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## **GALAXY ENTERTAINMENT GROUP LIMITED**

### **銀河娛樂集團有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 27)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

### **INTERIM RESULTS**

The Board of Directors of Galaxy Entertainment Group Limited (“GEG”) is pleased to announce the unaudited results of GEG and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015 as follows:

#### **HIGHLIGHTS**

##### **GEG: Credible Results in a Challenging Market**

- Half year revenue of HK\$25.4 billion, down 34% year-on-year
- Half year Adjusted EBITDA of HK\$4.2 billion, down 43% year-on-year
- Second quarter Adjusted EBITDA of HK\$1.9 billion, down 46% year-on-year
- Half year Net profit attributable to shareholders (“NPAS”) of HK\$2.0 billion, a decrease of 66% year-on-year including HK\$1.0 billion of non-recurring charges
- Half year Adjusted NPAS of HK\$3.0 billion declined 51% year-on-year after adjusting for non-recurring charges
- Played unlucky in gaming operations which reduced profitability by approximately \$265 million for the first half and \$335 million in the second quarter
- Paid special dividend of HK\$0.28 per share on 22 May 2015

##### **Galaxy Macau™: Successful opening of expanded integrated resort on May 27 reflects only 35 days of operation**

- Half year revenue of HK\$17.2 billion, down 31% year-on-year; Half year Adjusted EBITDA of HK\$3.2 billion, down 41% year-on-year, as opening costs and bad luck impacted earnings particularly in the second quarter
- Second quarter Adjusted EBITDA of HK\$1.4 billion, down 47% year-on-year
- Played unlucky in Q2 2015 which reduced Adjusted EBITDA by approximately HK\$300 million
- Hotel occupancy for Q2 across the five hotels was 97%

##### **StarWorld Macau: Respectable performance given market conditions**

- Half year revenue of \$7.1 billion and Half year Adjusted EBITDA of \$1.1 billion, both down 42% year-on-year
- Second quarter Adjusted EBITDA of \$509 million, down 38% year-on-year
- Played unlucky in Q2 2015 which reduced Adjusted EBITDA by approximately \$30 million
- Hotel occupancy for Q2 was 99%

##### **Broadway Macau™: Successful opening of Broadway Macau™ as Macau’s new landmark for family entertainment**

- Second quarter revenue of \$64 million, reflecting only 35 days of operation
- Second quarter Adjusted EBITDA of \$(2) million, including playing unlucky by \$5 million in the quarter
- Continue to ramp up operations and open the remaining facilities
- Hotel occupancy for the 35 days of operation was 99%

##### **Development Update: Well defined medium and long term pipeline in Macau**

- Cotai Phases 3 & 4 – Site investigation works scheduled to commence in later part of 2015/early 2016
- Hengqin – Continuing with concept plans for the 2.7 sq. km land parcel
- International – Continuously exploring opportunities in overseas markets

##### **Balance Sheet: Continues to be very strong and liquid**

- Cash on hand of HK\$9.4 billion as at 30 June 2015 with net cash of HK\$4.6 billion
- Debt of HK\$4.8 billion as at 30 June 2015 primarily reflects ongoing treasury yield management initiative

##### **Subsequent Events: Strategic Minority Investment and Special Dividend**

- Announced strategic minority investment of approximately 5% of Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (SBM)
- Declared a special dividend of \$0.14 per share to be paid on or about 30 October 2015

**CONDENSED CONSOLIDATED INCOME STATEMENT (Unaudited)**  
**For The Six Months Ended 30 June 2015**

	Note	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	2	25,371,183	38,406,510
Other income/gains, net		130,176	97,501
Special gaming tax and other related taxes to the Macau Government		(9,211,386)	(14,277,598)
Commission and allowances to gaming counterparties		(6,904,608)	(12,142,786)
Raw materials and consumables used		(414,897)	(527,529)
Amortisation and depreciation		(1,211,589)	(969,582)
Employee benefit expenses		(3,414,778)	(2,524,014)
Other operating expenses		(2,303,389)	(2,008,625)
Finance costs		(19,407)	(16,610)
Share of profits less losses of:			
Joint ventures		31,348	77,997
Associated companies		387	518
Profit before taxation	4	2,053,040	6,115,782
Taxation charge	5	(34,921)	(143,971)
Profit for the period		<u>2,018,119</u>	<u>5,971,811</u>
Attributable to:			
Equity holders of the Company		2,030,379	5,970,520
Non-controlling interests		(12,260)	1,291
		<u>2,018,119</u>	<u>5,971,811</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	6		
Basic		47.7	141.0
Diluted		47.2	139.4

Details of dividends to shareholders of the Company are set out in Notes 7 and 10.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
**For The Six Months Ended 30 June 2015**

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Profit for the period	<b>2,018,119</b>	5,971,811
Other comprehensive (loss)/income		
Items that may be subsequently reclassified to profit or loss		
Change in fair value of available-for-sale financial assets	<b>(64,752)</b>	(10)
Currency translation differences	<b>263</b>	(30,095)
Other comprehensive loss for the period, net of tax	<b>(64,489)</b>	(30,105)
Total comprehensive income for the period	<b>1,953,630</b>	5,941,706
Total comprehensive income attributable to:		
Equity holders of the Company	<b>1,965,764</b>	5,945,057
Non-controlling interests	<b>(12,134)</b>	(3,351)
	<b>1,953,630</b>	5,941,706

**CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)**

**As at 30 June 2015**

	Note	30 June 2015 HK\$'000	31 December 2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		36,969,590	30,421,771
Investment properties		35,000	35,000
Leasehold land and land use rights		5,167,490	5,204,858
Intangible assets		1,420,366	1,516,326
Joint ventures		1,468,890	1,450,610
Associated companies		1,247	861
Other non-current assets		429,217	382,481
		<u>45,491,800</u>	<u>39,011,907</u>
<b>Current assets</b>			
Inventories		154,159	143,461
Debtors and prepayments	8	2,236,464	1,981,960
Amounts due from joint ventures		368,573	325,814
Taxation recoverable		11,445	13,945
Other investments		9,960	6,429
Other cash equivalents		894,020	1,314,993
Cash and bank balances		9,439,328	9,040,327
		<u>13,113,949</u>	<u>12,826,929</u>
<b>Total assets</b>		<u><u>58,605,749</u></u>	<u><u>51,838,836</u></u>
<b>EQUITY</b>			
Share capital		19,893,404	19,774,917
Reserves		19,564,079	18,594,220
Equity attributable to owners of the Company		39,457,483	38,369,137
Non-controlling interests		602,498	619,945
<b>Total equity</b>		<u><u>40,059,981</u></u>	<u><u>38,989,082</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		746,336	576,430
Deferred taxation liabilities		247,381	249,113
Provisions		-	26,029
Retention payable		189,460	195,090
Other non-current deposit		317,830	219,761
		<u>1,501,007</u>	<u>1,266,423</u>
<b>Current liabilities</b>			
Creditors and accruals	9	12,758,787	11,112,104
Amounts due to joint ventures		13,449	24,969
Current portion of borrowings and short-term bank loans		4,223,599	411,574
Provision for tax		48,926	34,684
		<u>17,044,761</u>	<u>11,583,331</u>
<b>Total liabilities</b>		<u><u>18,545,768</u></u>	<u><u>12,849,754</u></u>
<b>Total equity and liabilities</b>		<u><u>58,605,749</u></u>	<u><u>51,838,836</u></u>
<b>Net current (liabilities)/assets</b>		<u><u>(3,930,812)</u></u>	<u><u>1,243,598</u></u>
<b>Total assets less current liabilities</b>		<u><u>41,560,988</u></u>	<u><u>40,255,505</u></u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1. Basis of preparation and accounting policies

The interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) under the historical cost convention, as modified by the revaluation of investment properties, non-current investments, financial assets and financial liabilities (including derivative financial instruments), 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 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

At 30 June 2015, the Group’s current liabilities exceeded its current assets by HK\$3,931 million. Taking into account the committed unutilised banking facilities of HK\$6.4 billion as at 30 June 2015 and cash flows from operations, the Group has a reasonable expectation that it has adequate resources to meet its liabilities and commitments (principally relating to the development of Galaxy Macau™ resort at Cotai) as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the interim financial information.

The accounting policies used in the preparation of the interim financial information are consistent with those used and as described in the annual financial statements for the year ended 31 December 2014, except as described below:

(a) The adoption of new/amended standards

In 2015, the Group adopted the following new/amended standards and interpretations which are relevant to its operations.

HKAS 19 (Amendment)	Defined Benefit Plans
Annual Improvements to HKFRSs 2010 - 2012 Cycle	
HKAS 24 (Amendment)	Related Party Disclosures
HKFRS 8 (Amendment)	Operating Segments
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 38 (Amendment)	Intangible Assets

Annual Improvements to HKFRSs 2011 - 2013 Cycle	
HKAS 40 (Amendment)	Investment Property
HKFRS 3 (Amendment)	Business Combinations
HKFRS 13 (Amendment)	Fair Value Measurement

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

## 1. Basis of preparation and accounting policies (Cont'd)

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

		Effective for accounting periods beginning on or after
<u>New standards and amendments</u>		
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 16 and 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 27 (Amendment)	Equity Method In Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 10, 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operation	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvements to HKFRSs 2012 - 2014 Cycle		1 January 2016
HKFRS 5 (Amendment)	Non-current Assets Held For Sale and Discontinued Operations	
HKFRS 7 (Amendment)	Financial Instruments: Disclosures	
HKAS 19 (Amendment)	Employee Benefits	
HKAS 34 (Amendment)	Interim Financial Reporting	

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

## 2. Revenue

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

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Gaming operations		
Net gaming wins	<b>23,364,980</b>	36,365,205
Contributions from City Club Casinos ( <i>Note</i> )	<b>51,533</b>	87,185
Tips received	<b>4,290</b>	6,009
Hotel operations	<b>1,030,396</b>	924,564
Administrative fees from gaming operations	<b>11,042</b>	4,944
Sales of construction materials	<b>908,942</b>	1,018,603
	<b><u>25,371,183</u></b>	<b><u>38,406,510</u></b>

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

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

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

During the period ended 30 June 2015, the Group is entitled to HK\$51,533,000 (2014: HK\$87,185,000), 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.

### **3. Segment information**

The Board of Directors is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, based on a measurement of adjusted earnings before interest, tax, depreciation, amortisation and certain items (the “Adjusted EBITDA”). This measurement basis of Adjusted EBITDA excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, sponsorship, gain on disposal of subsidiaries and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes the effects of share option expenses, share award expenses, donation expenses, and unrealised losses/gain on financial instruments.

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

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

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



### 3. Segment information (Cont'd)

	<b>Gaming and entertainment <i>HK\$'000</i></b>	<b>Construction materials <i>HK\$'000</i></b>	<b>Corporate and treasury management <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Six months ended 30 June 2015</b>				
Reportable segment revenue	<b>25,522,766</b>	<b>908,942</b>	-	<b>26,431,708</b>
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	<b>(1,123,100)</b>	-	-	<b>(1,123,100)</b>
Contributions	<b>51,533</b>	-	-	<b>51,533</b>
Others	<b>11,042</b>	-	-	<b>11,042</b>
Revenue recognised under HKFRS	<b>24,462,241</b>	<b>908,942</b>	-	<b>25,371,183</b>
Adjusted EBITDA	<b>4,092,438</b>	<b>144,140</b>	<b>(77,670)</b>	<b>4,158,908</b>
Interest income and gross earnings on finance lease				<b>74,518</b>
Amortisation and depreciation				<b>(1,211,589)</b>
Finance costs				<b>(19,407)</b>
Taxation charge				<b>(34,921)</b>
Taxation of joint ventures				<b>(8,164)</b>
Adjusted items:				
Pre-opening expenses of Galaxy Macau™ Phase 2 at Cotai				<b>(542,169)</b>
Pre-opening expenses of Broadway Macau™ at Cotai				<b>(148,514)</b>
Other pre-opening expenses				<b>(20,191)</b>
Unrealised gain on listed investments				<b>3,531</b>
Share option expenses				<b>(106,165)</b>
Share award expenses				<b>(108,883)</b>
Donation and sponsorship				<b>(6,337)</b>
Write off/loss on disposal of certain property, plant and equipment				<b>(8,739)</b>
Others				<b>(3,759)</b>
Profit for the period				<b>2,018,119</b>

