

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



銀娛GEG

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 2019

INTERIM RESULTS

The Board of Directors of Galaxy Entertainment Group Limited (“GEG” or the “Company”) 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 2019 as follows:

Q2 & INTERIM 2019 RESULTS HIGHLIGHTS

GEG: Solid Mass Performance, Challenging VIP Segment

- 1H Group Net Revenue of HK\$26.2 billion, down 7% year-on-year
- 1H Group Adjusted EBITDA of HK\$8.3 billion, down 4% year-on-year
- 1H Net Profit Attributable to Shareholders (“NPAS”) of HK\$6.7 billion, down 7% year-on-year
- Q2 Group Net Revenue of HK\$13.2 billion, down 5% year-on-year and up 1% quarter-on-quarter
- Q2 Group Adjusted EBITDA of HK\$4.3 billion, flat year-on-year and up 9% quarter-on-quarter
- Played lucky in Q2 which increased Adjusted EBITDA by approximately HK\$349 million, normalized exclude luck factor (“Normalized”) Q2 Adjusted EBITDA of HK\$4.0 billion, down 11% year-on-year and up 3% quarter-on-quarter
- Latest twelve months Adjusted EBITDA of HK\$16.5 billion, up 1% year-on-year

Galaxy Macau™: Solid Mass Performance, Property Enhancement Program on Track

- 1H Net Revenue of HK\$18.8 billion, down 5% year-on-year
- 1H Adjusted EBITDA of HK\$6.3 billion, down 3% year-on-year
- Q2 Net Revenue of HK\$9.5 billion, down 4% year-on-year and up 3% quarter-on-quarter
- Q2 Adjusted EBITDA of HK\$3.2 billion, flat year-on-year and up 7% quarter-on-quarter
- Played lucky in Q2 which increased Adjusted EBITDA by approximately HK\$253 million, Normalized Q2 Adjusted EBITDA of HK\$3.0 billion, down 11% year-on-year and flat quarter-on-quarter
- Hotel occupancy for Q2 across the five hotels was virtually 100%

StarWorld Macau: Solid Mass Performance, Property Enhancement Program on Track

- 1H Net Revenue of HK\$5.7 billion, down 8% year-on-year
- 1H Adjusted EBITDA of HK\$1.9 billion, down 5% year-on-year
- Q2 Net Revenue of HK\$2.8 billion, down 10% year-on-year and down 8% quarter-on-quarter
- Q2 Adjusted EBITDA of HK\$943 million, down 4% year-on-year and down 1% quarter-on-quarter
- Played lucky in Q2 which increased Adjusted EBITDA by approximately HK\$92 million, Normalized Q2 Adjusted EBITDA of HK\$851 million, down 14% year-on-year and down 3% quarter-on-quarter
- Hotel occupancy for Q2 was virtually 100%

Broadway Macau™: A Unique Family Friendly Resort, Strongly Supported by Macau SMEs

- 1H Net Revenue of HK\$298 million versus HK\$273 million in 1H 2018
- 1H Adjusted EBITDA of HK\$21 million versus HK\$15 million in 1H 2018
- Q2 Net Revenue of HK\$147 million versus HK\$131 million in Q2 2018 and HK\$151 million in Q1 2019
- Q2 Adjusted EBITDA of HK\$6 million versus HK\$2 million in Q2 2018 and HK\$15 million in Q1 2019
- Played lucky in Q2 which increased Adjusted EBITDA by approximately HK\$4 million, Normalized Q2 Adjusted EBITDA of HK\$2 million versus HK\$4 million in Q2 2018 and HK\$11 million in Q1 2019
- Hotel occupancy for Q2 was virtually 100%

Balance Sheet: Maintains a Healthy and Liquid Balance Sheet

- Cash and liquid investments were HK\$50.4 billion and net cash of HK\$43.9 billion as at 30 June 2019
- Debt of HK\$6.5 billion as at 30 June 2019 primarily associated with treasury yield management program
- Paid the previously announced special dividend of HK\$0.45 per share on 26 April 2019
- Subsequently announced another special dividend of HK\$0.46 per share to be paid on or about 25 October 2019

