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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 2022

LETTER FROM THE CHAIRMAN OF GALAXY ENTERTAINMENT GROUP LIMITED ("GEG" or the "Company")

I appreciate the opportunity to update you on GEG's most recent activities and financial results for the second quarter and first half of 2022. We continue to support the Macau Government by providing hotels for quarantine and medical personnel. We would also like to acknowledge and thank our staff for participating in our various voluntary community programs.

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

A number of cities across China experienced travel restrictions for a significant part of the first half of 2022. These restrictions on inter-provincial travel impacted visitation to Macau and in turn adversely impacted both revenue and profitability. In addition, Macau experienced a COVID-19 outbreak and the Macau Government requested suspension of all commercial activities from 11 to 22 July 2022 which further impacted visitation, revenue and profitability. In Q2 2022, Group Net Revenue was HK\$2.4 billion, down 56% year-on-year and down 41% quarter-on-quarter. Group Adjusted EBITDA was HK\$(0.4) billion, versus HK\$1.1 billion in Q2 2021 and HK\$0.6 billion in Q1 2022.

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

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

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

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

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA

Chairman

INTERIM RESULTS

The Board of Directors of GEG hereby announces the unaudited results of GEG and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2022 as follows:

Q2 & INTERIM 2022 RESULTS HIGHLIGHTS

GEG: Continues to be Impacted by COVID-19 and Travel Restrictions

- 1H Group Net Revenue of HK\$6.5 billion, down 39% year-on-year
- 1H Group Adjusted EBITDA of HK\$191 million, down 90% year-on-year
- 1H Net Loss Attributable to Shareholders of HK\$850 million, versus profit of HK\$947 million in 1H 2021
- Q2 Group Net Revenue of HK\$2.4 billion, down 56% year-on-year and down 41% quarter-on-quarter
- Q2 Group Adjusted EBITDA of HK\$(384) million, versus HK\$1,132 million in Q2 2021 and HK\$575 million in Q1 2022
- Normalized exclude luck factor (“Normalized”) Q2 Adjusted EBITDA was HK\$(408) million after adjusting for good luck of HK\$24 million
- Latest twelve months Adjusted EBITDA of HK\$1.7 billion, down 16% year-on-year and down 47% quarter-on-quarter

Galaxy Macau™: Continues to be Impacted by COVID-19 and Travel Restrictions

- 1H Net Revenue of HK\$4.5 billion, down 38% year-on-year
- 1H Adjusted EBITDA of HK\$536 million, down 68% year-on-year
- Q2 Net Revenue of HK\$1.4 billion, down 62% year-on-year and down 53% quarter-on-quarter
- Q2 Adjusted EBITDA of HK\$(188) million, versus HK\$924 million in Q2 2021 and HK\$724 million in Q1 2022
- Normalized Q2 Adjusted EBITDA was HK\$(212) million after adjusting for good luck of HK\$24 million
- Hotel occupancy for Q2 across the five hotels was 28%

StarWorld Macau: Continues to be Impacted by COVID-19 and Travel Restrictions

- 1H Net Revenue of HK\$644 million, down 67% year-on-year
- 1H Adjusted EBITDA of HK\$(216) million, versus HK\$305 million in 1H 2021
- Q2 Net Revenue of HK\$220 million, down 76% year-on-year and down 48% quarter-on-quarter
- Q2 Adjusted EBITDA of HK\$(158) million, versus HK\$135 million in Q2 2021 and HK\$(58) million in Q1 2022
- There was no luck impact on Q2 Adjusted EBITDA
- Hotel occupancy for Q2 was 33%

Broadway Macau™: Continues to be Impacted by COVID-19 and Travel Restrictions

- 1H Net Revenue of HK\$31 million, up 7% year-on-year
- 1H Adjusted EBITDA of HK\$(36) million, versus HK\$(43) million in 1H 2021
- Q2 Net Revenue of HK\$15 million, versus HK\$14 million in Q2 2021 and HK\$16 million in Q1 2022
- Q2 Adjusted EBITDA of HK\$(19) million, versus HK\$(20) million in Q2 2021 and HK\$(17) million in Q1 2022
- There was no luck impact on Q2 Adjusted EBITDA
- Hotel occupancy for Q2 was 32%