### 3. Segment information (Cont'd)

	<b>Gaming and entertainment</b> <i>HK\$'000</i>	<b>Construction materials</b> <i>HK\$'000</i>	<b>Corporate and treasury management</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Six months ended 30 June 2014</b>				
Reportable segment revenue	39,152,067	1,018,603	-	40,170,670
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	(1,856,289)	-	-	(1,856,289)
Contributions	87,185	-	-	87,185
Others	4,944	-	-	4,944
	<u>37,387,907</u>	<u>1,018,603</u>	<u>-</u>	<u>38,406,510</u>
Revenue recognised under HKFRS				
Adjusted EBITDA	<u>7,191,164</u>	<u>186,808</u>	<u>(89,763)</u>	7,288,209
Interest income and gross earnings on finance lease				85,372
Amortisation and depreciation				(969,582)
Finance costs				(16,610)
Taxation charge				(143,971)
Taxation of joint ventures				(21,797)
Adjusted items:				
Pre-opening expenses of Galaxy Macau™ Phase 2 at Cotai				(43,283)
Pre-opening expenses of Broadway Macau™ at Cotai				(14,450)
Other pre-opening expenses				(3,681)
Unrealised loss on listed investments				(1,901)
Share option expenses				(109,464)
Donation and sponsorship				(23,823)
Write off/loss on disposal of certain property, plant and equipment				(50,989)
Gain on disposals of subsidiaries				41,237
Others				(43,456)
Profit for the period				<u>5,971,811</u>

### 3. Segment information (Cont'd)

	<b>Gaming and entertainment</b> <i>HK\$'000</i>	<b>Construction materials</b> <i>HK\$'000</i>	<b>Corporate and treasury management</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>As at 30 June 2015</b>				
Total assets	<u>50,797,387</u>	<u>5,537,089</u>	<u>2,271,273</u>	<u>58,605,749</u>
Total assets include:				
Joint ventures	90,786	1,378,104	-	1,468,890
Associated companies	-	1,247	-	1,247
Total liabilities	<u>13,019,373</u>	<u>1,523,761</u>	<u>4,002,634</u>	<u>18,545,768</u>
<b>As at 31 December 2014</b>				
Total assets	<u>42,444,282</u>	<u>5,613,151</u>	<u>3,781,403</u>	<u>51,838,836</u>
Total assets include:				
Joint ventures	75,914	1,374,696	-	1,450,610
Associated companies	-	861	-	861
Total liabilities	<u>11,304,762</u>	<u>1,444,455</u>	<u>100,537</u>	<u>12,849,754</u>
<b>Six months ended 30 June 2015</b>				
Additions to non-current assets	<u>7,421,525</u>	<u>282,777</u>	-	<u>7,704,302</u>
<b>Six months ended 30 June 2014</b>				
Additions to non-current assets	<u>3,800,121</u>	<u>176,335</u>	-	<u>3,976,456</u>
<b>Geographical analysis</b>				
		<b>2015</b>		
<b>Six months ended 30 June</b>		<i>HK\$'000</i>	<i>2014</i> <i>HK\$'000</i>	
<b>Revenue</b>				
Macau		24,627,041	37,556,203	
Hong Kong		677,309	678,608	
Mainland China		66,833	171,699	
		<u>25,371,183</u>	<u>38,406,510</u>	
		<b>As at 30 June</b>	<b>As at 31 December</b>	
<b>Non-current assets, other than financial instruments</b>		<b>2015</b>	<b>2014</b>	
		<i>HK\$'000</i>	<i>HK\$'000</i>	
Macau		42,285,523	36,041,240	
Hong Kong		561,646	545,122	
Mainland China		2,644,631	2,425,545	
		<u>45,491,800</u>	<u>39,011,907</u>	

#### 4. Profit before taxation

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before taxation is arrived at after crediting:		
Rental income from investment properties	1,620	3,090
Interest income	74,184	85,237
Dividend income from unlisted investments	3,250	18,000
Unrealised gain on listed investments	<u>3,531</u>	<u>-</u>

and after charging:

Unrealised loss on listed investments	-	1,901
Write off/loss on disposal of property, plant and equipment	10,750	52,871
Depreciation	1,056,788	812,403
Amortisation		
Gaming licence	52,732	52,732
Computer software	15,636	25,028
Quarry site improvements	4,040	3,860
Overburden removal costs	1,003	1,002
Quarry site development	49	49
Leasehold land and land use rights	37,378	35,173
Reacquired right	<u>43,963</u>	<u>39,335</u>

#### 5. Taxation charge

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	14,904	10,212
Mainland China income tax	1,649	3,040
Macau complementary tax	2,348	2,504
Lump sum in lieu of Macau complementary tax on dividend	17,767	125,087
Deferred taxation	<u>(1,747)</u>	<u>3,128</u>
Taxation charge	<u>34,921</u>	<u>143,971</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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, these rates range from 12% to 25% (2014: 12% to 25%). The weighted average applicable tax rate was 12% (2014: 12%).

## 6. Earnings per share

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two (2014: one) categories of dilutive potential ordinary shares: share options and share award. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and share award, the dilutive effect of the share award scheme is assumed if the award shares are issued by new shares, which is yet to be determined.

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u><b>2,030,379</b></u>	<u>5,970,520</u>
	<b>Number of shares</b>	
	<b>2015</b>	2014
Weighted average number of shares for calculating basic earnings per share	<b>4,252,728,713</b>	4,233,418,547
Effect of dilutive potential ordinary shares		
Share options	<b>30,651,769</b>	48,953,872
Share award	<u><b>20,310,121</b></u>	<u>-</u>
Weighted average number of shares for calculating diluted earnings per share	<u><b>4,303,690,603</b></u>	<u>4,282,372,419</u>

## 7. Dividends

On 19 March 2015, the Board of Directors declared a special dividend of HK\$0.28 per share (2014: HK\$0.70 per share) to shareholders of the Company whose names appear on the register of members of the Company on 30 April 2015. The total amount of the special dividend distributed was HK\$1,191 million (2014: HK\$2,970 million) and was paid on 22 May 2015.