Development Update: Continue to Pursue Development Opportunities

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

CONDENSED CONSOLIDATED INCOME STATEMENT (Unaudited)
For The Six Months Ended 30 June 2019

	Note	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue (Note)	3	26,219,471	28,058,405
Other income/gains, net		582,778	672,463
Special gaming tax and other related taxes to the Macau Government		(11,626,931)	(13,103,737)
Raw materials and consumables used		(493,944)	(694,881)
Amortisation and depreciation		(1,663,633)	(1,620,472)
Employee benefit expenses		(3,987,121)	(3,615,297)
Other operating expenses		(2,423,392)	(2,502,614)
Finance costs		(89,501)	(52,806)
Share of profits less losses of:			
Joint ventures		275,028	185,420
Associated companies		(3)	-
Profit before taxation	5	6,792,752	7,326,481
Taxation charge	6	(71,328)	(75,727)
Profit for the period		<u>6,721,424</u>	<u>7,250,754</u>
Attributable to:			
Equity holders of the Company		6,679,752	7,206,369
Non-controlling interests		41,672	44,385
		<u>6,721,424</u>	<u>7,250,754</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8		
Basic		154.3	167.0
Diluted		<u>153.7</u>	<u>165.9</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Note: Analysis of revenue</u>			
Gross revenue from gaming operations		29,581,395	33,367,882
Commission and incentives		(7,347,049)	(9,549,362)
Net revenue from gaming operations		22,234,346	23,818,520
Revenue from hotel and mall operations		2,652,659	2,572,160
Sales of construction materials		1,332,466	1,667,725
		<u>26,219,471</u>	<u>28,058,405</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For The Six Months Ended 30 June 2019

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

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

As at 30 June 2019

	Note	30 June 2019 HK\$'000	31 December 2018 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		31,463,600	31,359,096
Right-of-use assets		4,992,362	-
Leasehold land and land use rights		-	4,921,285
Intangible assets		639,835	722,371
Joint ventures		1,717,379	1,630,959
Associated companies		2,249	2,252
Financial assets at amortised cost		26,805,118	25,778,612
Financial assets at fair value through other comprehensive income		5,646,608	4,530,411
Long-term bank deposits		4,484,949	-
Other non-current assets		181,281	125,809
		<u>75,933,381</u>	<u>69,070,795</u>
Current assets			
Inventories		180,617	189,799
Debtors and prepayments	9	1,959,325	1,860,409
Amounts due from joint ventures		177,605	178,727
Taxation recoverable		38,416	35,373
Current portion of financial assets at amortised cost		2,901,110	1,543,905
Other cash equivalents		28,177	18,571
Cash and bank balances		11,183,354	14,486,252
		<u>16,468,604</u>	<u>18,313,036</u>
Total assets		<u>92,401,985</u>	<u>87,383,831</u>
EQUITY			
Share capital and shares held for share award scheme		22,303,468	22,016,854
Reserves		46,175,100	40,263,405
Equity attributable to owners of the Company		<u>68,478,568</u>	<u>62,280,259</u>
Non-controlling interests		570,847	550,941
Total equity		<u>69,049,415</u>	<u>62,831,200</u>
LIABILITIES			
Non-current liabilities			
Borrowings		18,189	251,392
Deferred taxation liabilities		197,359	194,695
Lease liabilities		306,449	-
Retention payable		134,089	55,160
Non-current deposits		261,892	312,853
		<u>917,978</u>	<u>814,100</u>
Current liabilities			
Creditors and accruals	10	15,785,474	14,827,617
Current portion of lease liabilities		39,159	-
Amounts due to joint ventures		37,907	59,463
Current portion of borrowings and short-term bank loans		6,504,935	8,803,558
Provision for tax		67,117	47,893
		<u>22,434,592</u>	<u>23,738,531</u>
Total liabilities		<u>23,352,570</u>	<u>24,552,631</u>
Total equity and liabilities		<u>92,401,985</u>	<u>87,383,831</u>
Net current liabilities		<u>(5,965,988)</u>	<u>(5,425,495)</u>
Total assets less current liabilities		<u>69,967,393</u>	<u>63,645,300</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 2019 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities, which are carried at fair values. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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

