



銀娛GEG

銀河娛樂集團有限公司
Galaxy Entertainment Group Limited
Stock Code 股份代號 : 27

2022
INTERIM REPORT
中期報告



OUR VISION

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

GALAXY'S BUSINESS PHILOSOPHY

LOCAL MARKET INSIGHTS

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

PROVEN EXPERTISE

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

WELL POSITIONED

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

DEMAND DRIVEN STRATEGY

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

願景

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

銀娛的經營理念

洞悉本地市場

深明中華文化，對亞洲及中國旅客喜好有透徹了解，為銀娛一大競爭優勢

專業經驗

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

定位清晰

將銀娛定位為領先的綜合博彩及休閒娛樂設施營運商

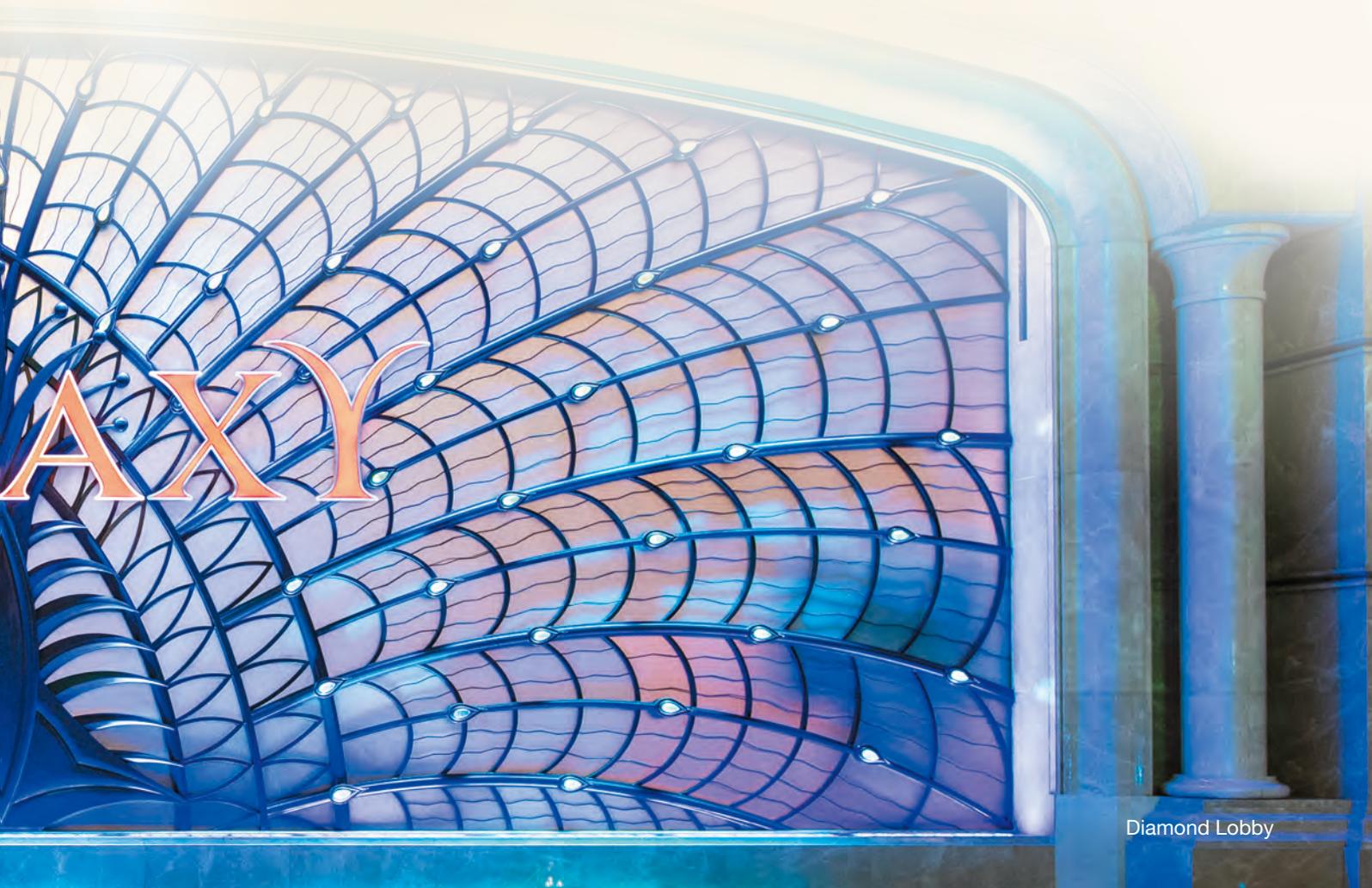
需求主導策略

密切注意市場發展並迅速作出謹慎的應變



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CORPORATE INFORMATION

CHAIRMAN

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

DEPUTY CHAIRMAN

Mr. Francis Lui Yiu Tung

EXECUTIVE DIRECTORS

Mr. Joseph Chee Ying Keung

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

NON-EXECUTIVE DIRECTORS

Dr. Charles Cheung Wai Bun, *JP*

Mr. Michael Victor Mecca

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. James Ross Ancell

Dr. William Yip Shue Lam, *LLD*

Professor Patrick Wong Lung Tak, *BBS, JP*

EXECUTIVE BOARD

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

Mr. Francis Lui Yiu Tung

Mr. Joseph Chee Ying Keung

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

Ms. Wong Chui Lai



CORPORATE INFORMATION

INDEPENDENT AUDITOR

PricewaterhouseCoopers
 Certified Public Accountant and
 Registered Public Interest Entity Auditor

REGISTERED OFFICE

22nd Floor
 Wing On Centre
 111 Connaught Road Central
 Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
 Shops 1712–1716
 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

Please direct enquiries to:

Investor Relations Department

Tel : (852) 3150 1111
 Fax : (852) 3150 1100
 Email : ir@galaxyentertainment.com

WEBSITE ADDRESS

<http://www.galaxyentertainment.com>



CORPORATE PROFILE

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

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

GEG operates three flagship destinations in Macau: on Cotai, Galaxy Macau™, one of the world’s largest integrated destination resorts, and the adjoining Broadway Macau™, a unique landmark entertainment and food street destination; and on the Peninsula, StarWorld Hotel, 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
- Footprint of one million square meters
- Comprises five world-class hotels with approximately 3,600 rooms, suites and villas, including:
 - Banyan Tree Macau
 - Galaxy Hotel™
 - Hotel Okura Macau
 - JW Marriott Hotel Macau
 - The Ritz-Carlton, Macau
- Features an unprecedented range of retail, food & beverage, entertainment and leisure options, including:
 - The Promenade Shops at Galaxy Macau™ is an award-winning luxury lifestyle shopping destination spread over 100,000 square meters. Luxury flagship stores, designer boutiques and high-street labels contribute to over 200 world-renowned luxury fashion and lifestyle brands. At The Promenade Shops, guests will find an exclusive range of “Be The First” shopping experiences
 - 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 water park 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



CORPORATE PROFILE

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



BROADWAY MACAU™

- Opened in May 2015; just a bridge away from Galaxy Macau™, Broadway Macau™ 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
- Approximately 2,500 seat Broadway Theatre featuring the best in up-close-and-personal entertainment
- Over 40 popular dining options including authentic local dishes and Asian favorites served in restaurants and roadside hawker stalls

CORPORATE PROFILE

The Group has the largest development pipeline of any casino operator in Macau. The Group is currently expanding its Cotai footprint by a further one million square meters with the addition of Cotai Phases 3 & 4.

Galaxy Macau™ will welcome the legendary Raffles brand with the opening of an exclusive, all-suite luxury tower – Raffles at Galaxy Macau – a stunning new architectural landmark. The integrated resort is also unveiling a brand new chapter with the highly anticipated openings of the Galaxy International Convention Center (GICC), a 16,000-seat Galaxy Arena and the 700-room and suite Andaz Macau.

RAFFLES AT GALAXY MACAU

Raffles at Galaxy Macau, featuring approximately 450 suites, will soon introduce a new level of sophistication and refinement to Macau. The design of each suite draws inspiration from a modern palazzo. Our VIP Executives, much like the famed Raffles butlers, renowned for their thoughtful and discreet service, will personally deliver a level of enlightened hospitality that is both gracious and intuitive for every guest.

In a world first, Raffles at Galaxy Macau will turn its guestrooms into a multi-usage canvas – with Samsung The Frame Hospitality in the hotel suites, creating customized experiences and a personalized ambience. Guests are also invited to step back in time to enjoy Raffles' legendary signature afternoon tea experience in the Raffles Lounge & Terrace. For breakfast or poolside refreshments, guests may escape to the privacy of the Raffles Glasshouse to enjoy the outdoors, set within an indoor environment. Located amidst a Mediterranean-inspired garden within a few steps of the Raffles' private infinity edge pool on level 6, the Raffles Glasshouse is designed exclusively for distinguished guests of the hotel to enjoy made-to-order breakfast favourites. Details on Raffles' iconic Long Bar – provenance of the Singapore Sling and soon home to the *Macau Sling*; a specialty restaurant whispered to be helmed by a multi-Michelin-starred Japanese chef, and a luxury Spa – are still under wraps.

GALAXY INTERNATIONAL CONVENTION CENTER (GICC)

Seamlessly situated within Galaxy Macau™, Galaxy International Convention Center (GICC) is a new event facility developed by Galaxy Entertainment Group and the latest addition to the Group's ever-expanding integrated resort precinct in Macau.

GICC, Asia's most iconic and advanced MICE destination, is a world class event venue with a total MICE space of 40,000m², featuring a 10,000m² pillar-less exhibition hall; an Auditorium seating 650 guests; a banquet hall seating 2,400 guests; a 4,000m² conference hall; a ballroom catering for over 1,000 guests; a diverse selection of dining options and a lifestyle hotel Andaz Macau, which features over 700 rooms and suites.

Additionally, the 16,000-seat Galaxy Arena set within GICC, is set to become the most technologically advanced event and entertainment facility in Asia.

GALAXY ARENA

The 16,000-seat Galaxy Arena is the place where spectacular events come to life – from world concert tours to thrilling fight nights. The venue offers center-stage, end-stage or boxing ring set-ups, all of which are customizable for events. 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.

CORPORATE PROFILE

ANDAZ MACAU

Andaz Macau is scheduled to open alongside what is set to be Asia's most iconic and advanced MICE destination, GICC and the 16,000-seat Galaxy Arena. Andaz Macau will feature a dedicated 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 satisfy the curiosity of inquisitive guests.

GEG continues with our disciplined approach to exploring opportunities within Mainland China, with a particular focus on the rapidly developing Greater Bay Area. GEG continues to advance its conceptual plans to develop a world-class destination resort on a 2.7 square kilometer land parcel on Hengqin. The low rise, low density resort will complement the Group's high energy properties in Macau, as well as to 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\$6.5 billion, down 39% year-on-year
- Adjusted EBITDA of HK\$191 million, down 90% year-on-year
- Net Loss Attributable to Shareholders of HK\$850 million, versus profit of HK\$947 million in 1H 2021
- GEG experienced good luck in its gaming operation, which increased its Adjusted EBITDA by approximately HK\$27 million. Normalized 1H 2022 Adjusted EBITDA was HK\$164 million, down 91% year-on-year
- As at 30 June 2022, cash and liquid investments were HK\$29.0 billion and net cash (including liquid investments) was HK\$20.3 billion
- Given the ongoing impact of COVID-19, the Board of Directors has decided not to declare a dividend. Paid the previously announced special dividend of HK\$0.30 per share on 29 April 2022



GALAXY MACAU™

- Net Revenue of HK\$4.5 billion, down 38% year-on-year
- Adjusted EBITDA of HK\$536 million, down 68% year-on-year
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$27 million in 1H 2022. Normalized Adjusted EBITDA was HK\$509 million, versus HK\$1.5 billion in 1H 2021
- Hotel occupancy for 1H 2022 across the five hotels was 33%
- Non-gaming revenue of HK\$993 million, decreased 22% year-on-year



STARWORLD MACAU

- Net Revenue of HK\$644 million, down 67% year-on-year
- Adjusted EBITDA of HK\$(216) million, versus HK\$305 million in 1H 2021
- There was no luck impact on 1H 2022 Adjusted EBITDA
- Hotel occupancy for 1H 2022 was 42%
- Non-gaming revenue of HK\$55 million, decreased 38% year-on-year



BROADWAY MACAU™

- Net Revenue of HK\$31 million, up 7% year-on-year
- Adjusted EBITDA of HK\$(36) million, versus HK\$(43) million in 1H 2021
- There was no luck impact on 1H 2022 Adjusted EBITDA
- Hotel occupancy for 1H 2022 was 28%
- Non-gaming revenue of HK\$31 million, increased 7% year-on-year



FINANCIAL & OPERATIONAL HIGHLIGHTS

DEVELOPMENT UPDATE

- Continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests
- Cotai Phases 3 & 4 – Phase 3 is effectively completed and our efforts are firmly focused on the development of Phase 4. Phases 3 & 4 have a strong focus on non-gaming, primarily targeting Meetings, Incentives, Conferences and Events (MICE), entertainment, family facilities and also include gaming
- Will align the opening of Raffles at Galaxy Macau with prevailing market conditions, followed by the opening of Galaxy International Convention Center (“GICC”) and Andaz Macau, while proceeding with the construction of remaining phases



Indoor Swimming Pool of Banyan Tree Macau

FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

Key Financial Data

(HK\$'m)	1H 2021	1H 2022
Revenues:		
Net Gaming	7,841	4,130
Non-gaming	1,389	1,079
Construction Materials	1,431	1,315
Total Net Revenue	10,661	6,524
Adjusted EBITDA	1,991	191

Gaming Statistics¹

(HK\$'m)	1H 2021	1H 2022
Rolling Chip Volume	99,971 ²	21,560³
Win Rate %	3.5%	3.3%
Win	3,506	719
Mass Table Drop ⁴	24,465	14,073
Win Rate %	24.2%	27.1%
Win	5,910	3,817
Electronic Gaming Volume	8,996	7,019
Win Rate %	3.7%	3.4%
Win	333	238
Total GGR Win ⁵	9,749	4,774

Key Financial Metrics

	1H 2021	1H 2022
Net Profit/(Loss) Attributable To Shareholders (HK\$'m)	947	(850)
Earnings/(Loss) Per Share (HK cents)	21.8	(19.5)
Total Assets (HK\$'m)	91,806	83,401
Cash and Liquid Investments (HK\$'m)	42,980	29,025
Debt (HK\$'m)	11,412	8,697
Share Price on 30 June (HK\$)	62.15	46.80
Market Capitalization (HK\$'m)	270,495	204,149

¹ Gaming statistics are presented before deducting commission and incentives.