The Board of Directors does not declare any interim dividend for the period ended 30 June 2015 (2014: nil).

Details of the special dividend declared subsequent to the period end are given in note 10.

## 8. Debtors and prepayments

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Trade debtors, net of provision	<b>383,826</b>	441,830
Other debtors and deposit paid, net of provision	<b>1,665,383</b>	1,438,876
Prepayments	<b>153,619</b>	83,977
Amounts due from associated companies	<b>13,394</b>	9,625
Current portion of finance lease receivable	<b>20,242</b>	7,652
	<b><u>2,236,464</u></b>	<u>1,981,960</u>

Trade debtors mainly arise from the sales of construction materials. 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 (2014: 30 to 60 days) for customers in Hong Kong and Macau and 120 to 210 days (2014: 120 to 210 days) for customers in Mainland China. These are subject to periodic reviews by management.

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

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Within one month	<b>219,883</b>	215,931
Two to three months	<b>136,263</b>	168,824
Four to six months	<b>9,712</b>	24,542
Over six months	<b>17,968</b>	32,533
	<b><u>383,826</u></b>	<u>441,830</u>

## 9. Creditors and accruals

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Trade creditors	<b>1,642,933</b>	1,616,457
Other creditors (note a)	<b>6,032,973</b>	4,674,558
Chips issued	<b>2,205,025</b>	2,617,506
Loans from non-controlling interests	<b>24,791</b>	43,586
Accruals and provision	<b>2,830,374</b>	2,145,486
Deposits received	<b>21,510</b>	13,540
Dividend payable	<b>1,181</b>	971
	<b><u>12,758,787</u></b>	<u>11,112,104</u>

## 9. Creditors and accruals (Cont'd)

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

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Within one month	<b>1,303,887</b>	1,363,379
Two to three months	<b>57,382</b>	62,847
Four to six months	<b>57,454</b>	45,112
Over six months	<b>224,210</b>	145,119
	<b><u>1,642,933</u></b>	<u>1,616,457</u>

Note:

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

## 10. Post Balance Sheet Events

- (a) On 25 July 2015, the Company announced a strategic minority investment in Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (“SBM”) listed on the Euronext Paris. SBM is a world renowned owner and operator of iconic luxury hotels and casinos in the Principality of Monaco. The Company is acquiring ordinary shares equivalent to approximately 5.00% of the issued share capital of SBM from an independent third party who is unconnected with the Company or its connected persons.
- (b) Arrangements have been made for Galaxy Casino S.A., the Company’s principal subsidiary, to declare and pay a dividend of approximately HK\$583 million which will ultimately be received, through dividends of wholly-owned subsidiaries (the “Subsidiary Dividend”), by the Company. On declaration of the Subsidiary Dividend, the Company will have distributable reserves of approximately HK\$719 million, which will be reflected in a special purpose financial statement to be prepared by the Company and delivered to the Registrar of Companies in Hong Kong for registration, in compliance with the Companies Ordinance.

As a result of the above, the Board of Directors is pleased to announce that it has declared the payment of a special cash dividend of HK\$0.14 per share (“Special Dividend”) (2014: HK\$0.45 per share) for the year ending 31 December 2015, subject to and conditional upon the Subsidiary Dividend receivable by the Company being declared (which is expected to occur on or about 31 August 2015), payable to shareholders of the Company whose names appear on the register of members of the Company on 30 September 2015. This Special Dividend is expected to be paid on or about 30 October 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### OVERVIEW

Market conditions within Macau remained challenging in the first half of 2015 as macro factors impacted customer spending behavior. However, GEG achieved credible financial results after it successfully opened, on time and on budget, both Galaxy Macau™ Phase 2 and Broadway Macau™ on 27 May 2015. With the expansion of Galaxy Macau™ and the opening of Broadway Macau™, GEG is confident that the mass market focused properties will offer some of the most exciting and diverse amenities in Macau, driving customer visitations and ultimately, substantial shareholder returns over time. The results include only 35 days of operation of Galaxy Macau™ Phase 2 and Broadway Macau™. In the half, GEG reported revenue and Group Adjusted EBITDA of \$25.4 billion and \$4.2 billion respectively. This translated to net profit attributable to shareholders (“NPAS”) of \$2.0 billion, including \$1.0 billion of non-recurring charges such as \$0.7 billion of pre-opening costs. Adjusted NPAS of \$3.0 billion declined 51% year-on-year after adjusting for non-recurring charges. As expected, earnings at GEG in the second quarter were partially impacted by lower revenues and the opening preparation costs of both Galaxy Macau™ Phase 2 and Broadway Macau™, including the additional staff costs in the lead up to the grand opening. Management has and will continue to focus on driving up efficiencies, exercising rigorous cost controls and adapting our product offering to meet evolving market conditions.

Galaxy Macau™ is the most important contributor to the Group results, delivering half-year revenue of \$17.2 billion and Adjusted EBITDA of \$3.2 billion. The expansion was only operational for 35 days within the reporting period. GEG is now focused on driving economies of scale and moving the property up the efficiency curve as it opens additional facilities to optimize its mass market appeal and revenues.

StarWorld Macau, the Group’s VIP boutique property on the Peninsula, generated revenue of \$7.1 billion and Adjusted EBITDA of \$1.1 billion in the first six months of the year. Its performance was in line with the market, reflecting continuing challenges in the VIP segment.

Broadway Macau™ represents a new concept in Macau, providing visitors with a vibrant street and entertainment district showcasing the best of Macanese culture. Broadway Macau™ was only operational for 35 days during the period had significant pre-opening costs and we continue to ramp up and open additional facilities. Revenue was \$64 million and Adjusted EBITDA was \$(2) million, which include \$5 million of bad luck.

