of Property Contract”) were signed by the Group on 30 December 2022, pursuant to which, casino areas of Galaxy Macau, StarWorld and Broadway held by subsidiaries of GEG, together with the revertible gaming assets held by GCSA are to be reverted to the Macau Government without compensation and the Macau Government temporarily handed over to the Group for its continuing use in gaming operations during the 10-year term (commencing from 1 January 2023) of the new Gaming Concession Contract. As the control and the economic benefits of these casino areas and gaming assets will be continuously retained by the Group and with the assumption of the subsequent successful retention and tendering of the gaming concession, GCSA will continue to recognise these casino areas and gaming assets as right-of-use assets and property, plant and equipment and depreciate their carrying amounts over their estimated remaining useful lives. In exchange for the use of reverted casino areas and gaming assets, GCSA agreed to make annual payments to the Macau Government for MOP750 (equivalent to approximately HK\$728) per square meter for the first three years, and MOP2,500 (equivalent to approximately HK\$2,427) per square meter for the remaining years of the term of the new Gaming Concession Contract through 31 December 2032, subject to adjustment based on the average price index in Macau. This contractual payment is also considered as part of the consideration of the intangible asset of the right to conduct games of chance in Macau.

On 1 January 2023, GCSA recognised an intangible asset and corresponding financial liability of MOP2.79 billion (equivalent to approximately HK\$2.71 billion), with non-current portion of the financial liability of HK\$2.44 billion included in “Macau gaming concession payable” and the current portion of HK\$0.27 billion included in “Creditors and accruals” respectively, representing the right to conduct games of chance in Macau and the unconditional obligation to make payments under the new Gaming Concession Contract and the Reversion of Property Contract. This intangible asset comprises the contractual annual payments of fixed and variable premiums, as well as payments associated with the Reversion of Property Contract. The contractual annual variable premium payments associated with the intangible asset was determined using the total number of gaming tables and gaming machines approved by the Macau Government. The intangible asset is being amortised on a straight-line basis over the 10-year term of the new Gaming Concession Contract. As at 30 June 2023, the net book value of intangible asset recorded as HK\$2.57 billion while non-current and current portion of the financial liability recorded as HK\$2.35 billion and HK\$0.27 billion respectively.

NOTES TO THE INTERIM FINANCIAL INFORMATION

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities, which are carried at fair values. The interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies used in the preparation of the interim financial information are consistent with those used and as described in the annual consolidated financial statements of the Company for the year ended 31 December 2022, except as described below:

(a) The adoption of new and amended standards

In 2023, the Group adopted the following new and amended standards which are relevant to its operations:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts

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

(b) Amendments to existing standards and interpretation that are not yet effective

Amendments	Effective for accounting periods beginning on or after	
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments, estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2022.

5. FINANCIAL RISK MANAGEMENT

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

The interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. There have been no changes in the financial risk management objectives and policies of the Group since 2022 year end.

5.1 Fair value estimation

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2023 and 31 December 2022:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2023				
Assets				
Financial asset at fair value through profit or loss				
– Unlisted investment	–	–	64,410	64,410
Financial assets at fair value through other comprehensive income				
– Unlisted investments	–	–	3,053	3,053
– Listed investments	5,416,134	–	–	5,416,134
Total	5,416,134	–	67,463	5,483,597

At 31 December 2022

Assets

Financial asset at fair value through profit or loss				
– Unlisted investment	–	–	272,104	272,104
Financial assets at fair value through other comprehensive income				
– Unlisted investments	–	–	3,018	3,018
– Listed investments	4,211,221	–	–	4,211,221
Total	4,211,221	–	275,122	4,486,343

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

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves.
- For investments in unlisted debt instruments without recent transactions, management has established fair values of these instruments by using appropriate valuation techniques. Such valuation techniques may consider original transaction price and take into account relevant developments since the acquisition of the investments and other factor pertinent to the valuation of the investments such as preferential rights of the shares held, market volatility and initial public offering probability, with reference to recent third party transactions of comparable type of instruments and reliable indicative offers from potential buyers. The higher the discount, the lower the fair values of unquoted direct investment. Independent external valuer has been involved in determining the fair value, when appropriate.
- Other techniques, such as discounted cash flow analysis or prices in recent transactions, are used to determine fair value for the remaining financial instruments.

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

The following table presents the changes in level 3 instruments for the period ended 30 June 2023 and 2022:

	Financial assets at fair value through other comprehensive income		Financial asset at fair value through profit or loss	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
At beginning of the period	3,018	17,876	272,104	–
Additions	–	–	–	479,521
Gain/(loss) recognised in other comprehensive income	35	(14,860)	(207,694)	–
At end of the period	3,053	3,016	64,410	479,521

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. REVENUE

Revenue recognised during the period are as follows:

	2023 HK\$'000	2022 HK\$'000
Gaming operations		
Net gaming wins	13,724,630	4,576,157
Contributions from City Club Casinos (note a)	–	17,358
Tips received and administrative fees	3,636	6,857
Gross revenue from gaming operations	13,728,266	4,600,372
Less: Commission and incentives	(1,816,254)	(470,123)
Net revenue from gaming operations	11,912,012	4,130,249
Revenue from hotels, mall operations and others (note b)	2,296,148	1,078,501
Sales of construction materials	1,507,189	1,315,094
	15,715,349	6,523,844

Notes:

- (a) In respect of the operations of City Club Casinos (the “City Club Casinos”), the Group entered into agreements (the “Agreements”) with third-party service providers for the provision of a steady flow of customers to the City Club Casinos and for procuring and/or introducing customers to these casinos for a term up to 26 June 2022. After analysing the risks and rewards attributable to the Group under the Agreements, the Group entitled to revenue from the City Club Casinos amounting to HK\$17,358,000 during the period ended 30 June 2022. 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.