² Represents sum of junket VIP and inhouse premium direct.

³ Represents 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.

FINANCIAL & OPERATIONAL HIGHLIGHTS

GALAXY MACAU™

Key Financial Data

(HK\$m)	1H 2021	1H 2022
Revenues:		
Net Gaming	5,954	3,519
Hotel/F&B/Others	557	403
Mall	715	590
Total Net Revenue	7,226	4,512
Adjusted EBITDA	1,688	536
Adjusted EBITDA Margin	23%	12%

Gaming Statistics⁶

(HK\$m)	1H 2021	1H 2022
Rolling Chip Volume	73,222 ⁷	21,560⁸
Win Rate %	3.6%	3.3%
Win	2,632	719
Mass Table Drop ⁹	15,100	9,944
Win Rate %	28.1%	30.5%
Win	4,238	3,036
Electronic Gaming Volume	6,680	4,610
Win Rate %	4.1%	4.1%
Win	276	190
Total GGR Win	7,146	3,945

⁶ Gaming statistics are presented before deducting commission and incentives.

⁷ Represents sum of junket VIP and inhouse premium direct.

⁸ Represents inhouse premium direct.

⁹ 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 2021	1H 2022
Revenues:		
Net Gaming	1,857	589
Hotel/F&B/Others	74	44
Mall	14	11
Total Net Revenue	1,945	644
Adjusted EBITDA	305	(216)
Adjusted EBITDA Margin	16%	NEG¹⁰

星際酒店
StarWorld Hotel

Gaming Statistics¹¹

(HK\$m)	1H 2021	1H 2022
Rolling Chip Volume ¹²	25,809	0
Win Rate %	3.2%	0
Win	833	0
Mass Table Drop ¹³	7,854	3,165
Win Rate %	18.2%	19.3%
Win	1,429	612
Electronic Gaming Volume	1,184	817
Win Rate %	2.9%	2.3%
Win	34	19
Total GGR Win	2,296	631

¹⁰ NEG represents negative margin.

¹¹ Gaming statistics are presented before deducting commission and incentives.

¹² Represents junket VIP.

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

FINANCIAL & OPERATIONAL HIGHLIGHTS

BROADWAY MACAU™

Key Financial Data

(HK\$'m)	1H 2021	1H 2022
Revenues:		
Net Gaming	0	0
Hotel/F&B/Others	16	19
Mall	13	12
Total Net Revenue	29	31
Adjusted EBITDA	(43)	(36)
Adjusted EBITDA Margin	NEG ¹⁴	NEG ¹⁴

Gaming Statistics¹⁵

(HK\$'m)	1H 2021	1H 2022
Electronic Gaming Volume	16	4
Win Rate %	4.0%	6.4%
Win	1	0
Total GGR Win	1	0

¹⁴ NEG represents negative margin.

¹⁵ Gaming statistics are presented before deducting commission and incentives.

LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

I would like to take this opportunity to provide you with a broad market overview and to review the financial performance of GEG during the first half of 2022.

We continue to support the Macau Government by providing hotels for quarantine and medical personnel. We would also like to acknowledge and thank our staff for participating in our various voluntary community programs.

We are pleased to report that we successfully applied for and were granted an extension of our Macau gaming concession, which has been extended to the end of December 2022. The Government subsequently announced the tendering process on 29 July 2022 with submissions due by 14 September 2022. We are well positioned to compete for one of the Macau's gaming concessions, given our track record of introducing innovative non-gaming elements into our resorts, our strong operational history, significant investment into Macau's economy and our substantial CSR efforts including supporting SMEs. We look forward to the completion of the concession bidding process by year-end.

A number of cities across China experienced travel restrictions for a significant part of the first half of 2022. These restrictions on inter-provincial travel impacted visitation to Macau and in turn, adversely impacted both revenue and profitability. In addition, Macau experienced a COVID-19 outbreak and the Macau Government requested suspension of all industries and commercial activities from 11 to 22 July 2022 which further impacted visitation, revenue and profitability. In 1H 2022, Group Net Revenue was HK\$6.5 billion and Group Adjusted EBITDA was HK\$191 million.



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

LETTER FROM THE CHAIRMAN

Our balance sheet remains liquid and healthy. As of 30 June 2022, cash and liquid investments were HK\$29.0 billion and net cash was HK\$20.3 billion. Core debt remains relatively unchanged at HK\$0.3 billion. This provides us with valuable flexibility in managing operations and supporting our development initiatives. Given the ongoing impact of COVID-19, the Board of Directors has decided not to declare a dividend. We paid the previously announced special dividend of HK\$0.30 per share on 29 April 2022.

During the quarter, we optimized our City Club operations and ceased business at Rio Casino and President Casino. All gaming-related staff have been reassigned to our other properties.

Moving on to our development update, we continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests. We also continue to invest in Macau with our Cotai Phase 3 effectively completed and continue to move forward with Phase 4, our next generation integrated resort, which will complete our ecosystem in Cotai. As you can see, we remain confident about the future of Macau where Cotai Phases 3 & 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

Going forward in the medium to longer term, we remain confident in the future of Macau. However, we do acknowledge that further potential outbreaks of COVID-19 may impact our future financial performance. Finally, I would again like to thank the Macau Government and the health and emergency personnel who have worked so hard to ensure the safety of Macau. I would also like to thank our staff, management team and Board of Directors who voluntarily contributed to the various cost savings programs and for being so supportive of our Company throughout the pandemic.

Thank you.

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA

Chairman

Hong Kong, 18 August 2022

SELECTED MAJOR AWARDS

Award	Presenter
GEG Charitable Community Award	International Gaming Awards 2022
Galaxy Macau™ Macao Green Hotel Award 2021 – Gold Award – Hotel Okura Macau	Environmental Protection Bureau (DSPA)
EarthCheck Certified 2022 – Gold Certification – Banyan Tree Macau – Silver Certification – Galaxy Hotel™	EarthCheck
Michelin Guide Hotel Selection – Banyan Tree Macau – JW Marriott Hotel Macau – The Ritz-Carlton, Macau	Michelin Guide Hong Kong and Macau 2022
Michelin One Star Restaurant – 8½ Otto e Mezzo BOMBANA – Lai Heen	
Michelin Selected Restaurant – Terrazza Italian Restaurant – Yamazato – The Ritz-Carlton Café	
2022 Forbes Travel Guide Five-star Hotel – Banyan Tree Macau – Hotel Okura Macau – The Ritz-Carlton, Macau	Forbes Travel Guide
2022 Forbes Travel Guide Five-star Restaurant – Lai Heen	
2022 Forbes Travel Guide Five-star Spa – Banyan Tree Spa Macau – The Ritz-Carlton Spa, Macau	
South China Morning Post 100 Top Tables 2022 – 8½ Otto e Mezzo BOMBANA – Lai Heen – Yamazato	South China Morning Post
Traveler's Choice Awards – Best of the Best – The Ritz-Carlton, Macau	Tripadvisor Traveler's Choice Awards
Reader's Choice Awards 2022 Top 10 Best Hotels in Macau – Banyan Tree Macau (Silver) – Galaxy Hotel™ (Bronze)	DestinAsian
The Most Popular Hotel Award – Hotel Okura Macau	Hotelbeds
LEED V4 Gold Certificate – Galaxy Macau Phase 3 (MICE)	U.S. Green Building Council

SELECTED MAJOR AWARDS

Award	Presenter
StarWorld Macau	
Michelin Two Stars Restaurant – Feng Wei Ju	Michelin Guide Hong Kong and Macau 2022
South China Morning Post 100 Top Tables 2022 – Feng Wei Ju	South China Morning Post
Broadway Macau™	
Macao Green Hotel Award 2021 – Silver Award – Broadway Hotel	Environmental Protection Bureau (DSPA)
Construction Materials Division	
Caring Company Logo 2021/22 – 20 Years Plus Caring Company Logo	The Hong Kong Council of Social Service

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

The performance of tourism and gaming industries were adversely impacted by travel restrictions and a COVID-19 outbreak in Macau during 1H 2022. Based on DICJ reporting, Macau's Gross Gaming Revenue ("GGR") for 1H 2022 was \$25.5 billion, down 46% year-on-year.

In 1H 2022, due to increased cases of COVID-19 and the associated travel restrictions and quarantine rules, visitor arrivals to Macau were 3.5 million, down 12% year-on-year. Visitor arrivals from the Mainland were 3.1 million, down 12% year-on-year. Overnight visitors were 1.3 million, down 38% year-on-year.

REVIEW OF OPERATIONS

Group Financial Results

The Group's 1H 2022 results posted Net Revenue of \$6.5 billion, down 39% year-on-year and Adjusted EBITDA was \$191 million, down 90% year-on-year. Net loss attributable to shareholders was \$850 million, versus profit of \$947 million in 1H 2021. Galaxy Macau™'s Adjusted EBITDA was \$536 million, down 68% year-on-year. StarWorld Macau's Adjusted EBITDA was \$(216) million, versus \$305 million in 1H 2021. Broadway Macau™'s Adjusted EBITDA was \$(36) million, versus \$(43) million in 1H 2021.

In 1H 2022, GEG experienced good luck in its gaming operation, which increased its Adjusted EBITDA by approximately \$27 million. Normalized 1H 2022 Adjusted EBITDA was \$164 million, down 91% year-on-year.

The Group's total GGR on a management basis¹ in 1H 2022 was \$4.8 billion, down 51% year-on-year. Mass GGR was \$3.8 billion, down 35% year-on-year. Rolling chip GGR was \$719 million, down 79% year-on-year. Electronic GGR was \$238 million, down 29% year-on-year.



The Ritz-Carlton, Macau



Hotel Okura Macau

¹ The primary difference between statutory gross revenue and management basis gross revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gross gaming revenue is reported on a management basis (only up to 26 June 2022). At the Group level the gaming statistics include Company owned resorts plus City Clubs.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Balance Sheet and Dividend

Due to our conservative financial management, our balance sheet continues to remain strong. As of 30 June 2022, cash and liquid investments were \$29.0 billion and net cash was \$20.3 billion. Total debt was \$8.7 billion which primarily reflects our ongoing treasury yield management initiatives where interest income on cash holdings exceeds corresponding borrowing costs. Core debt remained minimal at \$0.3 billion. This provides us with valuable flexibility in managing our ongoing operations and allows us to continue investing in our longer term development plans. Given the ongoing impact of COVID-19, the Board of Directors has decided not to declare a dividend. We paid the previously announced special dividend of \$0.30 per share on 29 April 2022.

Set out below is the segmental analysis of the Group's operating results for 1H 2022:

Group Key Financial Data

(HK\$m)	1H 2021	1H 2022
Revenues:		
Net Gaming	7,841	4,130
Non-gaming	1,389	1,079
Construction Materials	1,431	1,315
Total Net Revenue	10,661	6,524
Adjusted EBITDA	1,991	191
Gaming Statistics²		
(HK\$m)	1H 2021	1H 2022
Rolling Chip Volume	99,971 ³	21,560⁴
Win Rate %	3.5%	3.3%
Win	3,506	719
Mass Table Drop ⁵	24,465	14,073
Win Rate %	24.2%	27.1%
Win	5,910	3,817
Electronic Gaming Volume	8,996	7,019
Win Rate %	3.7%	3.4%
Win	333	238
Total GGR Win ⁶	9,749	4,774

² Gaming statistics are presented before deducting commission and incentives.

³ Represents sum of junket VIP and inhouse premium direct.

⁴ Represents inhouse premium direct.

⁵ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁶ 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. Net Revenue in 1H 2022 was \$4.5 billion, down 38% year-on-year. Adjusted EBITDA was \$536 million, down 68% year-on-year. In 1H 2022, Galaxy Macau™ experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$27 million. Normalized 1H 2022 Adjusted EBITDA was \$509 million, versus \$1.5 billion in 1H 2021.

The combined five hotels occupancy rate was 33% for 1H 2022.