GEG is confident in its prospects and those of Macau in the longer term. The launch of both Galaxy Macau™ Phase 2 and Broadway Macau™ has been well received and the majority of the resort’s amenities were launched on the opening date. A majority if not all of the remaining gaming, retail and F&B outlets are expected to be opened by year end. We continue to execute operationally, ramp up the properties with a focus on the mass market. In terms of the market, the fundamental growth drivers - such as increasing domestic consumption, a fast growing affluent middle class in China and planned major infrastructure improvements - remain unaltered, and should drive a new wave of visitors to Macau in the coming years.

On 22 May, we paid a special dividend of \$0.28 per share. Reflecting our commitment of returning capital to shareholders and following the successful launch of Galaxy Macau™ Phase 2 and Broadway Macau™, GEG announces another special dividend of \$0.14 per share to be paid on or about 30 October 2015.



## **Successful Opening of the Mass Market focused Galaxy Macau™ Phase 2 and the Family Friendly Broadway Macau™**

The expanded mass market focused Galaxy Macau™ Phase 2 and newly opened Broadway Macau™ both opened simultaneously on time and on budget on 27 May 2015, bringing GEG's total investment in Cotai to \$43 billion.

### **Galaxy Macau™**

It is one of the world's largest destination resorts ever built, and consists of new signature features such as: the new Skytop Adventure Rapids which complements the largest skytop wave pool in the world; five world class hotels; the Promenade, which includes more than 160 outlets, from high-street brands and flagship stores to designer boutiques, first-to-Macau brands including Alexander Wang, Moncler and Qeelin; flagship stores for Burberry, H&M and T-Galleria Beauty by DFS and international luxury brands Bottega Veneta, Bvlgari, Lanvin, Louis Vuitton and many more; and finally; more than 80 food & beverage outlets, offering everything from authentic pan-Asian cuisine to world class dining experiences from Michelin starred chefs.

### **Broadway Macau™**

Is a unique family friendly, street entertainment and food resort, consisting of: 3,000 seat Broadway Theatre; the vibrant Broadway street entertainment district celebrating the best of Macanese and Chinese culture; Broadway Hotel; 20 retail outlets and 40 mainly local SMEs food & beverage outlets.

Visitors and residents of Macau alike have embraced both new properties, with daily visitor volumes surging significantly.

## **Overview of the Macau Gaming Market**

As expected, the macro challenges of 2014, in particular anti-corruption measures and a softening macro-economic conditions in China, carried through into 2015. Total gaming revenue decreased by 37% year-on-year to \$118.1 billion in 1H 2015. Visitation of 14.8 million in the first half of 2015, declined slightly by 3% compared to the same period in 2014. Visitors from mainland China now represent 65% of total visitation (1H 2014: 67%).

The VIP segment was most impacted by macro conditions, with half-year revenue falling 42% to \$67.2 billion (1H 2014: \$116.2 billion). It is still the largest segment of the market, accounting for 57% of total gaming revenue.

The evolution of the market to mass continued, as Macau diversified its offer by adding MICEE, recreational, dining, retail and entertainment options including Galaxy Macau™ Phase 2 and Broadway Macau™ in late May 2015. Mass revenue in Macau as a whole declined by 29% to \$45.2 billion in the first six months of the year but increased its share of the total market to 38% from 34%. Major planned infrastructure such as the Taipa Ferry Terminal, the Hong Kong-Zhuhai-Macau Bridge, the extension of the railway network from Gongbei to Lotus Bridge and the Macau Light Rail Transit, will dramatically improve access to Macau and connectivity within Macau itself, driving visitors to the territory in the future. It is recognized that in the short term, Macau is experiencing some bottlenecks in infrastructure development and completion delays in certain projects.

Electronic gaming revenue was \$5.7 billion in the period (1H 2014: \$7.3 billion). This segment accounts for 5% of the total gaming revenue.

## **Smoking Update**

We are pleased that the Macau Government has indicated some flexibility and are open-minded to consider the retention of smoking lounges. The enabling legislation for the smoking ban is in the committee stage, and could be held up for another year. Allowing smoking lounges would be viewed as a positive for the market. The gaming concessionaires continue to work together for a pragmatic solution.

## **REVIEW OF OPERATIONS**

### **Group Financial Results**

The results include only 35 days of operation of Galaxy Macau™ Phase 2 and Broadway Macau™, which opened on time and on budget on 27 May 2015. The Group posted revenue of \$25.4 billion (1H 2014: \$38.4 billion), generating Adjusted EBITDA of \$4.2 billion, a reduction of 43% year-on-year. As of 30 June 2015, the latest twelve months Adjusted EBITDA was \$10.0 billion. Net Profit Attributable to Shareholders was \$2.0 billion, including \$1.0 billion of non-recurring charges such as \$0.7 billion of pre-opening costs. Galaxy Macau™'s Adjusted EBITDA was \$3.2 billion, decrease of 41% year-on-year. StarWorld Macau's Adjusted EBITDA decreased 42% year-on-year to \$1.1 billion. Broadway Macau™'s Adjusted EBITDA was \$(2) million, which include \$5.0 million of bad luck.

During the first half of 2015, GEG experienced bad luck in gaming operations which reduced Adjusted EBITDA and NPAS by approximately \$265 million, where the majority occurred at Galaxy Macau™.

The Group's total gaming revenue on a management basis<sup>1</sup> in the first half of 2015 decreased 36% year-on-year to \$24.5 billion as total mass table revenue decreased 17% year-on-year to \$8.2 billion and total VIP revenue dropped 43% year-on-year to \$15.5 billion.

### **Accelerating Efficiency after Effective Opening**

Consistent with the successful opening of all new large projects, and to ensure absolute operational readiness on the opening day of Galaxy Macau™ Phase 2 and Broadway Macau™, GEG recruited significant additional staff prior to opening. Inevitably this created a short-term mismatch of revenues and costs. This anticipated front-loaded investment was made to ensure that GEG's customers received the outstanding service and exceptional standards for which GEG is renowned. GEG is driving economies of scale and moving the property up the efficiency curve as it opens additional facilities to optimize its mass market appeal and revenues.