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

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

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

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

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

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

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

HKFRS 16	Leases
HKAS 19 (Amendment)	Plan Amendment, Curtailment and Settlement
HKAS 28 (Amendment)	Long-term Interests in Associates or Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation

Annual Improvements to HKFRSs 2015 - 2017 Cycle

HKAS 12 (Amendment)	Income Taxes
HKAS 23 (Amendment)	Borrowing Costs
HKFRS 3 (Amendment)	Business Combinations
HKFRS 11 (Amendment)	Joint Arrangements

The impact of adoption of HKFRS 16 is disclosed in note 2 below. The other amended standards and interpretation did not have significant impact on the Group's accounting policies and did not require retrospective adjustments.

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

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

The Group has not early adopted the above new 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.

2. Changes in accounting policies

HKFRS 16 ‘Leases’

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

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

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

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

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

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

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

2. Changes in accounting policies (Cont'd)

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

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

3. Revenue

Revenue recognised during the period are as follows:

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

3. Revenue (Cont'd)

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

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

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

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

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

4. Segment information

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

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

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.

4. Segment information (Cont'd)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
Six months ended 30 June 2019				
Reportable segment revenue	25,868,994	1,332,466	-	27,201,460
Adjusted for:				
City Club Casinos arrangement set out in note 3				
Revenue not recognised	(1,039,009)	-	-	(1,039,009)
Contributions	51,766	-	-	51,766
Others	5,254	-	-	5,254
Revenue recognised under HKFRS	<u>24,887,005</u>	<u>1,332,466</u>	<u>-</u>	<u>26,219,471</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>7,837,610</u>	<u>564,147</u>	<u>(87,100)</u>	8,314,657
Interest income, dividend income from listed investments and gross earnings on finance lease				693,537
Amortisation and depreciation				(1,663,633)
Finance costs				(89,501)
Taxation charge				(71,328)
Adjusted items:				
Taxation of joint ventures and associated companies				(79,292)
Pre-opening expenses				(101,378)
Loss on disposal/write-off of certain property, plant and equipment				(32,305)
Share option expenses				(84,305)
Share award expenses				(54,609)
Donation and sponsorship				(5,011)
Others				<u>(105,408)</u>
Profit for the period				<u>6,721,424</u>
Share of results of joint ventures and associated companies	<u>25,974</u>	<u>249,051</u>	<u>-</u>	<u>275,025</u>

4. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2018				
Reportable segment revenue	27,329,430	1,667,725	-	28,997,155
Adjusted for:				
City Club Casinos arrangement set out in note 3				
Revenue not recognised	(992,994)	-	-	(992,994)
Contributions	49,290	-	-	49,290
Others	4,954	-	-	4,954
Revenue recognised under HKFRS	<u>26,390,680</u>	<u>1,667,725</u>	<u>-</u>	<u>28,058,405</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>8,196,749</u>	<u>538,414</u>	<u>(90,268)</u>	8,644,895
Interest income, dividend income from listed investments and gross earnings on finance lease				494,686
Amortisation and depreciation				(1,620,472)
Finance costs				(52,806)
Taxation charge				(75,727)
Adjusted items:				
Taxation of joint ventures and associated companies				(59,502)
Pre-opening expenses				(61,918)
Loss on disposal/write-off of certain property, plant and equipment				(2,390)
Share option expenses				(57,057)
Share award expenses				(45,971)
Donation and sponsorship				(5,764)
Others				92,780
Profit for the period				<u>7,250,754</u>
Share of results of joint ventures and associated companies	<u>29,045</u>	<u>156,375</u>	<u>-</u>	<u>185,420</u>