Upon expiration of the Agreements, the Group continued the gaming operation of Waldo Casino only and entered into a new agreement with third-party service provider for the period from 27 June 2022 to 31 December 2025. According to the new agreement, the Group maintains control of the gaming operation and therefore recognise the gaming revenue and relevant expenses including special gaming tax, other related taxes to the Macau Government in the financial information.

- (b) Revenue from hotels, mall operations and others includes rental income amounted to approximately HK\$855 million (2022: HK\$613 million).

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. SEGMENT INFORMATION

The Board of Directors is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, based on a measurement of adjusted earnings/(loss) 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, foreign exchange gain or loss, fair value change on financial assets at fair value through profit or loss, gain or loss on disposal and write-off of property, plant and equipment and intangible assets, and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes taxation of joint ventures and associated companies, the effects of share option expenses and share award expenses.

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

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
Six months ended 30 June 2023				
Revenue recognised under HKFRS	14,208,160	1,507,189	-	15,715,349
Adjusted EBITDA including share of results of joint ventures and associated companies	4,127,310	329,310	(76,525)	4,380,095
Interest income and dividend income from listed investment				433,931
Amortisation and depreciation				(1,187,141)
Finance costs				(122,915)
Taxation charge				(46,945)
Adjusted items:				
Taxation of joint ventures and associated companies				(6,941)
Pre-opening expenses				(138,192)
Reversal of impairment loss on property, plant and equipment				16,796
Share option expenses				(68,262)
Share award expenses				(80,846)
Fair value change on financial assets at fair value through profit or loss				(207,694)
Donation and sponsorship				(5,696)
Foreign exchange loss				(17,219)
Others				(51,521)
Profit for the period				2,897,450
Share of results of joint ventures and associated companies	18,300	27,033	-	45,333

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
Six months ended 30 June 2022				
Reportable segment revenue	5,384,085	1,315,094	–	6,699,179
Adjusted for:				
City Club Casinos arrangement set out in note 6				
Revenue not recognised	(197,513)	–	–	(197,513)
Contributions	17,358	–	–	17,358
Others	4,820	–	–	4,820
Revenue recognised under HKFRS	5,208,750	1,315,094	–	6,523,844
Adjusted EBITDA including share of results of joint ventures and associated companies	(38,058)	289,147	(60,045)	191,044
Interest income and gross earnings on finance lease				362,087
Amortisation and depreciation				(1,038,773)
Finance costs				(42,002)
Taxation charge				(42,985)
Adjusted items:				
Taxation of joint ventures and associated companies				(14,800)
Pre-opening expenses				(73,997)
Loss on disposal and write-off of property, plant and equipment and intangible assets				(14,186)
Share option expenses				(44,601)
Share award expenses				(34,014)
Donation and sponsorship				(13,916)
Foreign exchange loss				(83,142)
Others				4,295
Loss for the period				(844,990)
Share of results of joint ventures and associated companies	(2,133)	53,956	–	51,823

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
As at 30 June 2023				
Total assets	73,678,704	5,225,129	4,729,996	83,633,829
Total assets include:				
Joint ventures	54,947	1,294,871	–	1,349,818
Associated companies	–	2,418	–	2,418
Total liabilities	12,793,768	1,738,198	530,170	15,062,136

As at 31 December 2022

Total assets	68,596,495	4,903,211	7,461,626	80,961,332
Total assets include:				
Joint ventures	41,424	1,354,654	–	1,396,078
Associated companies	–	2,444	–	2,444
Total liabilities	11,877,672	1,243,833	3,374,462	16,495,967

Six months ended 30 June 2023

Additions to non-current assets	5,369,947	233,507	33	5,603,487
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Six months ended 30 June 2022

Additions to non-current assets	3,496,402	68,453	–	3,564,855
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NOTES TO THE INTERIM FINANCIAL INFORMATION

7. SEGMENT INFORMATION (Continued)

Geographical analysis

Six months ended 30 June	2023 HK\$'000	2022 HK\$'000
Revenue		
Macau	14,482,368	5,424,573
Hong Kong	981,027	915,594
Mainland China	251,954	183,677
	15,715,349	6,523,844
Non-current assets	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Macau	64,029,303	59,756,591
Hong Kong	786,116	616,485
Mainland China	2,379,373	2,676,067
	67,194,792	63,049,143

As at 30 June 2023, the total of non-current assets, other than financial instruments, located in Macau was HK\$53,135 million (2022: HK\$47,800 million), Hong Kong was HK\$785 million (2022: HK\$636 million) and Mainland China was HK\$2,315 million (2022: HK\$2,846 million).

NOTES TO THE INTERIM FINANCIAL INFORMATION

8. OTHER INCOME/GAINS, NET, PROFIT/(LOSS) BEFORE TAXATION AND OTHER OPERATING EXPENSES

	2023 HK\$'000	2022 HK\$'000
(a) Other income/gains, net		
Interest income		
Bank deposits	267,451	166,087
Loans to joint ventures	492	772
Deferred receivable	422	210
Financial assets at amortised cost	158,438	194,904
Gross earnings on finance lease	-	114
Dividend income from listed investment	7,128	-
Reversal of impairment loss/(loss on disposal and write-off) of property, plant and equipment	16,796	(4,622)
Loss on write-off of intangible assets	-	(9,564)
Fair value change on financial assets at fair value through profit or loss	(207,694)	-
Foreign exchange loss	(17,219)	(83,142)
Others	39,990	112,286
	265,804	377,045
(b) Profit/(loss) before taxation is stated after charging		
Depreciation		
Property, plant and equipment	967,592	859,270
Right-of-use assets	70,931	68,678
Amortisation		
Macau gaming concession/gaming licence	135,455	52,537
Computer software	12,303	13,493
Reacquired right	-	43,963
Quarry site development	860	832
(c) Other operating expenses		
Utilities and rentals	376,118	257,622
Advertising and promotion	642,421	163,107
Repair and maintenance	194,673	166,797
Operating supplies and consumables	254,542	131,410
Food and beverage costs	155,588	75,468
Other support services	65,228	75,278
Distribution costs	140,951	131,240
Subcontracting charges	30,297	39,694
Reversal of provision for loss allowance, net	(21,727)	(24,755)
Other expenses	263,209	237,465
	2,101,300	1,253,326