### **Cost Control Initiatives**

Given the current challenging trading environment we have actively engaged in a review of our cost structures and implemented a number of cost saving initiatives while simultaneously opening two major resorts - Galaxy Macau™ Phase 2 and Broadway Macau™. These initiatives are designed to align our costs with current revenues without compromising customer service standards where, as an example, and we have implemented a salary freeze for all senior executives.

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

## Balance Sheet, Treasury Management and Special Dividend

The Group's balance sheet remains healthy. As of 30 June 2015, cash on hand stood at \$9.4 billion and net cash was \$4.6 billion. Total debt increased from \$2 billion at 31 March 2015 to \$4.8 billion at 30 June 2015 due solely to a treasury management exercise where interest income on cash holdings exceeds corresponding borrowing costs. The Group paid a special dividend of \$0.28 per share on 22 May 2015. Following the successful launch of Galaxy Macau™ Phase 2 and Broadway Macau™, the Group will pay another special dividend of \$0.14 per share on or about 30 October 2015.

Set out below is the segmental analysis of the Group's operating results for the half year ended 30 June 2015:

1H 2015 (HK\$'m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	24,462	909	-	25,371
Adjusted EBITDA	4,093	144	(78)	4,159

1H 2014 (HK\$'m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	37,388	1,019	-	38,407
Adjusted EBITDA	7,191	187	(90)	7,288

## GAMING AND ENTERTAINMENT DIVISION

### Galaxy Macau™

#### *Financial and Operational Performance*

Galaxy Macau™ is the most important contributor to Group revenue and earnings. In the first half of 2015, Adjusted EBITDA decreased 41% year-on-year to \$3.2 billion, on the back of a 31% year-on-year reduction in revenue to \$17.2 billion, this includes Galaxy Macau™ Phase 2 which was only opened for 35 days. The Group expects to leverage economies of scale across the business as we open all outstanding gaming areas, hotel rooms, retail and F&B outlets, ramp up the property and drive efficiencies. We also experienced bad luck in our gaming operations which reduced Adjusted EBITDA by approximately \$250 million in the first half.

Adjusted EBITDA margin for the first half calculated under HKFRS was 19% (1H 2014: 22%), or 25% under US GAAP (1H 2014: 31%). Bad luck reduced margin by approximately 100 basis points for the first half.

#### *VIP Gaming Performance*

Total VIP rolling chip volume in the first half of the year was \$294 billion. This generated revenue of \$10.3 billion, a reduction of 40% year-on-year.

VIP Gaming								
HK\$m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
Turnover	264,340	156,645	137,222	(12%)	(48%)	517,174	293,867	(43%)
Net Win	8,364	5,623	4,659	(17%)	(44%)	17,061	10,282	(40%)
Win %	3.2%	3.6%	3.4%	n/a	n/a	3.3%	3.5%	n/a

### Mass Gaming Performance

Half-year mass revenue was \$5.4 billion, down 15% year-on-year. The property is expected to further grow the mass segment as management focuses on extending its privilege rewards base program and builds out more profitable volumes by developing its premium mass and premium direct offers.

Mass Gaming								
HK\$m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
Table Drop	6,943	6,018	6,542	9%	(6%)	14,311	12,560	(12%)
Net Win	3,020	2,879	2,496	(13%)	(17%)	6,351	5,375	(15%)
Hold %	43.5%	47.8%	38.2%	n/a	n/a	44.4%	42.8%	n/a

### Electronic Gaming Performance

Electronic gaming revenue was \$694 million, down 13% year-on-year.

Electronic Gaming								
HK\$m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
Slots Handle	8,823	7,608	9,579	26%	9%	17,741	17,187	(3%)
Net Win	384	316	378	20%	(2%)	796	694	(13%)
Hold %	4.4%	4.2%	3.9%	n/a	n/a	4.5%	4.0%	n/a

### Non-Gaming Performance

Non-gaming revenue increased by 15% year-on-year to \$853 million.

The opening of Galaxy Macau™ Phase 2 has significantly enhanced GEG's non-gaming offer. The new developments have more than doubled Galaxy Macau™'s footprint, welcomed two additional world-class hotels: the Ritz Carlton Macau and the JW Marriott Hotel Macau and; transformed Galaxy's entertainment, leisure, MICEE, retail and food & beverage offering, creating one of the most spectacular and diverse integrated resorts in the world. The combined five hotels registered strong occupancy of 96% for the half year on available rooms. Occupancy across the five hotels for the month of June 2015 for the expanded resort was 97%.

Net Rental Revenue for the Promenade was \$156 million for 1H 2015, an increase of 86% compared to \$84 million in the corresponding period. The primary reason for the increase was the opening of the Promenade in late May 2015.

Non-Gaming Revenue			
HK\$m	1H 2014	1H 2015	YoY%
Net Rental Revenue	84	156	86%
Hotel Revenue / F&B / Others	660	697	6%
Total	744	853	15%

## StarWorld Macau

### *Financial and Operational Performance*

StarWorld Macau reported 42% year-on-year reductions in revenue and Adjusted EBITDA of \$7.1 billion and \$1.1 billion respectively, as strong headwinds impacted its VIP business in particular. Adjusted EBITDA margin in the half year under HKFRS improved by one percentage point to 16% compared to the same period last year, and under US GAAP was lower by two percentage points at 23% in the same period. We also experienced bad luck in our gaming operations which reduced Adjusted EBITDA by approximately \$10 million in the first half. Bad luck reduced Adjusted EBITDA margin by approximately 100 basis points for the first half of 2015.

### *VIP Gaming Performance*

StarWorld Macau reported VIP rolling chip volume of \$160 billion (1H 2014: \$348.7 billion) in the first six months of 2015, a decrease of 54% year-on-year. This resulted in a 49% year-on-year reduction in revenue to \$5 billion (1H 2014: \$9.8 billion).

VIP Gaming								
HK\$m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
Turnover	168,460	88,491	71,448	(19%)	(58%)	348,673	159,939	(54%)
Net Win	4,260	2,905	2,112	(27%)	(50%)	9,816	5,017	(49%)
Win %	2.5%	3.3%	3.0%	n/a	n/a	2.8%	3.1%	n/a

### *Mass Gaming Performance*

StarWorld Macau reported mass gaming revenue of \$1.9 billion in the first half of 2015 (1H 2014: \$2.2 billion), 16% lower year-on-year.