4. Segment information (Cont'd)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
As at 30 June 2019				
Total assets	<u>87,353,847</u>	<u>4,969,603</u>	<u>78,535</u>	<u>92,401,985</u>
Total assets include:				
Joint ventures	104,787	1,612,592	-	1,717,379
Associated companies	-	2,249	-	2,249
Total liabilities	<u>15,618,553</u>	<u>1,541,216</u>	<u>6,192,801</u>	<u>23,352,570</u>
As at 31 December 2018				
Total assets	<u>82,214,960</u>	<u>5,097,793</u>	<u>71,078</u>	<u>87,383,831</u>
Total assets include:				
Joint ventures	82,614	1,548,345	-	1,630,959
Associated companies	-	2,252	-	2,252
Total liabilities	<u>14,514,834</u>	<u>1,863,483</u>	<u>8,174,314</u>	<u>24,552,631</u>
Six months ended 30 June 2019				
Additions to non-current assets	<u>1,709,019</u>	<u>77,350</u>	<u>44,558</u>	<u>1,830,927</u>
Six months ended 30 June 2018				
Additions to non-current assets	<u>1,544,376</u>	<u>16,711</u>	<u>-</u>	<u>1,561,087</u>
Geographical analysis				
		2019		2018
Six months ended 30 June		HK\$'000		HK\$'000
Revenue				
Macau		25,027,525		26,691,156
Hong Kong		683,068		937,911
Mainland China		508,878		429,338
		<u>26,219,471</u>		<u>28,058,405</u>
		As at 30 June 2019 HK\$'000		As at 31 December 2018 HK\$'000
Non-current assets				
Macau		72,501,180		65,716,471
Hong Kong		567,385		536,306
Mainland China		2,864,816		2,818,018
		<u>75,933,381</u>		<u>69,070,795</u>

5. Profit before taxation

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit before taxation is arrived at after crediting:		
Interest income	642,446	471,777
Dividend income from unlisted investments	4,880	1,500
Dividend income from listed investments	49,963	21,834
Gain on disposal/write-off of property, plant and equipment	-	3,095
	<u> </u>	<u> </u>
and after charging:		
Depreciation		
Property, plant and equipment	1,487,595	1,462,601
Right-of-use assets	66,174	-
Amortisation		
Gaming licence	52,732	52,732
Computer software	13,169	16,158
Leasehold land and land use rights	-	45,018
Reacquired right	43,963	43,963
Loss on disposal/write-off of property, plant and equipment	41,925	-
	<u> </u>	<u> </u>

6. Taxation charge

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

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the period after setting off available taxation losses brought forward. Taxation assessable on profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the areas in which those profits arose, and these rates range from 12% to 25% (2018: 12% to 25%). The weighted average applicable tax rate was 12% (2018: 12%).

7. Dividends

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

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

Details of the special dividend declared subsequent to the period end are given in note 11.

8. Earnings per share

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

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

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>6,679,752</u>	<u>7,206,369</u>
	Number of shares	
	2019	2018
Weighted average number of shares for calculating basic earnings per share	4,330,465,460	4,315,349,409
Effect of dilutive potential ordinary shares		
Share options	14,698,826	24,079,076
Share awards	567,042	3,734,403
Weighted average number of shares for calculating diluted earnings per share	<u>4,345,731,328</u>	<u>4,343,162,888</u>

9. Debtors and prepayments

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

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

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

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

10. Creditors and accruals

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

10. Creditors and accruals (Cont'd)

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

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

11. Post Balance Sheet Event

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

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

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

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

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

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

REVIEW OF OPERATIONS

Group Financial Results

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

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

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

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

Balance Sheet and Special Dividends

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

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

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

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

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

Group Key Financial Data

(HK\$'m)

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

Gaming Statistics²

(HK\$'m)

	1H 2018	1H 2019
Rolling Chip Volume ³	578,111	383,234
Win Rate %	3.4%	3.8%
Win	19,612	14,754
Mass Table Drop ⁴	58,163	60,854
Win Rate %	23.3%	24.0%
Win	13,551	14,611
Electronic Gaming Volume	36,068	32,825
Win Rate %	3.3%	3.7%
Win	1,174	1,213
Total GGR Win ⁵	34,337	30,578

² Gaming statistics are presented before deducting commission and incentives.

³ Reflects junket rolling chip volume only.