Balance Sheet: Maintain a Healthy and Liquid Balance Sheet

- As at 30 June 2022, cash and liquid investments were HK\$29.0 billion and net cash was HK\$20.3 billion
- As at 30 June 2022, core debt was HK\$0.3 billion
- Given the ongoing impact of COVID-19, today the Board of Directors has decided not to declare a dividend. We paid the previously announced special dividend of HK\$0.30 per share on 29 April 2022

Development Update: Continue Making Progress on Cotai Phases 3 & 4

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

CONDENSED CONSOLIDATED INCOME STATEMENT (Unaudited)
For The Six Months Ended 30 June 2022

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For The Six Months Ended 30 June 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit for the period	(844,990)	960,234
Other comprehensive (loss)/income		
Items that will not be subsequently reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	(999,230)	448,343
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	(68,601)	5,191
Share of translation differences of joint ventures	(90,765)	20,386
Other comprehensive (loss)/income for the period, net of tax	(1,158,596)	473,920
Total comprehensive (loss)/income for the period	(2,003,586)	1,434,154
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(1,984,773)	1,416,565
Non-controlling interests	(18,813)	17,589
	(2,003,586)	1,434,154

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

As at 30 June 2022

	Note	30 June 2022 HK\$'000	31 December 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		44,442,162	41,781,428
Right-of-use assets		4,852,717	4,885,646
Intangible assets		35,747	152,858
Joint ventures		1,813,575	1,993,905
Associated companies		2,359	2,280
Financial assets at amortised cost		6,998,895	8,518,439
Financial assets at fair value through other comprehensive income		3,171,696	4,202,038
Financial asset at fair value through profit or loss		479,521	-
Other non-current assets		135,622	144,138
		<u>61,932,294</u>	<u>61,680,732</u>
Current assets			
Inventories		236,324	203,922
Debtors and prepayments	9	1,307,646	1,691,356
Amounts due from joint ventures		148,373	161,839
Taxation recoverable		63,372	68,713
Current portion of financial assets at amortised cost		2,843,449	3,062,039
Cash and cash equivalents and other bank deposits		16,869,639	18,374,824
		<u>21,468,803</u>	<u>23,562,693</u>
Total assets		<u><u>83,401,097</u></u>	<u><u>85,243,425</u></u>
EQUITY			
Share capital and shares held for share award scheme		23,665,698	23,598,057
Reserves		41,579,416	44,826,622
Equity attributable to owners of the Company		65,245,114	68,424,679
Non-controlling interests		624,708	651,061
Total equity		<u>65,869,822</u>	<u>69,075,740</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		193,010	205,414
Lease liabilities		445,223	433,638
Retention payable		260,038	456,980
Non-current deposits and other payables		197,854	205,156
		<u>1,096,125</u>	<u>1,301,188</u>
Current liabilities			
Creditors and accruals	10	7,608,771	8,349,548
Amounts due to joint ventures		3,965	31,412
Current portion of lease liabilities		52,681	49,235
Borrowings		8,697,440	6,386,231
Provision for tax		72,293	50,071
		<u>16,435,150</u>	<u>14,866,497</u>
Total liabilities		<u>17,531,275</u>	<u>16,167,685</u>
Total equity and liabilities		<u>83,401,097</u>	<u>85,243,425</u>
Net current assets		<u>5,033,653</u>	<u>8,696,196</u>
Total assets less current liabilities		<u>66,965,947</u>	<u>70,376,928</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Macau Gaming Concession

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

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

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

2. Basis of preparation and accounting policies

The interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities, which are carried at fair values. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The financial information relating to the year ended 31 December 2021 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2022 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

2. 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 2021, except as described below:

(a) The adoption of amended standards

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

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

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

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

<u>New standard and amendments</u>		<u>Effective for accounting periods beginning on or after</u>
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts	1 January 2023
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

(c) Gaming licence and reacquired right

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

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

3. Revenue

Revenue recognised during the period are as follows:

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

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 Macau Government up to 26 June 2022.

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

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

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

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

Note ii: Revenue from hotel, mall operations and others includes rental income amounted to approximately HK\$613 million (2021: HK\$742 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 (loss)/earnings before interest, tax, depreciation, amortisation and certain items (the “Adjusted EBITDA”). This measurement basis of Adjusted EBITDA excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, donation and sponsorship, loss on disposal and write-off of certain property, plant and equipment and intangible assets, and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes taxation of joint ventures and associated companies, the effects of share option expenses and share award expenses.