Galaxy Macau™ Key Financial Data

(HK\$'m)	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Revenues:					
Net Gaming	3,079	2,503	1,016	5,954	3,519
Hotel/F&B/Others	307	228	175	557	403
Mall	423	346	244	715	590
Total Net Revenue	3,809	3,077	1,435	7,226	4,512
Adjusted EBITDA	924	724	(188)	1,688	536
Adjusted EBITDA Margin	24%	24%	NEG⁷	23%	12%

Gaming Statistics⁸

(HK\$'m)	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Rolling Chip Volume	32,511 ⁹	17,914 ¹⁰	3,646¹⁰	73,222 ⁹	21,560¹⁰
Win Rate %	4.1%	3.2%	4.2%	3.6%	3.3%
Win	1,331	566	153	2,632	719
Mass Table Drop ¹¹	7,972	6,627	3,317	15,100	9,944
Win Rate %	27.8%	32.0%	27.6%	28.1%	30.5%
Win	2,219	2,121	915	4,238	3,036
Electronic Gaming Volume	3,513	3,021	1,589	6,680	4,610
Win Rate %	4.9%	4.5%	3.4%	4.1%	4.1%
Win	174	136	54	276	190
Total GGR Win	3,724	2,823	1,122	7,146	3,945

⁷ NEG represents negative margin.

⁸ Gaming statistics are presented before deducting commission and incentives.

⁹ Represents sum of junket VIP and inhouse premium direct.

¹⁰ Represents inhouse premium direct.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

StarWorld Macau**Financial and Operational Performance**

StarWorld Macau's Net Revenue was \$644 million in 1H 2022, down 67% year-on-year. Adjusted EBITDA was \$(216) million, versus \$305 million in 1H 2021. There was no luck impact on 1H 2022 Adjusted EBITDA.

Hotel occupancy was 42% for 1H 2022.

StarWorld Macau Key Financial Data

(HK\$m)	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Revenues:					
Net Gaming	885	391	198	1,857	589
Hotel/F&B/Others	40	27	17	74	44
Mall	7	6	5	14	11
Total Net Revenue	932	424	220	1,945	644
Adjusted EBITDA	135	(58)	(158)	305	(216)
Adjusted EBITDA Margin	14%	NEG ¹²	NEG¹²	16%	NEG¹²

Gaming Statistics¹³

(HK\$m)	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Rolling Chip Volume ¹⁴	12,126	0	0	25,809	0
Win Rate %	3.0%	0	0	3.2%	0
Win	363	0	0	833	0
Mass Table Drop ¹⁵	4,064	2,183	982	7,854	3,165
Win Rate %	17.3%	18.8%	20.6%	18.2%	19.3%
Win	702	410	202	1,429	612
Electronic Gaming Volume	664	475	342	1,184	817
Win Rate %	2.5%	2.2%	2.4%	2.9%	2.3%
Win	16	10	9	34	19
Total GGR Win	1,081	420	211	2,296	631

¹² NEG represents negative margin.

¹³ Gaming statistics are presented before deducting commission and incentives.

¹⁴ Represents junket VIP.

¹⁵ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Broadway Macau™**Financial and Operational Performance**

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs. Broadway Macau™'s Net Revenue was \$31 million for 1H 2022 versus \$29 million for 1H 2021. Adjusted EBITDA was \$(36) million for 1H 2022 versus \$(43) million in 1H 2021. There was no luck impact on 1H 2022 Adjusted EBITDA.

Hotel occupancy was 28% for 1H 2022 as the hotel served as a self-health management hotel.

Broadway Macau™ Key Financial Data

(HK\$'m)	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Revenues:					
Net Gaming	0	0	0	0	0
Hotel/F&B/Others	7	9	10	16	19
Mall	7	7	5	13	12
Total Net Revenue	14	16	15	29	31
Adjusted EBITDA	(20)	(17)	(19)	(43)	(36)
Adjusted EBITDA Margin	NEG ¹⁶				

Gaming Statistics¹⁷

(HK\$'m)	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Electronic Gaming Volume	3	3	1	16	4
Win Rate %	6.6%	9.0%	2.3%	4.0%	6.4%
Win	1	0	0	1	0
Total GGR Win	1	0	0	1	0

¹⁶ NEG represents negative margin.

¹⁷ Gaming statistics are presented before deducting commission and incentives.

MANAGEMENT DISCUSSION AND ANALYSIS

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

City Clubs

City Clubs contributed \$19 million of Adjusted EBITDA to the Group's earnings for 1H 2022, down 37% year-on-year. Effective from 26 June 2022, we ceased operations at Rio Casino and President Casino with the aim to optimize the Company's operational scale. All gaming related staff have been reassigned to our other properties.

City Clubs Key Financial Data

(HK\$m)	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Adjusted EBITDA	20	8	11	30	19

Gaming Statistics¹⁸

(HK\$m)	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Rolling Chip Volume ¹⁹	0	0	0	940	0
Win Rate %	0	0	0	4.4%	0
Win	0	0	0	41	0
Mass Table Drop ²⁰	844	653	311	1,511	964
Win Rate %	16.7%	18.5%	15.4%	16.1%	17.5%
Win	140	121	48	243	169
Electronic Gaming Volume	621	881	707	1,116	1,588
Win Rate %	1.9%	1.8%	1.9%	2.0%	1.8%
Win	12	16	13	22	29
Total GGR Win	152	137	61	306	198

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division contributed Adjusted EBITDA of \$289 million in 1H 2022, down 35% year-on-year. This decrease was mainly due to a significant drop in demand for construction materials caused by a slow-down of nation-wide infrastructure projects, reduction of property developments and COVID-19 lockdowns that resulted in the temporary closure of construction sites.

Hong Kong and Macau

Hong Kong and Macau performed solidly with strong demand for ready-mixed concrete due to the accelerated progress of Hong Kong International Airport's three-runway system project and urgent construction of emergency quarantine centers. In Macau, a joint venture was formed and secured a ready-mixed concrete batching plant's operation contract in the reclamation of Zone A. The plant will be commissioned in 2H 2022 for 5 years.

Mainland China

Demand for Ground Granulated Blast-furnace Slag was greatly dampened by the implementation of production restrictions in Northern China during the Winter Olympics and the Paralympic Winter Games in Q1 2022, followed by the prolonged COVID-19 containment measures in Eastern China since Q2 2022.

Cement demand further reduced in Yunnan due to a reduction of property development projects. Higher coal price also impacted profitability.

¹⁸ Gaming statistics are presented before deducting commission and incentives.

¹⁹ Represents junket VIP.

²⁰ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DEVELOPMENT UPDATE

Galaxy Macau™ and StarWorld Macau

We continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests.

Cotai – The Next Chapter

GEG is uniquely positioned for long term growth. Phase 3 is effectively completed and we look forward to welcoming the iconic Raffles at Galaxy Macau through an exclusive 450 all-suite tower. We will align the opening with prevailing market conditions. We intend to follow this with the opening of the GICC and Andaz Macau in anticipation of the recovery of the MICE and entertainment markets.

We are now firmly focused on the development of Phase 4, which is already well under way. We see the premium market evolving with this segment preferring higher quality and more spacious rooms. We continue to proceed with the construction of Cotai Phase 4, our next generation integrated resort, which will complete our ecosystem in Cotai.

Phases 3 & 4 combined will have approximately 3,000 high end and family rooms and villas, 400,000 square feet of MICE space, a 500,000 square feet 16,000-seat multi-purpose arena, F&B, retail and casinos, among others. As you can see, we remain highly confident about the future of Macau where Cotai Phases 3 & 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.



Recent photograph of Cotai Phase 4



Recent photograph of Raffles at Galaxy Macau



Recent photograph of GICC, Galaxy Arena and Andaz Hotel towers

MANAGEMENT DISCUSSION AND ANALYSIS

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

GROUP OUTLOOK

Despite the recent challenging experience in Macau, we remain confident in the longer term outlook for Macau in general and GEG specifically. Macau experienced a COVID-19 outbreak that resulted in the suspension of casinos for a period of 12 days in July 2022. During this difficult period, the Macau Government has continued to demonstrate their prompt and decisive action. We greatly appreciated their efforts and thank all of the health and emergency personnel and volunteers. Macau's public health and safety as well as economic and social stability remains the Government's highest priority.

We continue to support the Macau Government's COVID-19 prevention efforts, by providing hotels for quarantine and medical personnel. We continue to support the community and local employment including the reopening of our casinos on 23 July 2022. We would also like to acknowledge and thank our staff for participating in our various voluntary community programs.

Our balance sheet continues to remain healthy and solid with net cash of \$20.3 billion. Core debt remained minimal with zero debt associated with our Macau operations. We are well positioned to navigate through the pandemic.

We continue to support the economic development of Macau through our Cotai Phases 3 & 4 projects which positions us strongly for the future growth in leisure and tourism demand from Mainland China.

The Central Government continues to support the further integration of Greater Bay Area through the development of infrastructure. The new Guangzhou Metro Line 18 Southern Extension Line which connects Nansha to Zhuhai is starting ground preparation work. This will further increase the connectivity between Guangdong Province and Macau. In the medium to longer term, we have great confidence in the future of Macau. But in the shorter term, the reoccurrence of COVID-19 outbreaks may continue to impact visitor arrivals and associated revenues, as well as our future financial performance.

We are pleased that our Macau gaming concession was granted an extension from 26 June 2022 to 31 December 2022. We are well positioned to compete for one of Macau's forthcoming gaming concessions, given our track record of introducing innovative non-gaming elements into our resorts, our strong operational history, significant investment into Macau's economy and our substantial CSR efforts including supporting SMEs. We look forward for the completion of the concession bidding process by year end.

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 2022 decreased to \$65,245 million, a decrease of approximately 5% as compared to 31 December 2021 of \$68,425 million while the Group's total assets employed decreased to \$83,401 million as at 30 June 2022 as compared to \$85,243 million as at 31 December 2021.

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 2022, the listed debt securities were predominantly denominated in the U.S. dollar with weighted average tenor of approximately 2 years and majority in investment grade rating. Listed debt securities investments are closely monitored by designated team with the help of international leading banks. The listed debt securities were classified as financial assets at amortized cost and their carrying amounts as at 30 June 2022 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 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.

As at 30 June 2022, the Group invested \$9,842 million (\$11,580 million as at 31 December 2021) in listed debt securities and \$2,325 million in listed investment of Wynn Resorts, Limited ("Wynn Resorts") (\$3,449 million as at 31 December 2021). As at 30 June 2022, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.6% (4.5% as at 31 December 2021) of the issued share capital of Wynn Resorts. Investment cost was \$7,142 million. 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 the U.S. dollar. The directors of the Group considered that the closing price as at 30 June 2022 was the fair value of this listed investment. As of 30 June 2022, fair value of our investment in Wynn Resorts was \$2,325 million, representing 2.8% of the Group's total asset of \$83,401 million. The market value of Wynn Resorts as of 31 December 2021 and 30 June 2022, and the performance of the investment during the period ended 30 June 2021 and 30 June 2022 are as follows:

(HK\$'m)	2021	2022
Market value as at 31 December 2021 and 30 June 2022	3,449	2,325
Unrealised gain/(loss) for the period ended 30 June	388	(1,123)
Dividend income for the period ended 30 June	–	–

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 recognized entertainment corporation with exceptionally high quality assets and significant development pipeline.

The Group's total cash and bank balances (including fixed deposits) were \$16,858 million as at 30 June 2022 as compared to \$18,364 million as at 31 December 2021 while total borrowings were \$8,697 million as at 30 June 2022 as compared to \$6,386 million as at 31 December 2021. The Group was in a net cash position as at 30 June 2022 and 31 December 2021.

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

The Group's liquidity position remains strong and the Group is confident that sufficient resources could be secured to meet its commitments and working capital requirements. 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, the 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, the U.S. dollar and Euro. Euro bank loan was utilized to fund and hedge the foreign exchange risk on the Euro-denominated Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco investment in August 2015.

CHARGES ON GROUP ASSETS

No property, plant and equipment, leasehold land and land use rights was pledged to secure banking facilities (31 December 2021: nil). Bank deposits of \$291 million (31 December 2021: \$291 million) have been pledged to secure banking facilities.

GUARANTEES

GEG has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to \$6,970 million (31 December 2021: \$6,970 million). At 30 June 2022, facilities utilized by subsidiaries amounted to \$2,450 million (31 December 2021: \$700 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to \$44 million (31 December 2021: \$46 million). At 30 June 2022, facilities utilized by joint ventures amounted to \$17 million (31 December 2021: \$20 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group, excluding associated companies and joint ventures, employed approximately 17,500²¹ employees in Hong Kong, Macau and Mainland China. Employee costs, excluding Directors' emoluments, amounted to \$2,808 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.

²¹ Total number of employees of the Group includes City Clubs.

CORPORATE SOCIAL RESPONSIBILITY

As one of the world's leading resorts, hospitality and gaming companies, GEG is committed to delivering uniquely world-class experiences for our guests and building a sustainable future for our community. Upholding our philosophy of "what is taken from the community is to be used for the good of the community," GEG strives to make a positive impact on the community by supporting the Macau Special Administrative Region ("SAR") Government on its policies and directions on responsible gaming, youth development, talent nurturing, sports and cultural arts development, national education, environmental protection, and advancing Macau's transitions to a "World Center of Tourism and Leisure".

Guided by our core values of anticipation, respect, excellence, prudence, efficiency, integrity and teamwork, in the first half of 2022, GEG continued to fulfill our mission of providing exceptional experiences to our guests, instill pride in our employees, and delight our stakeholders through participating and supporting various community, charitable and volunteering efforts.