Mass Gaming								
HK\$m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
Table Drop	2,874	2,330	2,465	6%	(14%)	5,808	4,795	(17%)
Net Win	1,094	939	951	1%	(13%)	2,241	1,890	(16%)
Hold %	37.6%	40.3%	38.6%	n/a	n/a	38.1%	39.4%	n/a

### *Electronic Gaming Performance*

StarWorld Macau's electronic gaming generated revenue of \$66 million (1H 2014: \$100 million).

Electronic Gaming								
HK\$m	Q2 2014	Q1 2015	Q2 2015	QoQ%	YoY%	1H 2014	1H 2015	YoY%
Slots Handle	727	497	480	(3%)	(34%)	1,724	977	(43%)
Net Win	48	33	33	0%	(31%)	100	66	(34%)
Hold %	6.6%	6.6%	7.0%	n/a	n/a	5.8%	6.8%	n/a

### *Non-Gaming Performance*

Non-gaming revenue in the first half of 2015 was \$154 million (1H 2014: \$181 million).

Hotel room occupancy throughout the period remained very high at 96% in 1H 2015, underlining the enduring appeal of StarWorld Macau to a discerning customer base.

### **Broadway Macau™**

Broadway Macau™ was only open for 35 days during the period and does not have a VIP gaming component. Revenue for the period was \$64 million while Adjusted EBITDA for the period was \$(2) million. We continue to ramp up the property and open the remaining facilities including additional food & beverage and retail outlets. We also experienced bad luck in our gaming operations which reduced Adjusted EBITDA by approximately \$5 million in the second quarter.

#### *Mass Gaming Performance*

Broadway Macau™'s mass gaming revenue was \$37 million.

<b>Mass Gaming</b>					
<b>HK\$m</b>	<b>Q2 2015</b>	<b>QoQ%</b>	<b>YoY%</b>	<b>1H 2015</b>	<b>YoY%</b>
<b>Table Drop</b>	177	n/a	n/a	177	n/a
<b>Net Win</b>	37	n/a	n/a	37	n/a
<b>Hold %</b>	20.7%	n/a	n/a	20.7%	n/a

#### *Electronic Gaming Performance*

Broadway Macau™'s electronic gaming revenue was \$4 million.

<b>Electronic Gaming</b>					
<b>HK\$m</b>	<b>Q2 2015</b>	<b>QoQ%</b>	<b>YoY%</b>	<b>1H 2015</b>	<b>YoY%</b>
<b>Table Drop</b>	58	n/a	n/a	58	n/a
<b>Net Win</b>	4	n/a	n/a	4	n/a
<b>Hold %</b>	7.1%	n/a	n/a	7.1%	n/a

#### *Non-Gaming Performance*

Non-gaming revenue for the 35 days that the property was opened was \$23 million and hotel room occupancy was 99%.

### **City Clubs**

City Clubs registered \$56 million of Adjusted EBITDA in the period (1H 2014: \$92 million). Its performance has tracked the market and it continues to perform in line with the Group's expectations.

## **CONSTRUCTION MATERIALS DIVISION**

The Construction Materials Division ("CMD") performed solidly in the first half. Revenue and Adjusted EBITDA were \$909 million and \$144 million respectively in the first six months of the year, declining year-on-year as a result of a softening of demand in number of its major markets. Trading performance for the first-half was generally in line with expectations; anticipating continuing sluggish growth in the Mainland economy and the consequential softening in market demand for construction material products, CMD has progressively implemented aggressive reductions in direct and indirect costs from stringent cost control measures, ensuring continuing competitiveness.

## **Hong Kong and Macau**

In Hong Kong and Macau, the demand for construction materials remained stable despite delays in the progress of certain major infrastructure and entertainment related projects. During the first-half, the division proactively implemented a number of significant cost reduction measures across the business, and this emphasis on operational efficiency and commercial delivery is providing a satisfactory base for profit contribution.

## **Mainland China**

In line with general economic performance, the construction materials market in the Mainland was affected particularly by the declining growth rate in real estate investment, and general slowdown of infrastructure projects. The overall demand for cement and ground granulated blast-furnace slag (“GGBS”) decreased across the Mainland, applying downward pressure on selling prices. However, the cement and GGBS market in Yunnan continues to be comparatively resilient. The “Western Development Plan” of Central Government underpins continued infrastructure construction, rural development and urbanization in the province, and CMD’s strategically located production facilities are advantageously positioned to benefit from these developments.

## **COTAI, HENGQIN AND INTERNATIONAL DEVELOPMENT UPDATE**

### **Phases 3 & 4 on Cotai**

GEG has an unrivalled development pipeline in Macau. It plans to expand its Cotai footprint by a further one million square meters in the coming years with the addition of Phases 3 & 4. GEG continues to develop its masterplan and site investigation works are expected to commence in the later part of 2015/early 2016.

### **Hengqin**

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 leisure and entertainment destination resort will complement the Group’s high energy properties in Macau.

### **International**

GEG continues to actively explore development opportunities in overseas markets.

## **SUBSEQUENT EVENTS - STRATEGIC MINORITY INVESTMENT AND ANOTHER SPECIAL DIVIDEND**

### *Strategic Investment*

On 25 July 2015, GEG announced a strategic minority investment in Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (“SBM”) listed on the Euronext Paris.

SBM is a world renowned owner and operator of iconic luxury hotels and casinos in the Principality of Monaco. SBM’s hotel properties include: Hôtel de Paris Monte-Carlo, Hôtel Hermitage Monte-Carlo, Monte-Carlo Beach, Monte-Carlo Bay Hotel & Resort, Villa La Vigie and Villas du Sporting, and its casino properties comprise: Casino de Monte-Carlo, Casino Café de Paris, Sun Casino and Monte-Carlo Bay Casino.

GEG is acquiring ordinary shares equivalent to approximately 5.00% of the issued share capital of SBM from an independent third party who is unconnected with GEG or its connected persons.

### *Special Dividend*

GEG has healthy cash holdings and solid cash flows from operations. The Board of Directors has decided to announce another special dividend of \$0.14 per share, payable on or about 30 October 2015.