4. Segment information (Cont'd)

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.

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
Six months ended 30 June 2022				
Reportable segment revenue	5,384,085	1,315,094	-	6,699,179
Adjusted for:				
City Club Casinos arrangement set out in note 3				
Revenue not recognised	(197,513)	-	-	(197,513)
Contributions	17,358	-	-	17,358
Others	4,820	-	-	4,820
	<u>5,208,750</u>	<u>1,315,094</u>	<u>-</u>	<u>6,523,844</u>
Revenue recognised under HKFRS	<u>5,208,750</u>	<u>1,315,094</u>	<u>-</u>	<u>6,523,844</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>(38,058)</u>	<u>289,147</u>	<u>(60,045)</u>	<u>191,044</u>
Interest income and gross earnings on finance lease				362,087
Amortisation and depreciation				(1,038,773)
Finance costs				(42,002)
Taxation charge				(42,985)
Adjusted items:				
Taxation of joint ventures and associated companies				(14,800)
Pre-opening expenses				(73,997)
Loss on disposal and write-off of certain property, plant and equipment and intangible assets				(14,186)
Share option expenses				(44,601)
Share award expenses				(34,014)
Donation and sponsorship				(13,916)
Foreign exchange loss				(83,142)
Others				4,295
Loss for the period				<u>(844,990)</u>
Share of results of joint ventures and associated companies	<u>(2,133)</u>	<u>53,956</u>	<u>-</u>	<u>51,823</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 2021				
Reportable segment revenue	9,486,905	1,431,121	-	10,918,026
Adjusted for:				
City Club Casinos arrangement set out in note 3				
Revenue not recognised	(287,934)	-	-	(287,934)
Contributions	25,081	-	-	25,081
Others	5,404	-	-	5,404
Revenue recognised under HKFRS	<u>9,229,456</u>	<u>1,431,121</u>	<u>-</u>	<u>10,660,577</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>1,610,587</u>	<u>445,223</u>	<u>(64,366)</u>	<u>1,991,444</u>
Interest income and gross earnings on finance lease				452,287
Amortisation and depreciation				(1,158,093)
Finance costs				(28,958)
Taxation charge				(49,527)
Adjusted items:				
Taxation of joint ventures and associated companies				(53,645)
Pre-opening expenses				(88,687)
Loss on disposal and write-off of certain property, plant and equipment				(12,169)
Share option expenses				(47,533)
Share award expenses				(28,903)
Donation and sponsorship				(29,516)
Others				<u>13,534</u>
Profit for the period				<u>960,234</u>
Share of results of joint ventures and associated companies	<u>4,819</u>	<u>186,946</u>	<u>-</u>	<u>191,765</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 2022				
Total assets	<u>62,160,942</u>	<u>5,452,864</u>	<u>15,787,291</u>	<u>83,401,097</u>
Total assets include:				
Joint ventures	57,658	1,755,917	-	1,813,575
Associated companies	<u>-</u>	<u>2,359</u>	<u>-</u>	<u>2,359</u>
Total liabilities	<u>9,622,148</u>	<u>1,494,110</u>	<u>6,415,017</u>	<u>17,531,275</u>
As at 31 December 2021				
Total assets	<u>69,790,956</u>	<u>5,552,153</u>	<u>9,900,316</u>	<u>85,243,425</u>
Total assets include:				
Joint ventures	59,791	1,934,114	-	1,993,905
Associated companies	<u>-</u>	<u>2,280</u>	<u>-</u>	<u>2,280</u>
Total liabilities	<u>8,846,411</u>	<u>1,430,401</u>	<u>5,890,873</u>	<u>16,167,685</u>
Six months ended 30 June 2022				
Additions to non-current assets	<u>3,496,402</u>	<u>68,453</u>	<u>-</u>	<u>3,564,855</u>
Six months ended 30 June 2021				
Additions to non-current assets	<u>3,241,767</u>	<u>90,940</u>	<u>-</u>	<u>3,332,707</u>
Geographical analysis				
		2022		
Six months ended 30 June		HK\$'000	2021	
		HK\$'000		
Revenue				
Macau		5,424,573		9,471,963
Hong Kong		915,594		864,467
Mainland China		<u>183,677</u>		<u>324,147</u>
		<u>6,523,844</u>		<u>10,660,577</u>
		As at 30 June	As at 31 December	
		2022	2021	
		HK\$'000	HK\$'000	
Non-current assets				
Macau		57,969,613		57,959,848
Hong Kong		637,436		640,059
Mainland China		<u>3,325,245</u>		<u>3,080,825</u>
		<u>61,932,294</u>		<u>61,680,732</u>