STAYING UNITED IN THE CONTINUED FIGHT AGAINST COVID-19

Since COVID-19 was first detected in Hong Kong and Macau in 2020, GEG has been working alongside the Hong Kong and Macau SAR Governments on pandemic prevention. In addition to complying with the Hong Kong and Macau SAR Governments' measures for pandemic prevention and control, GEG has been supporting the community through the pandemic by enhancing the protection for our customers, team members and the public; encouraging our team members and their family members to get vaccinated; and helping local Small and Medium-sized Enterprises ("SMEs"), suppliers, business partners, and community members with special needs through implementing various timely and practical measures.

In the first half of 2022, GEG carried out a series of initiatives, including:

- Continued to offer the Broadway Hotel as a self-health management hotel for persons with yellow health codes and as a medical observation hotel from July 13 to July 31, 2022;
- Continued to display anti-pandemic videos on the LED screens at Galaxy Macau™, Broadway Macau™ and StarWorld Macau;
- Continued to provide Special Vaccine Leave to team members so that they can take better rest on the day of, or on the day immediately following their vaccination;
- Continued to provide the Full Shift Flexi Out ("FSFO") so that team members can apply for emergency or additional leave to extend care to their family members;
- Launched the Family Vaccine Leave to allow team members to accompany their children under the age of 18 or parents aged 70 or above to get vaccinated;
- Invited Dr. Carolina Ung, PhD in Biomedical Sciences at the University of Macau to Banyan Tree Macau and StarWorld Macau respectively, for the hosting of two Vaccine Information Seminars to help our team members understand the basic and necessary information about the vaccination, as well as the importance of vaccination among children and the elderly. Videos of highlights from the two seminars were also broadcasted at our properties' back-of-house areas to enable more team members to access the information; and
- Arranged more than 50 GEG volunteers to assist at the mobile vaccination station of the Health Bureau of the Macau SAR Government at Lao Hon Market Park twice in April, in support of boosting the vaccination rate among the elderly and people with disabilities.

CORPORATE SOCIAL RESPONSIBILITY

With the reoccurrence of COVID-19 in Macau in June 2022, GEG also took the following actions:

- Supported the Macau SAR Government in promoting the use of Rapid Antigen Tests and the requirement to conduct Nucleic Acid Test (“NAT”) on the LED screens at Galaxy Macau™, Broadway Macau™, StarWorld Macau and the GEG Facebook page;
- Provided accommodation at GEG’s properties and food services for over 650 medical workers of the Mainland NAT Team;
- Provided 130 mobile beds and mattresses to the Community Treatment Center of the Macao East Asian Games Dome in support of the Macau SAR Government’s anti-pandemic work;
- Provided temporary accommodation for cross-border team members since June 19, 2022 to minimize their need for daily cross-border travel;
- Launched the One-Off Epidemic Leave and Special Stay Home Leave programs to support the Macau SAR Government’s call for everyone to stay home. The One-Off Epidemic Leave program is a half-pay program initiated during the epidemic period from June 2022. Meanwhile, the Special Stay Home Leave allows team members to enjoy one extra day of paid leave for every 5 or 6 days of consecutive One-Off Epidemic Leave, annual leave or compensation leave within seven days that they apply for from July 1, 2022 to July 17, 2022;
- Offered eligible retailers with various level of concession and support; and
- Mobilized approximately 500 GEG volunteers to assist with the onsite crowd control, enquiries support, and to provide appropriate aids for persons with special needs during the multiple rounds of NAT held at the general and special care testing stations at the Olympic Sport Centre Stadium and Tap Seac Multi-sport Pavilion from June 20, 2022 to July 31, 2022.

Moving forward, we will continue to observe the pandemic prevention and control measures of the Hong Kong and Macau SAR Governments, and work with the wider community on defeating COVID-19.



Over 50 GEG volunteers assisted the elderly at the Health Bureau’s mobile vaccination station at Lao Hon Market Park twice in April.



GEG volunteers assisted the city’s multiple NATs.

CORPORATE SOCIAL RESPONSIBILITY

TEAM MEMBER ENGAGEMENT

As an employer of choice, GEG is committed to providing a safe and friendly workplace for our team members and helping them raise health awareness and maintain a work-life balance. Considering our team members as our important assets, GEG pays attention to the needs and aspirations of our team members and organizes many vertical and horizontal career development opportunities and recreational activities for our team members and their family members to enjoy.

To promote teamwork and companionship, during the first half of 2022, the Group's Team Member Services and GEG Staff Social Club held a number of sports and recreational activities, including the "GEG International Women's Day Outdoor Yoga Workshop", "GEG Chinese New Year Team Member Celebrations" and "GEG Magical Easter Egg Workshop" that attracted the participation of close to 5,000 GEG team members and their family members.

TALENT MANAGEMENT

GEG values talent development as a differentiating factor in helping us attract and retain talents. To help our team members realize their personal and organizational success, GEG works closely with different business units, educational institutions and professional organizations on designing different development and training initiatives that align with our ever-changing business needs, promote our mission, vision and core values, and support our team members with their career progression.

In June, GEG team members took part in the 4th Macao Integrated Tourism and Leisure Enterprises Vocational Skills Competition 2022. Jointly organized by the Labour Affairs Bureau of the Macao SAR Government and the Macao Federation of Trade Unions, our team members demonstrated exceptional Asian Heart, teamwork and team spirit in the "Gaming & Entertainment Professional Skills Competition", "Hotel Services Professional Skills Competition" and "Gastronomy Professional Skills Competition", and won a total of 9 prestigious awards.

During the first half of 2022, GEG organized 868 training programs and delivered over 529,422 hours of in-class, online, and on-the-job training to over 16,124 team members.



"GEG International Women's Day Outdoor Yoga Workshop" was held at the Grand Resort Deck at Galaxy Macau™.



GEG team members participated in the 4th Macao Integrated Tourism and Leisure Enterprises Vocational Skills Competition 2022.

CORPORATE SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

Responsible Gaming

GEG actively fosters responsible gaming. Throughout the years, GEG has been working closely with the Social Welfare Bureau of the Macau SAR Government (“IAS”), the Gaming Inspection and Coordination Bureau of the Macau SAR Government (“DICJ”), 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, the local gaming operators and various non-government associations on instilling the concept of rational gambling among team members and the community. To effectively disseminate responsible gaming messages and promote the concept of “Play Responsibly”, GEG organizes a variety of promotional activities for our team members and the public on a regular basis.

In the first half of 2022, GEG’s responsible gaming efforts included:

- Co-organized the “Stay Rational for Festive Fun” Roadshow with The Youth Volunteers Association of Macao prior to Chinese New Year to deepen GEG team members’ knowledge of the casino entry law, festive-related gambling myths and the principles of responsible gaming;
- Co-organized the “Responsible Gambling Information Kiosk Briefing” with IAS, DICJ and ISCG to allow frontline team members to better understand the operation of the responsible gambling information kiosk as well as the application procedures for self-exclusion and family counseling services, so that team members can be better equipped with sufficient knowledge when assisting guests in need;
- Jointly organized the “Tips for Win-Win Family Relationships Workshop for Men” with the Macao Catholic Family Advisory Council and Sheng Kung Hui Macau Social Services Coordination Office. Targeted at GEG’s male team members, experienced social workers were invited to share with them various family-related stress triggers, professional psychological counseling and support networks available in Macau, and how gambling addiction can be avoided through stress management;
- Sponsored the Macao Gaming Industry Employees Home Integrated Services Centre in organizing various responsible gaming activities, such as the parent-child baking workshops held before Easter and International Children’s Day, during which children and youth learnt financial management concepts through simulations and mini games; and
- Worked with ISCG on delivering annual training to GEG’s Responsible Gaming Management Team to ensure that they remain attentive to the government’s latest responsible gambling measures and guidelines.



GEG’s Responsible Gaming Management Team attended an annual training.



GEG invited the Macao Gaming Industry Employees Home Integrated Services Centre on hosting a parenting activity for its team members and their children prior to Easter.

CORPORATE SOCIAL RESPONSIBILITY

Galaxy Entertainment Group Foundation

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

Through its GEG Arts & Culture Initiative, in July 2021, the Foundation launched a non-profit dedicated art space – GalaxyArt in The Promenade Shops at Galaxy Macau™. With the objectives of popularizing arts and culture in Macau, diversifying GEG’s tourism offerings, helping the city achieve the cross-sectoral integration of tourism and arts, and enlightening the artistic and cultural horizons of the young generation, ongoing arts and cultural exhibitions are hosted at GalaxyArt throughout the year.

For its inaugural exhibition, GalaxyArt presented “Juxtapose” as a special exhibition of the 2nd “Art Macao: Macao International Art Biennale 2021” that was hosted under the patronage of the Secretariat for Social Affairs and Culture and the Secretariat for Economy and Finance with the support of the Cultural Affairs Bureau and the Macao Government Tourism Office of the Macau SAR Government. Held through January 2022, “Juxtapose” featured 11 life-sized metal sculptures designed by Malaysian artist Tang Mun Kian. During the exhibition period, virtual tours were provided on the GalaxyArt website while daily docent-led guided tours were provided for free for the general public. Meanwhile, extended programs such as children’s storytelling, handicraft workshops, art exploration workshops, caricature drawing workshops, and educational guided tours were provided for parents, children and students.

Following the completion of its inaugural exhibition, GalaxyArt presented “The Art of Bamboo” exhibition which concluded in May 2022. Featuring intricate bamboo artworks by Hong Kong artist Louis To, the exhibition showcased the unique charm of intangible cultural heritage, demonstrated how traditional Chinese culture is embedded in the Macau community, and projected a new angle in appreciating the intangible cultural heritage, thus encouraging young artists to preserve and inherit the art of bamboo crafts. When daily docent-led guided tours and weekend parent-child workshops were provided, GEG and the Foundation also welcomed members from various social service associations to experience the exhibition. As with the inaugural exhibition “Juxtapose”, tailored School Activities Programs were again curated for local schools and offered to students from primary schools and secondary schools respectively, based on their ages and interests, and tailor-made tours and seminars were offered to university students, equipping them for their future careers in arts and design, cultural heritage, tourism and integrated resort management.

Furthermore, as part of the GEG Arts & Culture Initiative, the Foundation participated in the 32nd Macao Arts Festival in April and May 2022. Organized by the Cultural Affairs Bureau of the Macau SAR Government, the Foundation provided venue support to the festival for the second consecutive year. One of the festival’s programme, “Doodle POP”, a family theatre play, was conducted at the Broadway Theatre with over 4 showings. The Foundation invited teachers, students and their parents from the “sign-bilingualism” inclusive classes in Colégio Diocesano de São José (5^a), our collaborator of GEG Sign Bilingualism Co-enrolment Pilot Scheme, to attend. Additionally, two selected screenings of international stage performances, “Monte Cristo” and “A Swan Lake”, were also shown at the Grand Theatre of Galaxy Cinemas.

The GEG Chinese Music Promotion Scheme brought a selection of musical performances to the community during the first half of 2022. With a successful collaboration with the Macao Chinese Orchestra for its 2020/21 season, the Foundation participated again, as the “Special Art Partner” for the orchestra’s 2021/22 season, with two select performances staged at the Broadway Theatre at Broadway Macau™. For the Valentine’s Day “A Romantic Date” Concert in February 2022, GEG and the Foundation invited nearly 200 people, including local students, elderly members of the Macao Federation of Trade Unions, and members of the GEG Volunteer Team to enjoy the concert. For the family musical theatre concert “Musical Magic Wand – Looking for the Beautiful Gem of the Winds” in May 2022, the Foundation had invited 200 young students, parents and teachers from 4 local schools to attend, providing them a refreshing experience of traditional music-meets-drama with an immersive show, and knowledge of Chinese musical instruments.

CORPORATE SOCIAL RESPONSIBILITY

Furthermore, the Foundation, in its first-time collaboration with the Macao Youth Chinese Orchestra, presented a Young People's Concert "Chinese Music 101", which was also held at Broadway Theatre of Broadway Macau™ in February 2022. The Foundation invited over 200 teachers and students from 5 local schools, GEG team members and their children to enjoy this special performance with on-stage presentations and discussions about Chinese music. The event not only continued to expose young people to Chinese music, but provided young performers of the youth orchestra with an added opportunity to perform in front of an audience in a formal and professional setting.

Since the launch of the GEG Cultural & Academic Fund in 2021, 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 second consecutive year. Taken place in April to May 2022, the festival encompassed a host of intriguing events, to promote Portuguese learning in Macau, cultural exchange between the local community and Portuguese-speaking countries, and important messages about environmental protection. Under the festival, a set of Portuguese books by young Portuguese authors and illustrators, along with their Chinese translations, were donated to nearly 40 primary and secondary schools in Macau, providing quality bilingual teaching material to motivate students' interest in learning and understanding the Portuguese language, culture, and to broaden their horizons. The festival also featured the "Zero Waste" Exhibition, with art pieces created by local young students using daily waste materials which were showcased, in hopes of educating the young generation to participate in environmental conservation, and to contribute to building a sustainable environment.

Collaborating 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-aged children. Trainings for teachers from participating kindergartens were continuously held, when speakers from Hong Kong and Macau delivered training courses via onsite and remote teaching, equipping participating teachers with the necessary skills to identify kindergarten children at risk of learning delays in the Chinese language, and to conduct consequent intervention programmes; children identified through the process will then be invited to participate in small group intervention. 77 kindergarten teachers from 5 participating seed schools of the project had completed the 36-hour, 4-module training co-hosted by the Education and Youth Development Bureau and the University of Saint Joseph in May 2022.