NOTES TO THE INTERIM FINANCIAL INFORMATION

9. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest expenses		
Bank loans and overdrafts	97,747	38,402
Lease liabilities	9,804	8,080
Liability – Macau gaming concession	84,856	–
Other borrowing costs	797	1,350
	193,204	47,832
Amount capitalised in assets under construction	(70,289)	(5,830)
	122,915	42,002

10. TAXATION CHARGE

	2023 HK\$'000	2022 HK\$'000
Current taxation		
Hong Kong profits tax	20,200	17,419
Mainland China income tax and withholding tax	4,724	10,807
Macau complementary tax	11,873	9,350
Net over provision in prior years	(82)	(390)
Lump sum in lieu of Macau complementary tax on dividend (note b)	18,204	18,204
Deferred taxation	(7,974)	(12,405)
Taxation charge	46,945	42,985

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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% (2022: 12% to 25%). The weighted average applicable tax rate was 12% (2022: 12%).
- (b) In August 2019, GCSA, the Company's principal subsidiary, entered into a Shareholder Dividend Tax Agreement with the Macau Government. The agreement provided for an annual payment in lieu of Macau Complementary Tax otherwise due by the GCSA's shareholders on dividend distributions to them from gaming profits, effective from 1 January 2019 through 26 June 2022 to correspond to the Macau Complementary Tax exemption on its gaming activities. In December 2022, GCSA entered into another Shareholder Dividend Tax Agreement with the Macau Government for an extension of the agreement to 31 December 2022 to correspond to the Macau Complementary Tax exemption on its gaming activities. The Company is assessing the timing of an application for a new Shareholder Dividend Tax Agreement.

In April 2023, GCSA applied to the Macau Government a Macau Complementary Tax exemption on GCSA's gaming profits for the new gaming concession period effective from 1 January 2023 through 31 December 2032, or for a period of Macau Complementary Tax exemption that the Chief Executive of Macau may deem more appropriate.

NOTES TO THE INTERIM FINANCIAL INFORMATION

11. DIVIDEND

	2023 HK\$'000	2022 HK\$'000
First special dividend paid of HK\$nil (2022: HK\$0.30) per ordinary share	–	1,307,566

The Board of Directors does not declare any interim dividend for the period ended 30 June 2023 (2022: nil).

Details of the special dividend declared subsequent to the period end are given in note 24.

12. EARNINGS/(LOSS) PER SHARE

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

Diluted earnings/(loss) 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 categories of dilutive potential ordinary shares: share options and share awards. For the share options, a calculation was 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 calculation of number of shares was compared with the number of shares that would have been issued from the share options and the share awards, the dilutive effect of the share award scheme was assumed if the awarded shares were issued by new shares, unless restricted under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). For the period ended 30 June 2023, the Company had outstanding share options and share awards that would potentially dilute the earnings per share. For the period ended 30 June 2022, the diluted loss per share equals to the basic loss per share since the conversion of the outstanding share options and share awards would not have a dilutive effect on the loss per share.

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

	2023 HK\$'000	2022 HK\$'000
Profit/(loss) attributable to equity holders of the Company	2,890,261	(850,473)

	Number of shares	
	2023	2022
Weighted average number of shares for calculating basic earnings/(loss) per share	4,369,073,595	4,359,801,195
Effect of dilutive potential ordinary shares		
Share options	1,454,070	–
Share awards	4,876,565	–
Weighted average number of shares for calculating diluted earnings/(loss) per share	4,375,404,230	4,359,801,195

NOTES TO THE INTERIM FINANCIAL INFORMATION

13. CAPITAL EXPENDITURE

For the six months ended 30 June 2023, the Group incurred HK\$2,659 million (2022: HK\$3,523 million) on property, plant and equipment, HK\$2,736 million (2022: HK\$4 million) on intangible assets, and HK\$208 million (2022: HK\$38 million) on right-of-use assets.

As at 1 January 2023, the fully amortised gaming license in relation to the gaming concession for the period from 1 January 2002 to 31 December 2022 was derecognised upon the expiration of the gaming concession. In addition, HK\$2,709 million in relation to the Macau gaming concession for the period from 1 January 2023 to 31 December 2032 is recognised as intangible assets as at 1 January 2023 (details as set out in note 2) and is to be amortised on a straight-line basis over the 10-year term of the Gaming Concession Contract. Amortisation expense of HK\$135 million was recognised during the six months ended 30 June 2023.

14. FINANCIAL ASSETS AT AMORTISED COST

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Listed debt securities in Hong Kong, at amortised cost (note b)	3,355,042	4,438,333
Listed debt securities in overseas, at amortised cost (note b)	3,546,301	4,580,736
	6,901,343	9,019,069
Less: current portion of financial assets at amortised cost	(1,424,793)	(2,324,512)
	5,476,550	6,694,557

Notes:

- (a) The financial assets at amortised cost represents the Group's investment in listed debt securities issued by large financial institutions and corporations to generate interest income for the Group. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.
- (b) As at 30 June 2023 and 31 December 2022, the listed debt securities were predominantly denominated in U.S. dollar with weighted average tenor of approximately 2 years. Following the maturity of certain listed debt securities in our holding (all of investment grade) in the first half of 2023, and without re-investment of the proceeds in listed debt securities, our listed debt securities investment reduced considerably from HK\$9,019 million as at 31 December 2022 to HK\$6,901 million as at 30 June 2023, of which a significant portion remained in investment grade rated securities.
- (c) As at 30 June 2023 and 31 December 2022, the carrying amounts of these listed debt securities approximated their fair values. These financial assets were considered to be of low credit risk and the expected credit loss was immaterial.
- (d) As at 30 June 2023 and 31 December 2022, none of the listed debt securities in any individual investee company held by the Group equaled or exceeded 5 per cent of the Group's total assets.
- (e) The interest income generated from the above financial assets at amortised cost for the period ended 30 June 2023 amounted to HK\$158 million (2022: HK\$195 million) as disclosed in note 8(a).