## **GROUP OUTLOOK**

GEG performed credibly during the first half of the year considering continuing challenging market conditions. The successfully opening of Galaxy Macau™ Phase 2 and Broadway Macau™ has created significant additional jobs, supported the development of small and local enterprises in the region, and provided a platform for Asian and Chinese brands to showcase themselves to the world.

GEG is optimistic about the prospects for Macau and the Group in the medium to long term. Future visitation to Macau will be driven by major infrastructure works that will significantly enhance access to Macau and the ongoing transformation of the Pearl Delta River region through the development of new entertainment, leisure, cultural and business venues.

GEG will continue to effectively manage its properties through this challenging period of adjustment to a “new normal”, and will be well positioned to achieve sustainable growth as a result of its differentiated proposition and unparalleled development pipeline, when conditions improve.

We are pleased to see some indications of market stabilization and government support including signs of flexibility with the retention of smoking lounges and improvement in transit visas. We continue to manage our costs and drive operating efficiencies while continuing to invest in staff training and development, among others. We encourage everyone in Macau to harmoniously work together during these challenging times. GEG will work alongside with the Macau Government and the Central Government to develop Macau as the “World Center of Tourism and Leisure”.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The equity attributable to owners of the Company as at 30 June 2015 increased to \$39,457 million as at 30 June 2015 as compared with \$38,369 million as at 31 December 2014 while the Group’s total assets employed increased to \$58,606 million as at 30 June 2015 as compared with \$51,839 million as at 31 December 2014.

The Group continues to maintain a strong cash position. As at 30 June 2015, total cash and bank balances were \$9,439 million as compared with \$9,040 million as at 31 December 2014. The Group’s total indebtedness was \$4,970 million as at 30 June 2015 as compared with \$988 million as at 31 December 2014. The Group was in a net cash position as at 30 June 2015 and 31 December 2014.

The total indebtedness of the Group mainly comprises bank loans and other obligations which are largely denominated in Hong Kong Dollar and Renminbi. The Group’s borrowings are closely monitored to ensure a smooth repayment schedule to maturity.

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



## **TREASURY POLICY**

The Group continues to adopt a conservative treasury policy in liquidity and financial management. Cash is generally placed in short-term deposits mostly denominated in Hong Kong Dollar, Renminbi or in the local currencies of the operating subsidiaries. All of the Group's borrowings are in Hong Kong Dollar or Renminbi. Forward foreign exchange contracts are utilised 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.

## **CHARGES ON GROUP ASSETS**

Property, plant and equipment with net book value of \$596 million (31 December 2014: \$358 million) and bank deposits of \$1,855 million (31 December 2014: \$560 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 \$149 million (31 December 2014: \$149 million), of which \$89 million (31 December 2014: \$89 million) have been utilised.

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures and an associated company amounting to \$352 million (31 December 2014: \$299 million). At 30 June 2015, facilities utilised amounted to \$296 million (31 December 2014: \$282 million).

## **DEALINGS IN LISTED SECURITIES**

Neither GEG nor any of its subsidiaries has purchased, sold or redeemed any of GEG's shares during the six months ended 30 June 2015.

## **REVIEW OF INTERIM RESULTS**

The Group's interim results for the six months ended 30 June 2015 have been reviewed by the Audit Committee of GEG and by GEG'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 will be included in the Interim Report 2015 to shareholders.

## **CORPORATE GOVERNANCE**

Throughout the six months ended 30 June 2015, GEG has complied with the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except code provision A.4.2.

Given that the other Directors do retire by rotation in accordance with the Articles of Association of GEG, 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 GEG.

## **DIVIDENDS**

On 19 March 2015, the Board of Directors declared a special dividend of HK\$0.28 per share (2014: HK\$0.70 per share) to shareholders of GEG whose names appear on the register of members of GEG on 30 April 2015. The total amount of the special dividend distributed was HK\$1,191 million (2014: HK\$2,970 million) and was paid on 22 May 2015.

Arrangements have been made for Galaxy Casino S.A., GEG's principal subsidiary, to declare and pay a dividend of approximately HK\$583 million which will ultimately be received, through dividends of wholly-owned subsidiaries (the "Subsidiary Dividend"), by GEG. On declaration of the Subsidiary Dividend, GEG will have distributable reserves of approximately HK\$719 million, which will be reflected in a special purpose financial statement to be prepared by GEG and delivered to the Registrar of Companies in Hong Kong for registration, in compliance with the Companies Ordinance.

As a result of the above, the Board of Directors is pleased to announce that it has declared the payment of a special cash dividend of HK\$0.14 per share ("Special Dividend") (2014: HK\$0.45 per share) for the year ending 31 December 2015, subject to and conditional upon the Subsidiary Dividend receivable by GEG being declared (which is expected to occur on or about 31 August 2015), payable to shareholders of GEG whose names appear on the register of members of GEG on 30 September 2015. This Special Dividend is expected to be paid on or about 30 October 2015.

Based on the existing number of issued shares as at the date of this announcement, the Special Dividend, if paid, will amount to an aggregate sum of approximately HK\$601 million.

The Special Dividend should not be taken as an indication of the level of profit or dividend for the full year.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining the shareholders who are entitled to the Special Dividend, the register of members of GEG will be closed from Friday, 25 September 2015 to Wednesday, 30 September 2015 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed Special Dividend, all share certificates with completed transfer documents must be lodged with GEG's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 24 September 2015.

## **INTERIM REPORT 2015**

The Interim Report 2015 of GEG containing all the information required by the Listing Rules will be published on the respective websites of Hong Kong Exchanges and Clearing Limited and GEG and printed copies will be sent to the shareholders in due course.

By Order of the Board  
**Galaxy Entertainment Group Limited**  
**Jenifer Sin Li Mei Wah**  
*Company Secretary*

Hong Kong, 19 August 2015

*As at the date of this announcement, the executive Directors of GEG are Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Joseph Chee Ying Keung and Ms. Paddy Tang Lui Wai Yu; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak.*

Website: [www.galaxyentertainment.com](http://www.galaxyentertainment.com)