Additionally, two online parents' seminars were offered to nearly 300 parents of children attending the participating kindergartens, introducing them to the appropriate developmental language level expected for their children's age, as well as methods on how parents, in everyday life, can be involved in helping their child grasp language concepts and improve their language skills. Also, to celebrate "World Book Day", the Project Team of the Scheme co-organized the "Chillax Book Café" event held at the University of Saint Joseph in April 2022, hosting reading corners, children books section and parent-child shared reading demonstration workshops to the parents and children of the community.



Teachers completed training about Chinese language development for kindergarten children under the GEG Chinese Literacy Development Scheme.



School Activities Program specially curated for local schools were offered at GalaxyArt.

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY ACTIVITIES

Upholding the philosophy of “what is taken from the community is to be used for the good of the community”, GEG is committed to making a difference and serving the community. Since establishing the GEG Volunteer Team in 2011, GEG has provided our team members and their family members with numerous opportunities to engage in community contribution, building friendships, promoting teamwork, and deepening parent-child relationships. With a motto of “Community at Heart, Empathy in Action”, the GEG Volunteer Team has launched the “Empathy in Action Training Programs” and “Empathy in Action Inclusive Creative Arts Projects” and organized a variety of activities to allow our volunteers to experience the daily challenges faced by people with different special needs, and to further promote an inclusive and harmonious society through creative arts.

During the first half of 2022, GEG organized a number of volunteering activities that attracted close to 300 GEG team members and their family members to participate, and helped more than 1,300 underprivileged individuals and families in need.

On June 19, 2022, the Macau SAR Government announced that Macau had entered a state of immediate prevention with the launch of a citywide NAT. In response to the Macau SAR Government’s call for support, GEG mobilized close to 500 GEG volunteers to assist with the multiple citywide NATs held from June 20, 2022 to July 31, 2022.



GEG volunteers took part in a “Silent Experience” program organized in collaboration with the Macau Deaf Association to allow volunteers to better understand the needs of the hearing impaired.



GEG volunteers joined Macau’s elderly in attending an “Emergency Preparedness Talk for Elderly” that GEG, various Macau SAR Government departments and the Macau Peng On Tung Tele-Assistance Services Centre had jointly arranged for them in preparation of the upcoming typhoon season.

CORPORATE SOCIAL RESPONSIBILITY

CHARITABLE ACTIVITIES

To share our success with the community, GEG continues to attend to the needs of the community by donating to organizations and groups in need.



Mr. Philip Cheng, Director of Galaxy Casino, S.A. (middle), presented a MOP300,000 cheque to the Welfare Shop of Macau Holy House of Mercy in support of the charity's Welfare Shop Program. This is the 10th consecutive year that GEG supports the program.



Mr. Philip Cheng, Director of Galaxy Casino, S.A. (left), presented a MOP200,000 cheque to the General Union of Neighbors Association of Macau in support of the Community Caring Program 2021.

SPORTS DEVELOPMENT

To support the Macau SAR Government's policies to develop sports tourism in Macau and promote the city as a "World Center of Tourism and Leisure", GEG works closely with the Macau SAR Government and the local community on enhancing the engagement and scale of Macau's sports events. In the first half of 2022, GEG supported and participated in an array of sports projects, including:

- Title-sponsored the "GEG Presents: 1st Volleyball Super Bowl" organized by the Volleyball Association of Macau, China;
- Sponsored the Macau rebroadcasting of the Beijing 2022 Winter Olympics by TDM – Teledifusão de Macau, S.A. in Macau;
- Participated in the "2022 Charity Football Tournament" organized by the Macau Special Olympics;
- Partnered with Macau Special Olympics in joining the "2022 May Fourth Bowling Youth Cup" co-organized by the University of Macau Alumni Association and Bank of China (Macau Branch) Sports Association; and
- Participated in the 2022 Macau International Dragon Boat Races.

CORPORATE SOCIAL RESPONSIBILITY



GEG title-sponsored the “GEG Presents: 1st Volleyball Super Bowl” organized by the Volleyball Association of Macau, China.

EDUCATION AND CULTURE

To support the Macau SAR Government’s policies on talent cultivation, GEG collaborates with various educational, arts and cultural institutions on the development of different programs to help young people solidify their foundation. In the first half of 2022, GEG supported and organized a wide range of talent cultivation activities, including:

- Provided internship opportunities to 42 undergraduate students, including 5 students with special education needs;
- Collaborated with the Macao Institute for Tourism Studies (“IFTM”) in hosting the 7th annual Tourism Education Student Summit;
- Arranged lectures and property tours for nearly 200 students from the University of Macau and the Macau University of Science and Technology;
- Hosted a two-day Galaxy Macau™ Staycation Experience for 22 students and lecturers of IFTM so that they can gain a better understanding of the operation and service standards of large-scale integrated resorts;
- Sponsored the “Light Up Macao Drone Gala 2022” and presented a drone show under the theme of “Golden Fall Delights show”; with the support of Education and Youth Development Bureau of the Macau SAR Government, GEG also arranged students from Pui Ching Middle School Macau for a visit on site to learn about drone operation, formation, features and other requirements in preparation of a drone show so that they can better understand the technology;
- Continued to title-sponsor the “GEG Presents: Popular Science Activities in Schools on Chinese Drones” and to promote drone technology and application to 30 schools in Macau;
- Invited delegates of the National People’s Congress and the Chinese People’s Political Consultative Conference for a sharing of the spirit of the “Two Sessions” with approximately 400 GEG executives; and
- Invited team members and GEG Youth Achievement Program participants for a visit to the National Security Education Exhibition.

CORPORATE SOCIAL RESPONSIBILITY



GEG invited delegates of the National People's Congress and the Chinese People's Political Consultative Conference for a sharing of the spirit of the "Two Sessions" with approximately 400 GEG executives.



GEG continued to title-sponsor the "GEG Presents: Popular Science Activities in Schools on Chinese Drones" and promote drone technology and application to 30 schools in Macau.

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Committed to environmental protection and building a greener world for future generations to enjoy, GEG continues to conduct our business in an environmentally responsible manner by constantly monitoring our environmental performance and reviewing the measures that we implement to reduce our environmental impacts. GEG's wide array of green initiatives and accomplishments in the first half of 2022 included:

- Obtained EarthCheck Silver Certification for Galaxy Hotel™;
- Obtained the Macao Green Hotel Award – Gold Award for Hotel Okura Macau and Macao Green Hotel Award – Silver Award for Broadway Hotel;
- Launched a "Retail Awareness Program" to demonstrate GEG's environmental standards to retail tenants;
- Organized a Recycling Campaign at Galaxy Macau™ and StarWorld Macau to encourage team members to donate new and second-hand household appliances, handbags and accessories to Caritas Macau for redistribution to people in need;
- Continued to participate in Earth Hour for the 14th consecutive year, and the monthly "Lights Out" campaign on the first Tuesday of each month;
- Continued to participate in the Red Packet Recycling Campaign organized by the Environmental Protection Bureau ("DSPA") of the Macau SAR Government; and
- Continued to observe World Water Day by organizing a week-long exhibition on Macau's Mangroves at the back-of-house area of Galaxy Macau™. To promote the ecological value of Macau's mangrove forests, Professor Karen Arano Tagulao from the Institute of Science and Environment of the University of Saint Joseph was invited to deliver a biodiversity talk to introduce Macau's mangroves to GEG team members. Meanwhile, to enhance team members' awareness to the importance of water conservation, a green quiz was also held during the campaign.

CORPORATE SOCIAL RESPONSIBILITY

Striving for sustainable development, GEG also continued to implement the following initiatives aimed at helping GEG achieve the respective energy saving, water saving, and waste diversion targets set for 2022:

- Continuing to carry out Energy and Environmental Assessments in the kitchens and food and beverage outlets in Galaxy Macau™ and Broadway Macau™ to further enhance energy, water and waste reduction;
- Establishing an Environmental Aspects and Control Register that covers various departments and business functions such as Housekeeping, Food and Beverage, Engineering and Facilities, Design and Development, as well as Contractors, to better manage resource life cycles and monitor the waste disposal, reuse, and recycling processes at each GEG property;
- Recommissioning the central air conditioning system at Broadway Macau™;
- Installing high efficiency motors on fan coil units at the back-of-house areas at Galaxy Macau™ and Broadway Macau™;
- Increasing the temperature setpoint for non-peak hours in the front-of-house areas at Galaxy Macau™, Broadway Macau™ and StarWorld Macau;
- Installing high accuracy temperature sensors in the chiller plants at Galaxy Macau™ and Broadway Macau™;
- Installing smart temperature sensors in walk-in freezers at StarWorld Macau;
- Replacing analog thermostats with digital ones in the back-of-house areas at Galaxy Macau™ and Broadway Macau™, as well as at StarWorld Macau;
- Renewing energy saving pumps with variable speed drives at StarWorld Macau;
- Installing occupancy sensors to LED lights in the production kitchens at Galaxy Macau™ and Broadway Macau™;
- Replacing LED lights regularly and adding motion sensors to LED lights at the back-of-house areas at all properties;
- Reducing the lighting levels on external signage across all properties;
- Installing water restrictors to reduce guest room water use at all properties;
- Optimizing the operating hours of water features at Galaxy Macau™;
- Minimizing lighting level in unoccupied areas at StarWorld Macau;
- Recycling grey water from the swimming pool at StarWorld Macau for basement carpark cleaning;
- Implementing paperless car park at Galaxy Macau™ to reduce paper use;

CORPORATE SOCIAL RESPONSIBILITY

- Implementing mobile receiving and delivery solutions at Galaxy Macau™ to digitalize the service process and reduce paper use;
- Installing additional Reverse Vending Machines at the back-of-house areas at Galaxy Macau™ to increase plastic bottle recycling by team members;
- Continuing to work with Macau Coca-Cola Beverage Co., Ltd on the recycled PET (rPET) water bottle recycling program;
- Continuing to arrange ISO 50001 and ISO 14001 Energy and Environmental Management System Internal Auditor Trainings for team members to enhance their skillset and awareness on energy and environmental issues;
- Continuing to raise internal awareness by sending monthly Environmental and Energy Conservation Ideas and Reminders, and quarterly Sustainability Newsletters to team members; and
- Continuing to participate in DSPA's programs such as the "Pilot Project for the Collection of Food Residues from Food and Beverage Establishments" to reduce food waste at StarWorld Macau.

GEG has a comprehensive recycling program in place at all our properties. Despite having suspended food waste recycling and decomposing at our properties since the onset of COVID-19 as a pandemic prevention measure, in the first half of 2022, GEG continued to recycle approximately 286.7 tons of cardboard and paper materials, 17.2 tons of plastics, 23.2 tons of metals, 16.8 tons of glass bottles, 22.1 tons of waste oil, and 0.5 tons of printer cartilages.



GEG obtained the EarthCheck Silver Certification for Galaxy Hotel™.

CORPORATE SOCIAL RESPONSIBILITY

CONSTRUCTION MATERIALS DIVISION**Corporate Social Responsibility**

Amid the fifth wave of COVID-19 pandemic outbreak, the daily confirmed cases and death tolls have reached record high. Our Construction Materials Division (“CMD”) continues to take preventive measures against the pandemic and spares no effort to support the community. Preventive measures such as vaccination, mask-wearing and social distancing remain our top priority to fight against the spread of COVID-19. To support the community, CMD donated more than 10,000 rapid antigen test kits to low-income groups, elderly and frontline anti-epidemic personnel through various organizations. CMD continues to sponsor the 5-year education fund in Zhaotong, Yunnan Province which aims to enhance the learning environment for underprivileged undergraduates and secondary school students in Zhaotong. With many years of contributing back to the society, CMD has received the “20 Years Plus” Caring Company logo from The Hong Kong Council of Social Service.

Health, Safety and Environmental Protection

Safety at work is the top priority for CMD. CMD continually strives for safety improvement and fully embraces state-of-the-art technology as being one medium to achieve this goal. CMD has installed its first Smart Monitoring System on a front-end loader at its Hong Kong EcoPark site. The system through AI technology displays a 3-dimension bird’s eye-view in 360-degree and provides both visual and audio alert signals to the loader operator when it detects any objects. As a result, the risk of blind spots accidents can be further reduced.

Employee Engagement

CMD values employees’ wellbeing and health. Focusing on creating a harmonious workplace, CMD continues to organize an expansive range of wellness activities including Lunch & Learn Workshop, talks and festival celebrations. A Dragon Boat Racing Team was also formed to foster the importance of work-life balance and team spirit.



CMD donated rapid antigen test kits to low-income groups, elderly and frontline anti-epidemic personnel through various organizations.



A Dragon Boat Racing Team was formed to foster the importance of work-life balance and team spirit.