NOTES TO THE INTERIM FINANCIAL INFORMATION

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Unlisted investments in overseas, at fair value (note a)	3,053	3,018
Listed investments in overseas, at fair value (note b)	5,416,134	4,211,221
	5,419,187	4,214,239

Note:

- (a) Unlisted investments are mainly denominated in Macau Patacas and U.S. dollar.
- (b) As at 30 June 2023, the listed investments in overseas, at fair value included 5.2 million (2022: 5.2 million) listed shares of Wynn Resorts, Limited (“Wynn Resorts”) which represented approximately 4.6% (2022: 4.6%) of the issued share capital of Wynn Resorts. Investment cost was HK\$7.14 billion. The principal businesses of Wynn Resorts are to develop and operate high end hotels and casinos and its shares are listed on the Nasdaq Stock Exchange (stock code: WYNN). This listed investment is denominated in U.S. dollar. The directors of the Group considered that the closing price as at 30 June 2023 and 31 December 2022 was the fair value of this listed investment. As of 30 June 2023, the fair value of our investment in Wynn Resorts was HK\$4.3 billion (2022: HK\$3.3 billion), representing 5.1% (2022: 4.1%) of the Group’s total asset of HK\$83.6 billion (2022: HK\$80.9 billion). The market value of Wynn Resort as of 30 June 2023 and 31 December 2022, and the performance of the investment during the period ended 30 June 2023 and 30 June 2022 are as follows:

	Market value		Unrealised gain/(loss) for the period ended 30 June		Dividend income for the period ended 30 June	
	30 June 2023 HK\$'000	31 December 2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Wynn Resorts, Limited	4,304,822	3,349,057	955,765	(1,123,376)	7,128	-

GEG considers this investment a long term asset and will continue to closely monitor the performance of our passive minority equity investment in Wynn Resorts, which is a globally recognised entertainment corporation with exceptionally high quality assets and a significant development pipeline.

NOTES TO THE INTERIM FINANCIAL INFORMATION

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Unlisted investment (note)	64,410	272,104

Note:

Unlisted investment mainly comprises unlisted preferred shares in a private entity established in Cayman Islands and denominated in U.S. dollar.

17. OTHER NON-CURRENT ASSETS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Deposits paid for property, plant and equipment	23,761	18,968
Deferred expenditure – quarry site development	25,990	27,676
Others	99,165	60,022
	148,916	106,666

18. DEBTORS AND PREPAYMENTS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade debtors, net of loss allowance (note a)	687,274	564,298
Other debtors and deposit paid, net of loss allowance (note b)	531,083	377,138
Contract assets	59,490	83,091
Prepayments	170,810	128,008
	1,448,657	1,152,535

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. DEBTORS AND PREPAYMENTS (Continued)

Notes:

- (a) 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 (2022: 30 to 60 days) for customers in Hong Kong, Macau and Mainland China. These are subject to periodic reviews by management. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers.

The ageing analysis of trade debtors of the Group based on the invoice dates and net of loss allowance is as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Within one month	378,491	212,266
Two to three months	231,483	276,377
Four to six months	32,887	20,876
Over six months	44,413	54,779
	687,274	564,298

- (b) Other debtors and deposit paid, net of loss allowance mainly include interest receivables and advances to customers and gaming counterparties, which are denominated in Hong Kong dollar and U.S. dollar, and repayable on demand. The advances to customers and gaming counterparties are granted with reference to their credit history and business volumes. Such advances are interest free and the Group has the right, pursuant to the relevant credit agreements, to set off the overdue advances with payables due from the Group to these counterparties.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19. SHARE CAPITAL AND SHARES HELD FOR SHARE AWARD SCHEME

	Number of ordinary shares	Ordinary shares capital HK\$'000	Shares held for share award scheme HK\$'000	Total HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January 2022	4,359,553,541	23,598,067	(10)	23,598,057
Share award scheme – shares issued to the trustee (note a)	1,166,964	12	(12)	–
Share award scheme – shares purchased by the trustee (note a)	–	–	(6,477)	(6,477)
Shares vested pursuant to share award scheme	–	26,655	6,481	33,136
Issue of shares upon exercise of share options (note b)	1,427,864	40,982	–	40,982
At 30 June 2022 and 1 July 2022	4,362,148,369	23,665,716	(18)	23,665,698
Share award scheme – shares purchased by the trustee (note a)	–	–	(10,385)	(10,385)
Shares vested pursuant to share award scheme	–	41,379	10,392	51,771
Issue of shares upon exercise of share options	6,763,575	261,069	–	261,069
At 31 December 2022 and 1 January 2023	4,368,911,944	23,968,164	(11)	23,968,153
Share award scheme – shares purchased by the trustee (note a)	–	–	(7,700)	(7,700)
Shares vested pursuant to share award scheme	–	22,811	7,704	30,515
Issue of shares upon exercise of share options (note b)	348,364	21,464	–	21,464
At 30 June 2023	4,369,260,308	24,012,439	(7)	24,012,432

NOTES TO THE INTERIM FINANCIAL INFORMATION

19. SHARE CAPITAL AND SHARES HELD FOR SHARE AWARD SCHEME (Continued)

Notes:

- (a) The Group operates a share award scheme 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.

At the annual general meeting of the Company held on 22 May 2023, the shareholders of the Company approved the adoption of a new share award scheme (the "Share Award Scheme 2023") and the share award scheme adopted on 13 May 2021 (the "Share Award Scheme 2021") was suspended on the same date. All outstanding share awards granted under the Share Award Scheme 2021 shall remain unvested and will continue to be valid until vested or lapsed in accordance with the terms of the Share Award Scheme 2021.