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

5. (Loss)/profit before taxation

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit before taxation is arrived at after crediting:		
Interest income	<u>361,973</u>	<u>452,112</u>
and after charging:		
Depreciation		
Property, plant and equipment	859,270	979,063
Right-of-use assets	68,678	65,387
Amortisation		
Gaming licence	52,537	52,732
Computer software	13,493	16,154
Reacquired right	43,963	43,963
Quarry site development	832	794
Loss on disposal and write-off of property, plant and equipment	4,622	15,939
Loss on write-off of intangible assets	<u>9,564</u>	<u>-</u>

6. Taxation charge

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

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the period after setting off available taxation losses brought forward. Taxation assessable on profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the areas in which those profits arose, and these rates range from 12% to 25% (2021: 12% to 25%). The weighted average applicable tax rate was 12% (2021: 12%).

7. Dividend

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

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

8. (Loss)/earnings per share

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

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and share awards. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The calculation of number of shares is compared with the number of shares that would have been issued from the share options and the share awards, the dilutive effect of the share award scheme is assumed if the awarded shares are issued by new shares, which is yet to be determined. For the period ended 30 June 2022, the diluted loss per share equals to the basic loss per share since the conversion of the outstanding share options and share awards would not have a dilutive effect on the loss per share. For the period ended 30 June 2021, the Company had outstanding share options and share awards that would potentially dilute the earnings per share.

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

	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit attributable to equity holders of the Company	(850,473)	947,133
	Number of shares	
	2022	2021
Weighted average number of shares for calculating basic (loss)/earnings per share	4,359,801,195	4,349,893,221
Effect of dilutive potential ordinary shares		
Share options	-	13,365,669
Share awards	-	358,745
Weighted average number of shares for calculating diluted (loss)/earnings per share	4,359,801,195	4,363,617,635

9. Debtors and prepayments

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

Note i: Trade debtors mainly arise from the sales of construction materials and mall operations. The Group has established credit policies which follow local industry standards. The Group normally allows an approved credit period ranging from 30 to 60 days (2021: 30 to 60 days) for customers in Hong Kong, Macau and Mainland China. These are subject to periodic reviews by management. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers.

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

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

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

10. Creditors and accruals

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

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

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

REVIEW OF OPERATIONS

Group Financial Results

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

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

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

Balance Sheet and Dividend

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

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

Group Key Financial Data

(HK\$m)

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

Gaming Statistics²

(HK\$m)

	1H 2021	1H 2022
Rolling Chip Volume	99,971 ³	21,560 ⁴
Win Rate %	3.5%	3.3%
Win	3,506	719
Mass Table Drop ⁵	24,465	14,073
Win Rate %	24.2%	27.1%
Win	5,910	3,817
Electronic Gaming Volume	8,996	7,019
Win Rate %	3.7%	3.4%
Win	333	238
Total GGR Win ⁶	9,749	4,774

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

² Gaming statistics are presented before deducting commission and incentives.

³ Represents sum of junket VIP and inhouse premium direct.

⁴ Represents inhouse premium direct.

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

⁶ Total GGR win includes gaming win from City Clubs.

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™

Financial and Operational Performance

Galaxy Macau™ is the primary contributor to the Group's revenue and earnings. Net Revenue in 1H 2022 was \$4.5 billion, down 38% year-on-year. Adjusted EBITDA was \$536 million, down 68% year-on-year. In 1H 2022, Galaxy Macau™ experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$27 million. Normalized 1H 2022 Adjusted EBITDA was \$509 million, versus \$1.5 billion in 1H 2021.

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

Galaxy Macau™ Key Financial Data

(HK\$ 'm)

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

Gaming Statistics⁸

(HK\$ 'm)

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

⁷ NEG represents negative margin.

⁸ Gaming statistics are presented before deducting commission and incentives.

⁹ Represents sum of junket VIP and inhouse premium direct.

¹⁰ Represents inhouse premium direct.

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

StarWorld Macau

Financial and Operational Performance

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

Hotel occupancy was 42% for 1H 2022.