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 42 to 68, which comprises the condensed consolidated balance sheet of Galaxy Entertainment Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 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 notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 18 August 2022

PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong

T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue (Note)	6	6,523,844	10,660,577
Other income/gains, net	8(a)	377,045	553,138
Special gaming tax and other related taxes to the Macau Government		(1,906,419)	(3,791,059)
Raw materials and consumables used		(645,917)	(718,976)
Amortisation and depreciation	8(b)	(1,038,773)	(1,158,093)
Employee benefit expenses		(2,868,280)	(3,114,558)
Other operating expenses	8(c)	(1,253,326)	(1,584,075)
Finance costs	9	(42,002)	(28,958)
Share of profits less losses of:			
Joint ventures		51,744	191,778
Associated companies		79	(13)
(Loss)/profit before taxation	8(b)	(802,005)	1,009,761
Taxation charge	10	(42,985)	(49,527)
(Loss)/profit for the period		(844,990)	960,234
Attributable to:			
Equity holders of the Company		(850,473)	947,133
Non-controlling interests		5,483	13,101
		(844,990)	960,234
(Loss)/earnings per share	12	HK cents	HK cents
Basic		(19.5)	21.8
Diluted		(19.5)	21.7
Note: Analysis of revenue		HK\$'000	HK\$'000
Gross revenue from gaming operations		4,600,372	9,476,185
Commission and incentives		(470,123)	(1,635,318)
Net revenue from gaming operations		4,130,249	7,840,867
Revenue from hotels, mall operations and others		1,078,501	1,388,589
Sales of construction materials		1,315,094	1,431,121
		6,523,844	10,660,577

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2022

	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit for the period	(844,990)	960,234
Other comprehensive (loss)/income		
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	(999,230)	448,343
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	(68,601)	5,191
Share of translation differences of joint ventures	(90,765)	20,386
Other comprehensive (loss)/income for the period, net of tax	(1,158,596)	473,920
Total comprehensive (loss)/income for the period	(2,003,586)	1,434,154
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(1,984,773)	1,416,565
Non-controlling interests	(18,813)	17,589
	(2,003,586)	1,434,154

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2022

	Note	30 June 2022 HK\$'000	31 December 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	44,442,162	41,781,428
Right-of-use assets	13	4,852,717	4,885,646
Intangible assets	13	35,747	152,858
Joint ventures		1,813,575	1,993,905
Associated companies		2,359	2,280
Financial assets at amortised cost	14	6,998,895	8,518,439
Financial assets at fair value through other comprehensive income	15	3,171,696	4,202,038
Financial asset at fair value through profit or loss	16	479,521	–
Other non-current assets	17	135,622	144,138
		61,932,294	61,680,732
Current assets			
Inventories		236,324	203,922
Debtors and prepayments	18	1,307,646	1,691,356
Amounts due from joint ventures		148,373	161,839
Taxation recoverable		63,372	68,713
Current portion of financial assets at amortised cost	14	2,843,449	3,062,039
Cash and cash equivalents and other bank deposits		16,869,639	18,374,824
		21,468,803	23,562,693
Total assets		83,401,097	85,243,425

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2022

	Note	30 June 2022 HK\$'000	31 December 2021 HK\$'000
EQUITY			
Share capital and shares held for share award scheme	19	23,665,698	23,598,057
Reserves		41,579,416	44,826,622
Equity attributable to owners of the Company		65,245,114	68,424,679
Non-controlling interests		624,708	651,061
Total equity		65,869,822	69,075,740
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		193,010	205,414
Lease liabilities		445,223	433,638
Retention payable		260,038	456,980
Non-current deposits and other payables		197,854	205,156
		1,096,125	1,301,188
Current liabilities			
Creditors and accruals	21	7,608,771	8,349,548
Amounts due to joint ventures		3,965	31,412
Current portion of lease liabilities		52,681	49,235
Borrowings	20	8,697,440	6,386,231
Provision for tax		72,293	50,071
		16,435,150	14,866,497
Total liabilities		17,531,275	16,167,685
Total equity and liabilities		83,401,097	85,243,425
Net current assets		5,033,653	8,696,196
Total assets less current liabilities		66,965,947	70,376,928

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2022

	2022 HK\$'000	2021 HK\$'000
Net cash used in operating activities	(1,635,998)	(3,174,451)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,067,316)	(3,193,138)
Purchase of intangible assets	(1,845)	(15,042)
Proceeds from disposal of property, plant and equipment	30	4,312
Decrease in advances to joint ventures	12,947	5,619
(Increase)/decrease in deferred receivable	(2,318)	2,385
Decrease in finance lease receivable	6,750	12,775
Purchase of financial assets	(1,166,284)	(383,429)
Proceeds from redemption/disposal of financial assets	2,424,907	2,615,328
Interest received	746,548	389,942
Decrease in short-term bank deposits with maturity over three months and short-term pledged bank deposits	4,476,339	575,153
Dividends received from joint ventures	141,309	50,817
Net cash from investing activities	3,571,067	64,722
Cash flows from financing activities		
Issue of new shares	40,636	385,482
Shares purchased by the trustee	(6,477)	–
New bank loans	9,630,938	7,650,000
Repayment of bank loans	(7,294,838)	(5,459,408)
Principal elements of lease payments	(27,823)	(26,402)
Dividends paid to shareholders	(1,307,566)	–
Dividends paid to non-controlling interests	(7,560)	(7,500)
Net cash from financing activities	1,027,310	2,542,172
Net increase/(decrease) in cash and cash equivalents from 1 January to 30 June	2,962,379	(567,557)
Cash and cash equivalents at 1 January	13,606,743	14,907,498
Translation differences	8,775	4,305
Cash and cash equivalents at 30 June	16,577,897	14,344,246
Analysis of cash and cash equivalents		
Cash and other bank deposits	16,858,363	19,048,781
Other cash equivalents	11,276	103,259
Cash and cash equivalents and other bank deposits	16,869,639	19,152,040
Less: short-term bank deposits with maturity over three months and short-term pledged bank deposits	(291,742)	(4,807,794)
Cash and cash equivalents at 30 June	16,577,897	14,344,246

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2022

	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 2021	22,808,488	(20)	44,615,313	67,423,781	613,401	68,037,182
Comprehensive income						
Profit for the period	-	-	947,133	947,133	13,101	960,234
Other comprehensive income						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	448,343	448,343	-	448,343
Translation differences of subsidiaries	-	-	3,456	3,456	1,735	5,191
Share of translation differences of joint ventures	-	-	17,633	17,633	2,753	20,386
Total other comprehensive income, net of tax	-	-	469,432	469,432	4,488	473,920
Total comprehensive income for the period	-	-	1,416,565	1,416,565	17,589	1,434,154
Transactions with equity holders						
Dividends paid to non-controlling interests	-	-	-	-	(7,500)	(7,500)
Shares vested pursuant to share award scheme	57	-	(57)	-	-	-
Issue of shares upon exercise of share options	492,835	-	(107,353)	385,482	-	385,482
Fair value of share options granted	-	-	47,533	47,533	-	47,533
Fair value of share awards granted	-	-	28,903	28,903	-	28,903
At 30 June 2021	23,301,380	(20)	46,000,904	69,302,264	623,490	69,925,754
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)
Shares award scheme – shares issued to the trustee	12	(12)	-	-	-	-
Shares 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

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 2021 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2022 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 2021 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 18 August 2022.

2. MACAU GAMING CONCESSION

Gaming in Macau is administered by the Government of the Macau Special Administrative Region (the “Macau Government”) through concession awarded to three different Concessionaries and three Sub-concessionaires, of which the Company’s principal subsidiary, Galaxy Casino, S.A. (“GCSA”) is one of Concessionaries.

On 23 June 2022 the Macau Government and GCSA have entered into the Concession Amendment Contract pursuant to which the gaming concession of GCSA, which was due to expire on 26 June 2022, has been extended for a further period up to 31 December 2022. In addition, undertaking letters have been signed by the Group in connection with effecting the transfer to the Macau Government without compensation of relevant casinos and related assets upon the expiry of the Gaming Concession Contract as required by Gaming Concession Contract and pursuant to Article 40 of the Gaming Law No. 16/2001. Under the terms of the Concession Amendment Contract, GCSA is required to pay the Macau Government MOP47 million (equivalent to approximately HK\$45.63 million) upon the date of signing of the Concession Amendment Contract as a premium for such extension. GCSA is also required to provide a bank guarantee in an amount of not less than MOP1.63 billion (equivalent to approximately HK\$1.58 billion) to the Macau Government to guarantee fulfillment of potential labour liabilities after the expiry of the extended Gaming Concession Contract.

With the confirmation of the Macau Government, GCSA has executed the Sub-concession Extension Contract with Venetian Macau, S.A. to extend its gaming sub-concession for a further period up to 31 December 2022.

NOTES TO THE INTERIM FINANCIAL INFORMATION

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2022 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 financial statements for the year ended 31 December 2021, 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 financial statements for the year ended 31 December 2021, except as described below:

(a) The adoption of amended standards

In 2022, the Group adopted the following amended standards which are relevant to its operations.

HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
Annual Improvements to HKFRSs 2018–2020 Cycle	

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

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

New standard and amendments		Effective for accounting periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts	1 January 2023
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 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)**(c) Gaming licence and reacquired right**

Gaming licence and reacquired right are carried at cost less accumulated amortisation and impairment losses. They have finite useful lives and are amortised on a straight-line basis over the remaining term of the licence which expired in June 2022.

On 23 June 2022, the Macau Government and the Group have entered into the Concession Amendment Contract pursuant to which the gaming concession has been extended for a further period up to 31 December 2022. The cost of extension premium of MOP47 million (equivalent to approximately HK\$45.63 million) is amortised on a straight-line basis over the extended period of the gaming licence.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments, estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2021.

5. FINANCIAL RISK MANAGEMENT

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

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021. There have been no changes in the financial risk management objectives and policies of the Group since 2021 year end.

5.1 Fair value estimation

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (Continued)

5.1 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2022 and 31 December 2021.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2022				
Assets				
Financial asset at fair value through profit or loss				
– Unlisted investment	–	–	479,521	479,521
Financial assets at fair value through other comprehensive income				
– Unlisted investment	–	–	3,016	3,016
– Listed investment	3,168,680	–	–	3,168,680
Total	3,168,680	–	482,537	3,651,217

At 31 December 2021

Assets

Financial assets at fair value through

other comprehensive income

– Unlisted investment

– Listed investment

Total

– Unlisted investment	–	–	17,876	17,876
– Listed investment	4,184,162	–	–	4,184,162
Total	4,184,162	–	17,876	4,202,038

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (Continued)**5.1 Fair value estimation (Continued)**

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.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis 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 2022 and 30 June 2021.

	Financial assets at fair value through other comprehensive income		Financial asset at fair value through profit or loss	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
At beginning of the period	17,876	16,956	–	–
Additions	–	–	479,521	–
(Loss)/gain recognised in other comprehensive income	(14,860)	406	–	–
At end of the period	3,016	17,362	479,521	–

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. REVENUE

Revenue recognised during the period are as follows:

	2022 HK\$'000	2021 HK\$'000
Gaming operations		
Net gaming wins	4,576,157	9,442,543
Contributions from City Club Casinos (note a)	17,358	25,081
Tips received and administrative fees	6,857	8,561
Gross revenue from gaming operations	4,600,372	9,476,185
Less: Commission and incentives	(470,123)	(1,635,318)
Net revenue from gaming operations	4,130,249	7,840,867
Revenue from hotels, mall operations and others (note b)	1,078,501	1,388,589
Sales of construction materials	1,315,094	1,431,121
	6,523,844	10,660,577

Notes:

- (a) In respect of the operations of city club casinos (the "City Club Casinos"), the Group entered into agreements (the "Agreements") with third parties for a term equal to the life of the concession agreement with the Macau Government up to 26 June 2022.

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

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

During the period ended 30 June 2022, the Group is entitled to HK\$17,358,000 (2021: HK\$25,081,000), which is calculated by reference to various rates on the net gaming wins. Special gaming tax and other related taxes to the Macau Government, and all relevant operating and administrative expenses relating to the operations of the City Club Casinos are not recognised as expenses of the Group in the interim financial information.

Upon expiration of the Agreements, the Group continued operation of Waldo Casino only and entered into a new agreement for the period from 27 June 2022 to 31 December 2022. According to the new agreement, the Group maintains the 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\$613 million (2021: HK\$742 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 (loss)/earnings before interest, tax, depreciation, amortisation and certain items (the “Adjusted EBITDA”). This measurement basis of Adjusted EBITDA excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, donation and sponsorship, loss on disposal and write-off of certain 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 represent 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 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 certain 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
Six months ended 30 June 2021				
Reportable segment revenue	9,486,905	1,431,121	–	10,918,026
Adjusted for:				
City Club Casinos arrangement set out in note 6				
Revenue not recognised	(287,934)	–	–	(287,934)
Contributions	25,081	–	–	25,081
Others	5,404	–	–	5,404
Revenue recognised under HKFRS	9,229,456	1,431,121	–	10,660,577
Adjusted EBITDA including share of results of joint ventures and associated companies	1,610,587	445,223	(64,366)	1,991,444
Interest income and gross earnings on finance lease				452,287
Amortisation and depreciation				(1,158,093)
Finance costs				(28,958)
Taxation charge				(49,527)
Adjusted items:				
Taxation of joint ventures and associated companies				(53,645)
Pre-opening expenses				(88,687)
Loss on disposal and write-off of certain property, plant and equipment				(12,169)
Share option expenses				(47,533)
Share award expenses				(28,903)
Donation and sponsorship				(29,516)
Others				13,534
Profit for the period				960,234
Share of results of joint ventures and associated companies	4,819	186,946	–	191,765

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 2022				
Total assets	62,160,942	5,452,864	15,787,291	83,401,097
Total assets include:				
Joint ventures	57,658	1,755,917	-	1,813,575
Associated companies	-	2,359	-	2,359
Total liabilities	9,622,148	1,494,110	6,415,017	17,531,275

As at 31 December 2021

Total assets	69,790,956	5,552,153	9,900,316	85,243,425
Total assets include:				
Joint ventures	59,791	1,934,114	-	1,993,905
Associated companies	-	2,280	-	2,280
Total liabilities	8,846,411	1,430,401	5,890,873	16,167,685

Six months ended 30 June 2022

Additions to non-current assets	3,496,402	68,453	-	3,564,855
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Six months ended 30 June 2021

Additions to non-current assets	3,241,767	90,940	-	3,332,707
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Geographical analysis

Six months ended 30 June	2022 HK\$'000	2021 HK\$'000
Revenue		
Macau	5,424,573	9,471,963
Hong Kong	915,594	864,467
Mainland China	183,677	324,147
	6,523,844	10,660,577

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Non-current assets		
Macau	57,969,613	57,959,848
Hong Kong	637,436	640,059
Mainland China	3,325,245	3,080,825
	61,932,294	61,680,732

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. SEGMENT INFORMATION (Continued)

As at 30 June 2022, the total of non-current assets, other than financial instruments, located in Macau was HK\$47,800 million (2021: HK\$45,240 million), Hong Kong was HK\$636 million (2021: HK\$639 million) and Mainland China was HK\$2,846 million (2021: HK\$3,081 million).