During the period, no share awards (2022: nil) were granted, 36,776 (2022: 86,856) and 501,232 (2022: 544,349) share awards were lapsed and vested respectively. The number of share awards outstanding as at 30 June 2023 was 5,626,984 (2022: 2,025,592), all of which are unvested. No share awards were granted under the Share Award Scheme 2023 since its adoption.

During the period, no shares (2022: 1,166,964) of the Company were allotted to the trustee of the Share Award Scheme 2021 and the trustee of the Share Award Scheme 2021 purchased on SEHK a total of 155,497 shares (2022: 155,497) of the Company for a total consideration of approximately HK\$7.7 million (2022: HK\$6.48 million).

As at 30 June 2023, 430,203 and 320,216 shares of the Company were held by the trustee under the Share Award Scheme 2021 and the share award scheme adopted on 4 August 2014 respectively. No trustee has been appointed for Share Award Scheme 2023.

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

At the annual general meeting of the Company held on 22 May 2023, the shareholders of the Company approved the adoption of a new share option scheme (the "Share Option Scheme 2023") and the share option scheme adopted on 13 May 2021 (the "Share Option Scheme 2021") was terminated on the same date. All outstanding share options granted under the Share Option Scheme 2021 and the share option scheme adopted on 22 June 2011 will continue to be valid and exercisable in accordance with the terms of the schemes.

During the period, no share options were granted (2022: nil), 348,364 (2022: 1,427,864) and 674,533 (2022: 1,086,009) share options were exercised and lapsed respectively. No share options were granted under the Share Option Scheme 2023 since its adoption. The number of share options outstanding at 30 June 2023 was 33,454,600 (2022: 41,148,785).

NOTES TO THE INTERIM FINANCIAL INFORMATION

20. BORROWINGS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Bank loan – unsecured	1,493,205	7,277,212
Bank overdrafts	859,810	228,034
Total borrowings	2,353,015	7,505,246
Short-term bank loans and bank overdrafts	(2,353,015)	(7,505,246)
Non-current portion of borrowings	–	–

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

	Carrying amount		Fair value	
	30 June 2023 HK\$'000	31 December 2022 HK\$'000	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Bank loans and bank overdrafts	2,353,015	7,505,246	2,353,015	7,505,246

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

21. CREDITORS AND ACCRUALS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade creditors (note a)	2,736,937	2,263,124
Other creditors (note b)	4,137,278	3,791,511
Chips issued	377,982	273,151
Loans from non-controlling interests	75,828	76,699
Accruals and provision	1,452,534	1,285,108
	8,780,559	7,689,593

Notes:

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

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Within one month	2,484,235	2,033,906
Two to three months	113,295	53,070
Four to six months	28,946	31,860
Over six months	110,461	144,288
	2,736,937	2,263,124

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

22. CAPITAL COMMITMENTS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Contracted but not provided for – Property, plant and equipment	8,751,887	10,905,718

NOTES TO THE INTERIM FINANCIAL INFORMATION

23. 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 amounting to HK\$492,000 (2022: HK\$772,000) are charged at terms agreed among the parties.
- (b) Management fee received from joint ventures and an associated company amounted to HK\$4,941,000 (2022: HK\$4,597,000) are charged at terms agreed among the parties.
- (c) Rental expenses of HK\$726,000 (2022: HK\$778,000) were paid to a subsidiary of K. Wah International Holdings Limited, a shareholder of the Company, based on the terms of the rental agreement between the parties. This is a continuing connected transaction which is fully exempted from reporting and disclosure requirements under rule 14A.76(1) of the Rules Governing the Listing of Securities on SEHK.
- (d) Purchases from joint ventures and non-controlling interests amounted to HK\$65,493,000 (2022: HK\$106,243,000) at terms agreed among the parties.
- (e) Sales to non-controlling interests amounted to HK\$8,002,000 (2022: nil) at terms agreed among the parties.
- (f) Interest expenses to non-controlling interests amounted to HK\$761,000 (2022: HK\$1,350,000) at terms agreed among the parties.
- (g) Key management personnel comprise the Chairman, Deputy Chairman and other Executive Directors. Key management compensation amounted to HK\$88,000,000 for the six months ended 30 June 2023 (2022: HK\$60,000,000).

24. POST BALANCE SHEET EVENT

On 17 August 2023, the Board of Directors declared a special dividend of HK\$0.2 per share, payable to shareholders of the Company whose names appear on the register of members of the Company on 29 September 2023. The total amount of the special dividend to be distributed is estimated to be approximately HK\$870 million and will be paid on or about 27 October 2023.

OTHER INFORMATION

DIVIDENDS

The Board of Directors (the “Board”) does not recommend to declare an interim dividend for the six months ended 30 June 2023 (2022: nil).

The Board is pleased to announce that it has declared a special dividend of HK\$0.20 per share payable to shareholders of the Company whose names appear on the register of members of the Company on 29 September 2023 and expected to be paid on or about 27 October 2023. The total amount of special dividend to be distributed is estimated to be approximately HK\$870 million.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR SPECIAL DIVIDEND

Book close dates for Special Dividend : 27 September 2023 (Wednesday) to 29 September 2023 (Friday) (both days inclusive)

Record date for Special Dividend : 29 September 2023 (Friday)

Ex-dividend date : 25 September 2023 (Monday)

Expected payment date : 27 October 2023 (Friday)

Latest time to lodge transfer documents with the Company’s share registrar to entitle Special Dividend : 4:30 p.m. on 26 September 2023 (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

DIRECTORS’ INTERESTS IN SECURITIES AND UNDERLYING SHARES

As at 30 June 2023, the interests or short positions of each Director in the shares, underlying shares and debentures of the Company, and the details of any right to subscribe for shares of the Company and of the exercise of such rights, as recorded in the register required to be kept under section 352 of Part XV 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 (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”), were as follows:

OTHER INFORMATION

(a) Shares (including underlying shares)

Name	Number of shares (including underlying shares) held				Total	Percentage of shares in issue
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Lui Che Woo	40,287,104	2,181,518	363,726,401 ⁽¹⁾	1,362,225,231 ⁽²⁾	1,768,420,254	40.47
Francis Lui Yiu Tung	51,492,179	–	398,150,099 ⁽³⁾	1,362,225,231 ⁽²⁾	1,811,867,509	41.47
Joseph Chee Ying Keung	1,521,051	–	–	–	1,521,051	0.03
Paddy Tang Lui Wai Yu	14,189,547	–	–	1,362,225,231 ⁽²⁾	1,376,414,778	31.50
James Ross Ancell	250,000	–	–	–	250,000	0.01
William Yip Shue Lam	250,000	–	–	–	250,000	0.01
Patrick Wong Lung Tak	–	–	–	–	–	–
Charles Cheung Wai Bun	–	–	–	–	–	–
Michael Victor Mecca	1,275,612	–	–	–	1,275,612	0.03

Notes:

- (1) 305,401 shares, 295,421,000 shares and 68,000,000 shares of the Company were held by Po Kay Securities & Shares Company Limited, Lui Che Woo Foundation Limited and LUI Che Woo Prize Limited (“LUI Che Woo Prize”) respectively, all of which are controlled by Dr. Lui Che Woo. LUI Che Woo Prize is a charitable organization.
- (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 Mrs. 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 and 2,000,000 shares of the Company were held by Recurrent Profits Limited (“Recurrent Profits”) and Sincere Concept Holdings Limited (“Sincere Concept”) respectively. Top Notch Opportunities Limited (“Top Notch”) was indirectly interested in 171,916,021 shares of the Company. Kentlake International Investments Limited (“Kentlake”) was directly and indirectly interested in 121,138,039 shares of the Company. Recurrent Profits, Sincere Concept, Top Notch and Kentlake are companies controlled by Mr. Francis Lui Yiu Tung.

(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 2023, 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).

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30 June 2023, the interests or short positions of every person (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO were as follows:

Name	Capacity	Number of shares/underlying shares in long position (L)/short position (S) held	Percentage of shares in issue ⁽⁴⁾
City Lion Profits Corp.	Beneficial owner	973,282,206 (L)	22.28
CWL Assets (PTC) Limited	Trustee	1,362,225,231 (L)	31.18
HSBC International Trustee Limited	Trustee	1,363,000,491 ⁽¹⁾ (L)	31.20
Super Focus Company Limited	Beneficial owner	112,010,107 (L)	6.28
	Interests of controlled corporations	162,484,047 (L)	
Lui Che Woo Foundation Limited	Beneficial owner	295,421,000 (L)	6.76
The Capital Group Companies, Inc.	Interests of controlled corporations	346,282,971 (L)	7.93
JPMorgan Chase & Co. ("JPMC")	Interests of controlled corporations	19,849,367 (L)	5.10
	Interests of controlled corporations	23,654,417 (S)	
	Investment manager	23,814,166 (L)	
	Investment manager	49,210 (S)	
	Person having a security interest in shares	182,645 (L)	
	Trustee	6,345 (L)	
	Approved lending agent	178,879,939 (L)	

Notes:

- (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.
- (2) It included an aggregate interest in 9,449,573 underlying shares through JPMC's holding of certain listed derivatives (physically settled: 2,009,000 shares; cash settled: 153,600 shares) and unlisted derivatives (physically settled: 1,205,203 shares; cash settled: 6,081,770 shares).
- (3) It included an aggregate interest in 17,224,405 underlying shares through JPMC's holding of certain listed derivatives (physically settled: 114,000 shares; cash settled: 5,195,000 shares) and unlisted derivatives (physically settled: 3,324,334 shares; cash settled: 8,591,071 shares).
- (4) The approximate percentages were calculated based on 4,369,260,308 shares of the Company in issue as at 30 June 2023 (rounded down to two decimal places).

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

Save as disclosed above, as at 30 June 2023, the Company was not notified by any person who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept under section 336 of Part XV of the SFO.

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SHARE OPTIONS

At the annual general meeting of the Company held on 22 May 2023, the shareholders of the Company approved the adoption of a new share option scheme (the “Share Option Scheme 2023”) and the share option scheme adopted on 13 May 2021 (the “Share Option Scheme 2021”) was terminated on the same date (i.e. 22 May 2023), no further options will be granted under the Share Option Scheme 2021 but the subsisting options granted thereunder prior the date of termination will continue to be valid and exercisable in accordance with the terms of Share Option Scheme 2021. No options were granted under the Share Option Scheme 2023 since its adoption.

The particulars of the movements in the options held by each of the Directors of the Company and their associates, and the employees of the Group in aggregate granted under the Share Option Scheme 2021 and under any other share option scheme of the Company during the six months ended 30 June 2023 were as follows:

Name	Date of grant	Number of Options					Held at 30 June 2023	Exercise price (HK\$)	Exercise period
		Held at 1 January 2023	Granted during the period	Exercised during the period	Lapsed during the period				
Lui Che Woo	28 Dec 2018	2,651,000	-	-	-	2,651,000	48.65	28 Dec 2019 – 27 Dec 2024	
	07 Oct 2022	3,614,760	-	-	-	3,614,760	48.65	07 Oct 2023 – 06 Oct 2028	
Francis Lui Yiu Tung	28 Dec 2018	3,749,000	-	-	-	3,749,000	48.65	28 Dec 2019 – 27 Dec 2024	
	07 Oct 2022	4,366,000	-	-	-	4,366,000	48.65	07 Oct 2023 – 06 Oct 2028	
Joseph Chee Ying Keung	26 Jul 2017	130,000	-	(50,000) ^(a)	-	80,000	46.95	26 Jul 2018 – 25 Jul 2023	
	28 Dec 2018	140,000	-	-	-	140,000	48.65	28 Dec 2019 – 27 Dec 2024	
	29 Sep 2020	200,000	-	-	-	200,000	52.58	29 Sep 2021 – 28 Sep 2026	
	07 Oct 2022	221,000	-	-	-	221,000	48.65	07 Oct 2023 – 06 Oct 2028	
Paddy Tang	28 Dec 2018	116,000	-	-	-	116,000	48.65	28 Dec 2019 – 27 Dec 2024	
Lui Wai Yu	07 Oct 2022	193,440	-	-	-	193,440	48.65	07 Oct 2023 – 06 Oct 2028	
James Ross Ancell	-	-	-	-	-	-	-	-	
William Yip Shue Lam	-	-	-	-	-	-	-	-	
Patrick Wong Lung Tak	-	-	-	-	-	-	-	-	
Charles Cheung Wai Bun	-	-	-	-	-	-	-	-	
Michael Victor Mecca	-	-	-	-	-	-	-	-	
Employees ^(b) (in aggregate)	26 Jul 2017	335,000	-	(110,000) ^(a)	(13,000)	212,000	46.95	26 Jul 2018 – 25 Jul 2023	
	27 Dec 2017	312,000	-	-	(58,000)	254,000	62.36	27 Dec 2018 – 26 Dec 2023	
	21 Nov 2018	3,187,893	-	(122,669) ^(a)	(10,668)	3,054,556	46.75	21 Nov 2019 – 20 Nov 2024	
	28 Dec 2018	1,266,346	-	(31,668) ^(a)	(14,000)	1,220,678	48.65	28 Dec 2019 – 27 Dec 2024	
	30 Dec 2019	906,352	-	-	(296,348)	610,004	57.70	30 Dec 2020 – 29 Dec 2025	
	29 Sep 2020	1,064,000	-	(33,158) ^(a)	(31,313)	999,529	52.58	29 Sep 2021 – 28 Sep 2026	
	17 Jun 2021	692,526	-	-	(129,526)	563,000	62.19	17 Jun 2022 – 16 Jun 2027	
07 Oct 2022	11,332,180	-	(869) ^(a)	(121,678)	11,209,633	48.65	07 Oct 2023 – 06 Oct 2028		
Total		34,477,497	-	(348,364)	(674,533)	33,454,600			

OTHER INFORMATION

Notes:

- (a) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$48.55.
- (b) Employees include associates of Directors and those who have changed their capacity to consultants subsequent to the grant of options. The movements in the options held by each of the associates of Directors during the period with exercise price and period shown above were as follows:

Name	Date of grant	Number of Options			Held at 30 June 2023
		Held at 1 January 2023	Granted during the period	Exercised during the period	
Eileen Lui Wai Ling	28 Dec 2018	426,000	-	-	426,000
	07 Oct 2022	723,360	-	-	723,360
Joanna Claudia Lui	28 Dec 2018	6,000	-	-	6,000
	07 Oct 2022	2,770	-	-	2,770
Andrew Nicholas Lui	07 Oct 2022	10,420	-	-	10,420

- (c) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$53.38.

The vesting period for all outstanding options is 1/3 vesting on each of the first, second and third anniversary of the date of grant except 8,481,640 options granted on 7 October 2022 is 50% vesting on each of the first and second anniversary of the date of grant.

Vesting period may accelerate if triggered by certain events stated in the respective Share Option Scheme 2023, Share Option Scheme 2021 and previous share option scheme adopted on 22 June 2011. 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

At the annual general meeting of the Company held on 22 May 2023, the shareholders of the Company approved the adoption of a new share award scheme (the "Share Award 2023") and the share award scheme adopted on 13 May 2021 (the "Share Award Scheme 2021") was suspended on the same date (i.e. 22 May 2023). All outstanding awards granted under the Share Award Scheme 2021 shall remain unvested and will continue to be valid until vested or lapsed in accordance with the terms of Share Award Scheme 2021. No awards were granted under the Share Award Scheme 2023 since its adoption.

OTHER INFORMATION

The particulars of the movements in the awards held by the Directors of the Company and their associates, and the employees of the Group in aggregate granted under the Share Award Scheme 2021 during the six months ended 30 June 2023 were as follows:

Name	Date of grant	Number of Awards				Held at 30 June 2023	Vesting Date
		Held at 1 January 2023	Granted during the period	Vested during the period	Lapsed during the period		
Lui Che Woo	17 Jun 2021	56,966	-	(56,966) ^(a)	-	-	17 Jun 2023
	17 Jun 2021	56,968	-	-	-	56,968	17 Jun 2024
	07 Oct 2022	81,633	-	-	-	81,633	07 Oct 2023
	07 Oct 2022	81,633	-	-	-	81,633	07 Oct 2024
	07 Oct 2022	81,634	-	-	-	81,634	07 Oct 2025
Francis Lui Yiu Tung	17 Jun 2021	80,566	-	(80,566) ^(a)	-	-	17 Jun 2023
	17 Jun 2021	80,568	-	-	-	80,568	17 Jun 2024
	07 Oct 2022	192,633	-	-	-	192,633	07 Oct 2023
	07 Oct 2022	192,633	-	-	-	192,633	07 Oct 2024
	07 Oct 2022	192,634	-	-	-	192,634	07 Oct 2025
Joseph Chee Ying Keung	07 Oct 2022	33,243	-	-	-	33,243	07 Oct 2024
	07 Oct 2022	66,487	-	-	-	66,487	07 Oct 2025
Paddy Tang Lui Wai Yu	17 Jun 2021	3,000	-	(3,000) ^(a)	-	-	17 Jun 2023
	17 Jun 2021	3,000	-	-	-	3,000	17 Jun 2024
	07 Oct 2022	4,300	-	-	-	4,300	07 Oct 2023
	07 Oct 2022	4,300	-	-	-	4,300	07 Oct 2024
	07 Oct 2022	4,300	-	-	-	4,300	07 Oct 2025
Employees ^(b) (in aggregate)	17 Jun 2021	369,236	-	(360,700) ^(a)	(8,536)	-	17 Jun 2023
	17 Jun 2021	369,528	-	-	(8,740)	360,788	17 Jun 2024
	07 Oct 2022	1,120,958	-	-	(6,496)	1,114,462	07 Oct 2023
	07 Oct 2022	1,403,116	-	-	(6,496)	1,396,620	07 Oct 2024
	07 Oct 2022	1,685,656	-	-	(6,508)	1,679,148	07 Oct 2025
Total		6,164,992	-	(501,232)	(36,776)	5,626,984	