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

⁵ Total GGR win includes gaming win from City Clubs.

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™

Financial and Operational Performance

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

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

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

Galaxy Macau™ Key Financial Data

(HK\$'m)

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

Gaming Statistics⁶

(HK\$'m)

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

⁶ Gaming statistics are presented before deducting commission and incentives.

⁷ Reflects junket rolling chip volume only.

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

StarWorld Macau

Financial and Operational Performance

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

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

Hotel occupancy was virtually 100% for 1H 2019.

StarWorld Macau Key Financial Data

(HK\$'m)

	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Revenues:					
Net Gaming	2,938	2,858	2,633	6,026	5,491
Hotel / F&B / Others	109	115	110	218	225
Mall	13	14	13	26	27
Total Net Revenue	3,060	2,987	2,756	6,270	5,743
Adjusted EBITDA	987	949	943	1,990	1,892
Adjusted EBITDA Margin	32%	32%	34%	32%	33%

Gaming Statistics⁹

(HK\$'m)

	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Rolling Chip Volume ¹⁰	79,703	67,580	53,905	161,996	121,485
Win Rate %	3.0%	3.2%	3.3%	3.1%	3.3%
Win	2,407	2,165	1,789	5,077	3,954
Mass Table Drop ¹¹	9,146	9,265	8,877	17,693	18,142
Win Rate %	18.6%	18.9%	19.5%	19.3%	19.2%
Win	1,704	1,749	1,730	3,413	3,479
Electronic Gaming Volume	1,920	2,018	1,967	3,630	3,985
Win Rate %	2.4%	2.3%	2.0%	2.5%	2.2%
Win	46	46	40	89	86
Total GGR Win	4,157	3,960	3,559	8,579	7,519

⁹ Gaming statistics are presented before deducting commission and incentives.

¹⁰ Reflects junket rolling chip volume only.

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

Broadway Macau™

Financial and Operational Performance

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

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

Hotel occupancy was virtually 100% for 1H 2019.

Broadway Macau™ Key Financial Data

(HK\$'m)

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

Gaming Statistics¹²

(HK\$'m)

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

¹² Gaming statistics are presented before deducting commission and incentives.

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

City Clubs

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

City Clubs Key Financial Data

(HK\$'m)

	Q2 2018	Q1 2019	Q2 2019	1H 2018	1H 2019
Adjusted EBITDA	28	27	29	54	56

Gaming Statistics¹⁴

(HK\$'m)

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

CONSTRUCTION MATERIALS DIVISION

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

Hong Kong, Macau and Mainland China

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

¹⁴ Gaming statistics are presented before deducting commission and incentives.

¹⁵ Reflects junket rolling chip volume only.

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

DEVELOPMENT UPDATE

Galaxy Macau™ and StarWorld Macau

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

Cotai – The Next Chapter

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

Hengqin

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

International

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

SUBSEQUENT EVENT

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

GROUP OUTLOOK

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

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

TREASURY POLICY

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

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

CHARGES ON GROUP ASSETS

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

GUARANTEES

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

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

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 2019.

REVIEW OF INTERIM RESULTS

The Group's interim results for the six months ended 30 June 2019 have been reviewed by the Audit Committee of 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 2019 to shareholders.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2019, 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 28 February 2019, the Board of Directors declared a special dividend of HK\$0.45 per share (2018: HK\$0.41 per share) to shareholders whose names appear on the register of members of the Company on 29 March 2019. The total amount of the special dividend distributed was approximately HK\$1,948 million (2018: HK\$1,770 million) and was paid on 26 April 2019.

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

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

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 Thursday, 26 September 2019 to Monday, 30 September 2019, 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, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 25 September 2019.

INTERIM REPORT 2019

The Interim Report 2019 of GEG containing all the information required by the Listing Rules will be available on the respective websites of Hong Kong Exchanges and Clearing Limited and GEG and dispatched to the shareholders in due course.

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

Hong Kong, 13 August 2019

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; the non-executive Directors of GEG are Dr. Charles Cheung Wai Bun and Mr. Michael Victor Mecca; 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