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

	2022 HK\$'000	2021 HK\$'000
(a) Other income/gains, net		
Interest income		
Bank deposits	166,087	169,460
Loans to joint ventures	772	1,081
Deferred receivable	210	374
Financial assets at amortised cost	194,904	281,197
Gross earnings on finance lease	114	175
Loss on disposal and write-off of property, plant and equipment	(4,622)	(15,939)
Loss on write-off of intangible assets	(9,564)	–
Foreign exchange (loss)/gain	(83,142)	76,686
Consultancy fee income	37,941	20,208
Others	74,345	19,896
	377,045	553,138
(b) (Loss)/profit before taxation is stated after charging		
Depreciation		
Property, plant and equipment	859,270	979,063
Right-of-use assets	68,678	65,387
Amortisation		
Gaming licence	52,537	52,732
Computer software	13,493	16,154
Reacquired right	43,963	43,963
Quarry site development	832	794
(c) Other operating expenses		
Utilities and rentals	257,622	334,021
Advertising and promotion	163,107	278,821
Repair and maintenance	185,133	213,309
Operating supplies and consumables	131,410	149,458
Food and beverage costs	75,468	84,351
Other support services	75,278	69,333
Distribution costs	131,240	115,247
Subcontracting charges	39,694	35,379
Reversal of provision for loss allowance, net	(24,755)	(44,184)
Other expenses	219,129	348,340
	1,253,326	1,584,075

NOTES TO THE INTERIM FINANCIAL INFORMATION

9. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest expenses		
Bank loans and overdrafts	38,402	37,858
Lease liabilities	8,080	7,581
Other borrowing costs	1,350	1,800
	47,832	47,239
Amount capitalised in assets under construction	(5,830)	(18,281)
	42,002	28,958

10. TAXATION CHARGE

	2022 HK\$'000	2021 HK\$'000
Current taxation		
Hong Kong profits tax	17,419	5,879
Mainland China income tax and withholding tax	10,807	6,860
Macau complementary tax	9,350	7,484
Net (over)/under provision in prior years	(390)	1,621
Lump sum in lieu of Macau complementary tax on dividend (note b)	18,204	18,204
Deferred taxation	(12,405)	9,479
Taxation charge	42,985	49,527

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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% (2021: 12% to 25%). The weighted average applicable tax rate was 12% (2021: 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

11. DIVIDEND

On 23 February 2022, the Board of Directors declared a special dividend of HK\$0.30 per share (2021: nil), payable to shareholders of the Company whose names appear on the register of the members of the Company on 31 March 2022. The total amount of the special dividend distributed was HK\$1,308 million (2021: nil) and was paid on 29 April 2022.

The Board of Directors does not declare an interim dividend for the period ended 30 June 2022 (2021: nil).

12. (LOSS)/EARNINGS PER SHARE

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

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and share awards. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The calculation of number of shares is compared with the number of shares that would have been issued from the share options and the share awards, the dilutive effect of the share award scheme is assumed if the awarded shares are issued by new shares, which is yet to be determined. 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. For the period ended 30 June 2021, the Company had outstanding share options and share awards that would potentially dilute the earnings per share.

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

	2022 HK\$'000	2021 HK\$'000
(Loss)/profit attributable to equity holders of the Company	(850,473)	947,133

	Number of shares	
	2022	2021
Weighted average number of shares for calculating basic (loss)/earnings per share	4,359,801,195	4,349,893,221
Effect of dilutive potential ordinary shares		
Share options	-	13,365,669
Share awards	-	358,745
Weighted average number of shares for calculating diluted (loss)/earnings per share	4,359,801,195	4,363,617,635

NOTES TO THE INTERIM FINANCIAL INFORMATION

13. CAPITAL EXPENDITURE

For the six months ended 30 June 2022, the Group incurred HK\$3,523 million (2021: HK\$3,314 million) on property, plant and equipment, HK\$4 million (2021: HK\$15 million) on intangible assets, and HK\$38 million (2021: HK\$3 million) on right-of-use assets.

14. FINANCIAL ASSETS AT AMORTISED COST

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Listed debt securities in Hong Kong, at amortised cost (note b)	4,864,547	6,371,390
Listed debt securities in overseas, at amortised cost (note b)	4,977,797	5,209,088
	9,842,344	11,580,478
Less: current portion of financial assets at amortised cost	(2,843,449)	(3,062,039)
	6,998,895	8,518,439

Notes:

- (a) The financial assets at amortised cost represents the Group's investment in 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 2022 and 31 December 2021, the listed debt securities were predominantly denominated in U.S. dollar with weighted average tenor of approximately 2 years and majority in investment grade rating.
- (c) As at 30 June 2022 and 31 December 2021, 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 2022 and 31 December 2021, none of the debt securities in any individual investee company held by the Group equaled or exceeded 5 per cent of the Group's total assets.
- (e) The interest income generated from the above financial assets at amortised cost for the period ended 30 June 2022 amounted to HK\$195 million (2021: HK\$281 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 2022 HK\$'000	31 December 2021 HK\$'000
Unlisted investments in overseas, at fair value (note a)	3,016	17,876
Listed investments in overseas, at fair value (note b)	3,168,680	4,184,162
	3,171,696	4,202,038

Notes:

- (a) Unlisted investments are mainly denominated in Macau Patacas and U.S. dollar.
- (b) As at 30 June 2022, the listed investments in overseas, at fair value included 5.2 million (2021: 5.2 million) shares of Wynn Resorts, Limited (“Wynn Resorts”) which represented approximately 4.6% (2021: 4.5%) of the issued share capital of Wynn Resorts. Investment cost was HK\$7.14 billion. Principal businesses of Wynn Resorts are to develop and operate high end hotels and casinos and its shares are listed on the Nasdaq Stock Exchange (stock code: WYNN). This listed investment is denominated in U.S. dollar. The directors of the Group considered that the closing price as at 30 June 2022 and 31 December 2021 was the fair value of this listed investment. As of 30 June 2022, fair value of our investment in Wynn Resorts was HK\$2.3 billion (2021: HK\$3.4 billion), representing 2.8% (2021: 4.0%) of the Group’s total asset of HK\$83.4 billion (2021: HK\$85.2 billion). The market value of Wynn Resort as of 30 June 2022 and 31 December 2021, and the performance of the investment during the period ended 30 June 2022 and 30 June 2021 are as follows:

	Market value		Unrealised (loss)/gain for the period ended 30 June		Dividend income for the period ended 30 June	
	30 June 2022 HK\$'000	31 December 2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Wynn Resorts, Limited	2,325,183	3,448,559	(1,123,376)	388,295	-	-

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 significant development pipeline.

NOTES TO THE INTERIM FINANCIAL INFORMATION

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Unlisted investment (note)	479,521	–

Note: Unlisted investments are mainly comprise unlisted preferred shares in a private entity established in Cayman Islands and denominated in U.S. dollar.

17. OTHER NON-CURRENT ASSETS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Finance lease receivable	–	14,649
Deposits paid for property, plant and equipment	19,828	89,855
Deferred expenditure	11,371	11,182
Prepayment	45,645	7,582
Others	58,778	20,870
	135,622	144,138

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. DEBTORS AND PREPAYMENTS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade debtors, net of loss allowance (note a)	562,240	589,889
Other debtors and deposit paid, net of loss allowance (note b)	438,659	862,734
Contract assets	78,935	75,747
Extension premium of gaming licence (note c)	44,660	–
Prepayments	183,152	146,307
Current portion of finance lease receivable	–	16,679
	1,307,646	1,691,356

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 (2021: 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 2022 HK\$'000	31 December 2021 HK\$'000
Within one month	193,605	323,212
Two to three months	281,619	229,207
Four to six months	78,343	30,599
Over six months	8,673	6,871
	562,240	589,889

- (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.
- (c) On 23 June 2022, the Macau Government and the Group have entered into the Concession Amendment Contract pursuant to which the gaming concession has been extended for a further period up to 31 December 2022. The cost of extension premium of MOP47 million (equivalent to approximately HK\$45.63 million) is amortised on a straight-line basis over the extended period of the gaming licence.

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 2021	4,344,077,873	22,808,488	(20)	22,808,468
Shares vested pursuant to share award scheme (note a)	–	57	–	57
Issue of shares upon exercise of share options (note b)	8,218,518	492,835	–	492,835
At 30 June 2021 and 1 July 2021	4,352,296,391	23,301,380	(20)	23,301,360
Share award scheme – shares purchased by the trustee	–	–	(19,030)	(19,030)
Shares vested pursuant to share award scheme	–	54,122	19,040	73,162
Issue of shares upon exercise of share options	7,257,150	242,565	–	242,565
At 31 December 2021 and 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 (note a)	–	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	4,362,148,369	23,665,716	(18)	23,665,698

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.

The new share award scheme was adopted on 13 May 2021 (“Share Award Scheme 2021”) and the share award scheme adopted on 4 August 2014 (the “Share Award Scheme 2014”) was expired on 21 June 2021. Share awards outstanding under the Share Award Scheme 2014 remain valid until vested or lapsed or terminated in accordance with the terms of that scheme.

During the period, 30,949 (2021: 79,370) and 597 (2021: 1,149) share awards were lapsed and vested respectively under the Share Award Scheme 2014. No share awards (2021: 1,773,300) were granted, 55,907 (2021: 2,200) and 543,752 (2021: nil) share awards were lapsed and vested respectively under the Share Award Scheme 2021. The number of share awards outstanding as at 30 June 2022 was 2,025,592 (2021: 4,271,732), all of which are unvested.

During the period, a total of 1,166,964 shares (2021: nil) of the Company were allotted to the trustee of the Share Award Scheme 2021 of HK\$11,669.64 (2021: nil).

During the period, the trustee of the Share Award Scheme 2021 purchased on SEHK a total of 155,497 shares (2021: nil) of the Company for a total consideration of approximately HK\$6.48 million (2021: nil).

As at 30 June 2022, 1,031,222 and 780,573 shares of the Company were held by the trustee under the Share Award Scheme 2014 and Share Award Scheme 2021 respectively.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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

Notes: (Continued)

- (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 13 May 2021, the shareholders of the Company approved the adoption of a new share option scheme (the "Share Option Scheme 2021") and the share option scheme adopted on 22 June 2011 (the "Share Option Scheme 2011") was expired on 21 June 2021. All the share options granted under the Share Option Scheme 2011 shall remain valid and unchanged and shall be treated in accordance with the terms under the Share Option Scheme 2011.

During the period, 1,427,864 (2021: 8,218,518) and 836,110 (2021: 432,786) share options were exercised and lapsed respectively under the Share Option Scheme 2011. No share options were granted (2021: 9,274,000) and exercised (2021: nil), and 249,899 (2021: 8,000) share options were lapsed under Share Option Scheme 2021. The number of share options outstanding at 30 June 2022 was 41,148,785 (2021: 51,801,162).

20. BORROWINGS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Bank loan – unsecured	8,697,440	6,386,231
Less: short-term bank loans	(8,697,440)	(6,386,231)
Non-current portion of borrowings	–	–

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

	Carrying amount		Fair value	
	30 June 2022 HK\$'000	31 December 2021 HK\$'000	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Bank loans	8,697,440	6,386,231	8,697,440	6,386,231

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 2022 HK\$'000	31 December 2021 HK\$'000
Trade creditors (note a)	2,531,564	2,768,918
Other creditors (note b)	3,630,608	3,492,571
Chips issued	212,364	418,016
Loans from non-controlling interests	96,453	97,840
Accruals and provision	1,137,782	1,572,203
	7,608,771	8,349,548

Notes:

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within one month	2,218,871	2,511,158
Two to three months	72,025	59,184
Four to six months	58,958	7,268
Over six months	181,710	191,308
	2,531,564	2,768,918

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

22. CAPITAL COMMITMENTS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Contracted but not provided for – Property, plant and equipment	11,185,845	5,906,448

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\$772,000 (2021: HK\$1,081,000) are charged at terms agreed among the parties.
- (b) Management fee received from joint ventures and an associated company amounted to HK\$4,597,000 (2021: HK\$5,540,000) are charged at terms agreed among the parties.
- (c) Rental expenses of HK\$778,000 (2021: HK\$769,000) 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\$106,243,000 (2021: HK\$195,669,000) at terms agreed among the parties.
- (e) Interest expenses to non-controlling interests amounted to HK\$1,350,000 (2021: HK\$1,624,000) at terms agreed among the parties.
- (f) Key management personnel comprise the Chairman, Deputy Chairman and other Executive Directors. Key management compensation amounted to HK\$60,000,000 for the six months ended 30 June 2022 (2021: HK\$45,000,000).