OTHER INFORMATION

Notes:

- (a) The weighted average closing of the shares immediately before the date on which the awards were vested during the period was HK\$53.00.
- (b) Employees include associates of Directors and those who have changed their capacity to consultants subsequent to the grant of awards. The movements in the awards held by each of the associates of Directors during the period were as follows:

Name	Date of grant	Number of Awards			Held at 30 June 2023	Vesting Date
		Held at 1 January 2023	Granted during the period	Vested during the period		
Eileen Lui Wai Ling	17 Jun 2021	11,633	-	(11,633) ⁽ⁱ⁾	-	17 Jun 2023
	17 Jun 2021	11,634	-	-	11,634	17 Jun 2024
	07 Oct 2022	64,860	-	-	64,860	07 Oct 2023
	07 Oct 2022	64,860	-	-	64,860	07 Oct 2024
	07 Oct 2022	64,860	-	-	64,860	07 Oct 2025
Andrew Nicholas Lui	17 Jun 2021	133	-	(133) ⁽ⁱ⁾	-	17 Jun 2023
	17 Jun 2021	134	-	-	134	17 Jun 2024
	07 Oct 2022	266	-	-	266	07 Oct 2023
	07 Oct 2022	266	-	-	266	07 Oct 2024
	07 Oct 2022	268	-	-	268	07 Oct 2025

- (i) The weighted average closing of the shares immediately before the date on which the awards were vested during the period were HK\$53.00.

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

As at 30 June 2023, the trustees held 430,203 shares and 320,216 shares of the Company for the Share Award Scheme 2021 and the share award scheme adopted on 4 August 2014 respectively. No trustee has been appointed for the Share Award Scheme 2023.

As at 1 January 2023, 407,164,950 shares were available for grant under the mandate limit of the Share Option Scheme 2021, and was further reduced by the number of share awards granted pursuant to the Share Award Scheme 2021, resulting in 400,453,435 shares were available for grant under the Share Option Scheme 2021 and Share Award Scheme 2021. As at 1 January 2023, no service provider submit was set.

Share Option Scheme 2021 and Share Award Scheme 2021 were terminated/suspended on 22 May 2023 and new Share Option Scheme 2023 and new Share Award Scheme 2023 adopted by the Company on the same date.

As at 30 June 2023, 436,914,130 shares were available for grant under the mandate limit of Share Option Scheme 2023 and Share Award Scheme 2023, and a sub-limit of 43,691,413 shares may be issued in respect of all options and awards to be granted to the service providers.

No options and awards were granted under Share Option Scheme 2023 and Share Award Scheme 2023 during the period. The number of shares that may be issued in respect of share options and share awards granted under Share Option Scheme 2023 and Share Award Scheme 2023 during the period representing 0% of the weighted average number of shares in issue for the period.

OTHER INFORMATION

DEALINGS IN LISTED SECURITIES

During the period, the trustee of the Share Award Scheme 2021, pursuant to the terms of the trust deed, purchased on the Stock Exchange a total of 155,497 shares of the Company for a total consideration of approximately HK\$7.7 million for satisfying the share awards granted to the connected persons (as defined under the Listing Rules), who are also employees of the Group. All 155,497 shares of the Company were subsequently transferred to those connected persons on the vesting date of the share awards.

Save as disclosed, 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 2023.

REVIEW OF INTERIM RESULTS

The Group's interim results for the six months ended 30 June 2023 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 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 standards set out in the Model Code throughout the six months ended 30 June 2023.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2023, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except code provision B.2.2.

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.

OTHER INFORMATION

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, change in Directors' information since the date of the Annual Report 2022 is set out below:

Dr. William Yip Shue Lam

- Dr. William Yip Shue Lam retired as an independent non-executive director of K. Wah International Holdings Limited (a company listed on the Stock Exchange) with effect from the conclusion of the annual general meeting of the company held on 7 June 2023 and did not offer himself for re-election.

Professor Patrick Wong Lung Tak

- Professor Patrick Wong Lung Tak has been appointed and elected as an independent non-executive director of The Cross-Harbour (Holdings) Limited and Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (both companies listed on the Stock Exchange) with effect from the conclusion of the annual general meeting of these companies held on 22 May 2023 and 30 May 2023 respectively.
- Professor Patrick Wong Lung Tak retired as an independent non-executive director of C C Land Holdings Limited (a company listed on the Stock Exchange) with effect from the conclusion of the annual general meeting of the company held on 22 May 2023 and did not offer himself for re-election.

Dr. Charles Cheung Wai Bun

- Dr. Charles Cheung Wai Bun retired as an independent non-executive director of Universal Technologies Holdings Limited (a company listed on the Stock Exchange) with effect from the conclusion of the annual general meeting of the company held on 30 June 2023 and did not offer himself for re-election.

Mr. Michael Victor Mecca

- Mr. Michael Victor Mecca has been re-designated as an Independent Non-executive Director of Company with effect from 1 March 2023.

By Order of the Board

Galaxy Entertainment Group Limited

Jenifer Sin Li Mei Wah

Company Secretary

Hong Kong, 17 August 2023



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www.galaxyentertainment.com