StarWorld Macau Key Financial Data

(HK\$ 'm)

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

Gaming Statistics¹³

(HK\$ 'm)

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

¹² NEG represents negative margin.

¹³ Gaming statistics are presented before deducting commission and incentives.

¹⁴ Represents junket VIP.

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

Broadway Macau™

Financial and Operational Performance

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

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

Broadway Macau™ Key Financial Data

(HK\$'m)

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

Gaming Statistics¹⁷

(HK\$'m)

	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Electronic Gaming Volume	3	3	1	16	4
Win Rate %	6.6%	9.0%	2.3%	4.0%	6.4%
Win	1	0	0	1	0
Total GGR Win	1	0	0	1	0

¹⁶ NEG represents negative margin.

¹⁷ Gaming statistics are presented before deducting commission and incentives.

City Clubs

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

City Clubs Key Financial Data

(HK\$ 'm)

	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Adjusted EBITDA	20	8	11	30	19

Gaming Statistics¹⁸					
<i>(HK\$ 'm)</i>					
	Q2 2021	Q1 2022	Q2 2022	1H 2021	1H 2022
Rolling Chip Volume ¹⁹	0	0	0	940	0
Win Rate %	0	0	0	4.4%	0
Win	0	0	0	41	0
Mass Table Drop ²⁰	844	653	311	1,511	964
Win Rate %	16.7%	18.5%	15.4%	16.1%	17.5%
Win	140	121	48	243	169
Electronic Gaming Volume	621	881	707	1,116	1,588
Win Rate %	1.9%	1.8%	1.9%	2.0%	1.8%
Win	12	16	13	22	29
Total GGR Win	152	137	61	306	198

CONSTRUCTION MATERIALS DIVISION

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

Hong Kong and Macau

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

Mainland China

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

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

¹⁸ Gaming statistics are presented before deducting commission and incentives.

¹⁹ Represents junket VIP.

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

DEVELOPMENT UPDATE

Galaxy Macau™ and StarWorld Macau

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

Cotai – The Next Chapter

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

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

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

GROUP OUTLOOK

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

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in low risk fixed deposits as well as high quality listed debt securities issued by large financial institutions and corporations to generate low risk interest income for the Group. As at 30 June 2022, the listed debt securities were predominantly denominated in the U.S. dollar with weighted average tenor of approximately 2 years and majority in investment grade rating. Listed debt securities investments are closely monitored by designated team with the help of international leading banks. The listed debt securities were classified as financial assets at amortized cost and their carrying amounts as at 30 June 2022 approximated their fair values. These listed debt securities were considered to be of low credit risk and the expected credit loss was immaterial. As at 30 June 2022, none of the listed debt securities in any individual investee company held by the Group equaled or exceeded 5 per cent of the Group's total assets.

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

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

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

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

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

The Group's liquidity position remains strong and the Group is confident that sufficient resources could be secured to meet its commitments and working capital requirements. The Group has no gearing ratio.

TREASURY POLICY

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

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

CHARGES ON GROUP ASSETS

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

GUARANTEES

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

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

DEALINGS IN LISTED SECURITIES

During the period, the trustee of the share award scheme which was adopted by GEG on 13 May 2021, pursuant to the terms of the trust deed, purchased on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) a total of 155,497 shares of GEG for a total consideration of approximately HK\$6.48 million for satisfying the share awards granted to the connected persons (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)), who are also employees of the Group. All 155,497 shares of GEG were subsequently transferred to those connected persons on the respective vesting dates of the share awards.

Save as disclosed, neither GEG nor any of its subsidiaries has purchased, sold or redeemed any of GEG’s shares during the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS

The Group’s interim results for the six months ended 30 June 2022 have been reviewed by the Audit Committee of 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 2022 to shareholders.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2022, GEG has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except code provision B.2.2.

Given that the other Directors do retire by rotation in accordance with the Articles of Association of 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 23 February 2022, the Board of Directors declared a special dividend of HK\$0.30 per share (2021: nil) to shareholders whose names appear on the register of members of the Company on 31 March 2022. The total amount of the special dividend distributed was approximately HK\$1,308 million (2021: nil) and was paid on 29 April 2022.

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

INTERIM REPORT 2022

The Interim Report 2022 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
Wong Chui Lai
Company Secretary

Hong Kong, 18 August 2022

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 Mrs. 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