OTHER INFORMATION

DIVIDEND

A special dividend of HK\$0.30 per share totaling approximately HK\$1,308 million was paid to the shareholders of the Company on 29 April 2022.

The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: nil) or another special dividend (2021: nil).

DIRECTORS’ INTERESTS IN SECURITIES AND UNDERLYING SHARES

As at 30 June 2022, 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:

(a) Shares (including underlying shares)

Name	Number of shares (including underlying shares) held				Total	Percentage of Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Lui Che Woo	40,420,444	2,181,518	363,726,401 ⁽¹⁾	1,362,225,231 ⁽²⁾	1,768,553,594	40.54
Francis Lui Yiu Tung	52,195,279	–	398,150,099 ⁽³⁾	1,362,225,231 ⁽²⁾	1,812,570,609	41.55
Joseph Chee Ying Keung	1,200,321	–	–	–	1,200,321	0.03
Paddy Tang Lui Wai Yu	14,210,207	–	–	1,362,225,231 ⁽²⁾	1,376,435,438	31.55
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.

OTHER INFORMATION

(b) Underlying Shares – Share Options and Share Awards

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

All the interests stated above represent long positions.

Save as disclosed above, as at 30 June 2022, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its other associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS’ AND OTHER SHAREHOLDERS’ INTERESTS

As at 30 June 2022, 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	Number of Shares Held (Long Position)	Percentage of Issued Share Capital
City Lion Profits Corp.	973,282,206	22.31
CWL Assets (PTC) Limited	1,362,225,231	31.23
HSBC International Trustee Limited	1,363,000,491 ⁽¹⁾	31.25
Super Focus Company Limited	274,494,154	6.29
Lui Che Woo Foundation Limited	295,421,000	6.77
The Capital Group Companies, Inc.	392,691,426	9.00

Note:

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

There was duplication of interests of:

- (i) 1,362,225,231 shares of the Company between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, 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 2022, 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.

OTHER INFORMATION

SHARE OPTIONS

The particulars of the movements in the options held by each of the Directors of the Company and their associates, the employees of the Group in aggregate and other participants granted under the share option schemes adopted on 22 June 2011 which expired on 21 June 2021 (the “Share Option Scheme 2011”) and 13 May 2021 (the “Share Option Scheme 2021”) by the Company during the six months ended 30 June 2022 were as follows:

Name	Date of grant	Number of Options					Held at 30 June 2022	Exercise price (HK\$)	Exercise period
		Held at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period	Re-classified during the period ^(a)			
Lui Che Woo	12 Sep 2016	1,021,312	-	(1,021,312) ^(b)	-	-	-	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,002,000	-	-	-	-	1,002,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	616,000	-	-	-	-	616,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	2,651,000	-	-	-	-	2,651,000	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	1,900,000	-	-	-	-	1,900,000	57.70	30 Dec 2020 – 29 Dec 2025
	17 Jun 2021	1,477,000	-	-	-	-	1,477,000	62.19	17 Jun 2022 – 16 Jun 2027
Francis Lui Yiu Tung	12 Sep 2016	1,445,483	-	-	-	-	1,445,483	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,417,000	-	-	-	-	1,417,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	871,000	-	-	-	-	871,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	3,749,000	-	-	-	-	3,749,000	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	2,687,000	-	-	-	-	2,687,000	57.70	30 Dec 2020 – 29 Dec 2025
	17 Jun 2021	2,089,000	-	-	-	-	2,089,000	62.19	17 Jun 2022 – 16 Jun 2027
Joseph Chee Ying Keung	26 Jul 2017	130,000	-	-	-	-	130,000	46.95	26 Jul 2018 – 25 Jul 2023
	28 Dec 2018	140,000	-	-	-	-	140,000	48.65	28 Dec 2019 – 27 Dec 2024
	29 Sep 2020	200,000	-	-	-	-	200,000	52.58	29 Sep 2021 – 28 Sep 2026
Paddy Tang Lui Wai Yu	12 Sep 2016	111,285	-	(111,285) ^(c)	-	-	-	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	79,000	-	-	-	-	79,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	49,000	-	-	-	-	49,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	116,000	-	-	-	-	116,000	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	100,000	-	-	-	-	100,000	57.70	30 Dec 2020 – 29 Dec 2025
	17 Jun 2021	78,000	-	-	-	-	78,000	62.19	17 Jun 2022 – 16 Jun 2027
James Ross Ancell	-	-	-	-	-	-	-	-	-
William Yip Shue Lam	-	-	-	-	-	-	-	-	-
Patrick Wong Lung Tak	-	-	-	-	-	-	-	-	-
Charles Cheung Wai Bun	-	-	-	-	-	-	-	-	-
Michael Victor Mecca	12 Sep 2016	481,278	-	-	-	-	481,278	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	371,000	-	-	-	-	371,000	33.49	28 Dec 2017 – 27 Dec 2022

OTHER INFORMATION

Name	Date of grant	Number of Options					Held at 30 June 2022	Exercise price (HK\$)	Exercise period
		Held at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period	Re-classified during the period ^(a)			
Employees ^(d) (in aggregate)	12 Sep 2016	942,332	-	(259,900) ^(b)	-	-	682,432	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,129,336	-	(30,334) ^(b)	-	-	1,099,002	33.49	28 Dec 2017 – 27 Dec 2022
	26 Jul 2017	439,000	-	-	(77,000)	(10,000)	352,000	46.95	26 Jul 2018 – 25 Jul 2023
	27 Dec 2017	1,398,000	-	-	(59,000)	(17,000)	1,322,000	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	3,502,241	-	-	(133,006)	(20,668)	3,348,567	46.75	21 Nov 2019 – 20 Nov 2024
	28 Dec 2018	1,418,012	-	-	(89,666)	-	1,328,346	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	5,281,852	-	-	(248,769)	(23,000)	5,010,083	57.70	30 Dec 2020 – 29 Dec 2025
	29 Sep 2020	1,267,666	-	-	(118,667)	-	1,148,999	52.58	29 Sep 2021 – 28 Sep 2026
17 Jun 2021	5,248,826	-	-	(232,899)	(46,000)	4,969,927	62.19	17 Jun 2022 – 16 Jun 2027	
Others (in aggregate)	12 Sep 2016	5,033	-	(5,033) ^(b)	-	-	-	28.35	12 Mar 2018 – 11 Sep 2022
	26 Jul 2017	-	-	-	-	10,000	10,000	46.95	26 Jul 2018 – 25 Jul 2023
	27 Dec 2017	-	-	-	-	17,000	17,000	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	99,668	-	-	(53,668)	20,668	66,668	46.75	21 Nov 2019 – 20 Nov 2024
	30 Dec 2019	132,334	-	-	(56,334)	23,000	99,000	57.70	30 Dec 2020 – 29 Dec 2025
	17 Jun 2021	17,000	-	-	(17,000)	46,000	46,000	62.19	17 Jun 2022 – 16 Jun 2027
Total		43,662,658	-	(1,427,864)	(1,086,009)	-	41,148,785		

Notes:

- (a) Options were re-classified during the period from “Employees” to “Others”.
- (b) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$40.80.
- (c) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$40.80.

OTHER INFORMATION

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

Name	Date of grant	Number of Options			Held at 30 June 2022
		Held at 1 January 2022	Granted during the period	Exercised during the period	
Eileen Lui Wai Ling	12 Sep 2016	224,540	–	(224,540)	–
	28 Dec 2016	204,000	–	–	204,000
	27 Dec 2017	130,000	–	–	130,000
	28 Dec 2018	426,000	–	–	426,000
	30 Dec 2019	351,000	–	–	351,000
	17 Jun 2021	302,000	–	–	302,000
Joanna Claudia Lui	27 Dec 2017	3,000	–	–	3,000
	28 Dec 2018	6,000	–	–	6,000
	30 Dec 2019	5,000	–	–	5,000
Andrew Nicholas Lui	30 Dec 2019	5,000	–	–	5,000
	17 Jun 2021	4,000	–	–	4,000

The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$40.80.

- (e) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period (excluding associate of Directors) was HK\$42.90.
- (f) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$45.86.

The vesting period for all options is 1/3 vesting on each of the first, second and third anniversary of the date of grant except the options granted on 12 September 2016 is 100% vesting on 18 months after the date of grant and 130,000 options granted on 30 December 2019 is 100% vesting on 36 months after the date of grant.

Vesting period may accelerate if triggered by certain events stated in the respective Share Option Scheme 2011 and Share Option Scheme 2021. The consideration paid by each grantee for each grant of options was HK\$1.00.

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

OTHER INFORMATION

SHARE AWARDS

The particulars of the movements in the share awards held by the Directors of the Company and their associates, and the employees of the Group in aggregate and other participants granted under the share award schemes adopted on 4 August 2014 which expired on 21 June 2021 and 13 May 2021 (the "Share Award Scheme 2021") by the Company during the six months ended 30 June 2022 were as follows:

Name	Date of grant	Number of Share Awards					Held at 30 June 2022	Vesting Date	Closing price at date of grant (HK\$)
		Held at 1 January 2022	Granted during the period	Vested during the period	Lapsed during the period	Re-classified during the period ^(a)			
Lui Che Woo	30 Dec 2019	76,234	-	-	-	-	76,234	30 Dec 2022	57.70
	17 Jun 2021	56,966	-	(56,966)	-	-	-	17 Jun 2022	62.00
	17 Jun 2021	56,966	-	-	-	-	56,966	17 Jun 2023	62.00
	17 Jun 2021	56,968	-	-	-	-	56,968	17 Jun 2024	62.00
Francis Lui Yiu Tung	30 Dec 2019	107,868	-	-	-	-	107,868	30 Dec 2022	57.70
	17 Jun 2021	80,566	-	(80,566)	-	-	-	17 Jun 2022	62.00
	17 Jun 2021	80,566	-	-	-	-	80,566	17 Jun 2023	62.00
	17 Jun 2021	80,568	-	-	-	-	80,568	17 Jun 2024	62.00
Paddy Tang Lui Wai Yu	30 Dec 2019	4,000	-	-	-	-	4,000	30 Dec 2022	57.70
	17 Jun 2021	3,000	-	(3,000)	-	-	-	17 Jun 2022	62.00
	17 Jun 2021	3,000	-	-	-	-	3,000	17 Jun 2023	62.00
	17 Jun 2021	3,000	-	-	-	-	3,000	17 Jun 2024	62.00
Employees ^(b) (in aggregate)	30 Dec 2019	776,424	-	(597)	(23,249)	(2,068)	750,510	30 Dec 2022	57.70
	17 Jun 2021	419,720	-	(399,188)	(16,500)	(4,032)	-	17 Jun 2022	62.00
	17 Jun 2021	419,249	-	-	(17,493)	(4,032)	397,724	17 Jun 2023	62.00
	17 Jun 2021	419,602	-	-	(17,514)	(4,036)	398,052	17 Jun 2024	62.00
Others (in aggregate)	30 Dec 2019	7,700	-	-	(7,700)	2,068	2,068	30 Dec 2022	57.70
	17 Jun 2021	1,466	-	(4,032)	(1,466)	4,032	-	17 Jun 2022	62.00
	17 Jun 2021	1,466	-	-	(1,466)	4,032	4,032	17 Jun 2023	62.00
	17 Jun 2021	1,468	-	-	(1,468)	4,036	4,036	17 Jun 2024	62.00
Total		2,656,797	-	(544,349)	(86,856)	-	2,025,592		

OTHER INFORMATION

Notes:

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

Name	Date of grant	Number of Share Awards			Held at 30 June 2022	Vesting Date
		Held at 1 January 2022	Granted during the period	Vested during the period		
Eileen Lui Wai Ling	30 Dec 2019	14,034	-	-	14,034	30 Dec 2022
	17 Jun 2021	11,633	-	(11,633)	-	17 Jun 2022
	17 Jun 2021	11,633	-	-	11,633	17 Jun 2023
	17 Jun 2021	11,634	-	-	11,634	17 Jun 2024
Joanna Claudia Lui	30 Dec 2019	168	-	-	168	30 Dec 2022
Andrew Nicholas Lui	30 Dec 2019	168	-	-	168	30 Dec 2022
	17 Jun 2021	133	-	(133)	-	17 Jun 2022
	17 Jun 2021	133	-	-	133	17 Jun 2023
	17 Jun 2021	134	-	-	134	17 Jun 2024

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

DEALINGS IN LISTED SECURITIES

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\$6.48 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 respective vesting dates 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 2022.

REVIEW OF INTERIM RESULTS

The Group's interim results for the six months ended 30 June 2022 have been reviewed by the Audit Committee of the Company and by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information by the Auditor is included in this interim report.

OTHER INFORMATION

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2022.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2022, 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.

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 2021 is set out below:

Dr. Charles Cheung Wai Bun

- Dr. Charles Cheung Wai Bun has been appointed as an advisor of The Institute of ESG & Benchmark in June 2022.

By Order of the Board

Galaxy Entertainment Group Limited

Wong Chui Lai

Company Secretary

Hong Kong, 18 August 2022



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www.galaxyentertainment.com

