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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 2021

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 2021. Macau continues to gradually recover and effectively navigate through the pandemic. The Macau market experienced its fourth consecutive quarter of gross gaming revenue ("GGR") growth despite sporadic outbreaks of COVID-19 in Mainland and, most recently, in Macau. We are pleased to report that the primary focus of the Macau Government as well as GEG continues to be the health and safety of the public as well as social and economic stability.

In early August 2021, Macau reported four positive cases of COVID-19. We are pleased to report that the Macau Government acted promptly and decisively by testing the Macau community of over 700,000 for COVID-19 within three days, which is a remarkable achievement. Thankfully, the results of the mass screening were all negative. We would also like to acknowledge the Macau community's cooperation in this important process which ensured swift execution of this monumental task. In addition, we would like to thank the Central Government who arranged for 300 healthcare personnel from the Mainland to assist in this critical effort, among others. Following this testing, the validity period of a negative test has been extended from 12 hours to 48 hours for individuals crossing the Guangdong-Macau border. GEG continues to support the Macau Government's efforts including, among others, providing on-site vaccination facilities and education programs to actively encourage our staff and their family members to support Macau's vaccination efforts to achieve herd immunity as well as on site COVID-19 testing facilities. Our in-house, on-site vaccination program has encouraged over 12,000 team members and their families to be vaccinated or registered to receive a vaccine.

Moving onto our Q2 2021 performance, Group Net Revenue of HK\$5.6 billion improved relative to HK\$1.2 billion in Q2 2020 and HK\$5.1 billion in Q1 2021. Group Adjusted EBITDA of HK\$1.1 billion also grew versus the HK\$1.4 billion loss in Q2 2020 and was up 32% quarter-on-quarter. We are also pleased to report that our non-gaming performance improved in Q2 2021 due to a strong performance in retail which bodes well for the overall recovery prospects for Macau. Further, our performance was also supported by continued effective cost controls measures across the Group. Our balance sheet remains liquid and healthy. As of 30 June 2021, cash and liquid investments were HK\$43.0 billion and net cash was HK\$31.6 billion. Total debt was HK\$11.4 billion at 30 June 2021, including HK\$10.9 billion associated with our treasury yield enhancement program and HK\$0.5 billion of core debt. 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.

Moving on to our development update beginning with Cotai Phases 3 and 4 where we continue to invest in the future of Macau. We were pleased to announce in March 2021 the introduction of the legendary Raffles at Galaxy Macau which will feature an approximate 450 all-suite tower and is targeted to open in early 2022. We intend to follow this with the opening of the Galaxy International Convention Center and Andaz Macau in anticipation of the recovery of the Meetings, Incentives, Conferences and Events (MICE) and entertainment markets. And, finally, we are proceeding with the construction of Cotai Phase 4, our next generation integrated resort, which will complete our ecosystem in Cotai. As you can see, we remain highly confident about the future of Macau where Cotai Phases 3 and 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

Regarding our development plan in Hengqin, we are awaiting updates from the government and would welcome the opportunity to contribute to the evolving role of Hengqin in Macau's future. In addition, we are expanding our focus beyond Hengqin and Macau to potentially include opportunities within the rapidly expanding Greater Bay Area. We, along with Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("Monte-Carlo SBM") from the Principality of Monaco remain interested in the long term prospects of Japan and are confident that they will successfully navigate through the COVID-19 pandemic.

We are very pleased to report that TripAdvisor recently announced that The Ritz-Carlton, Macau at Galaxy Macau™ was awarded the highest honor - Best of the Best Award, ranking No. 1 in the Top 25 Hotels in China and was also ranked No.14 in the Top 25 Hotels Worldwide.

This year also marks the 100th anniversary of the Communist Party of China (CPC). The CPC has successfully guided China on a path of sustainable development, having achieved admirable success that has earned global respect. GEG would like to deliver our congratulations to our nation. Unfortunately, Henan Province recently experienced a natural disaster in July. We wish a speedy recovery to all those affected by this tragedy and GEG contributed MOP10 million to support the emergency response and relief efforts in Henan Province.

Finally, I would like to acknowledge the efforts of the health and emergency personnel who have worked so hard to ensure the safety of Macau community. I would also like to thank our staff for being so supportive of our Company during these challenging times. Our future remains very bright!

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 2021 as follows:

Q2 & INTERIM 2021 RESULTS HIGHLIGHTS

GEG: Gradual Pandemic Recovery Continues Supported by Continued Effective Cost Control

- 1H Group Net Revenue of HK\$10.7 billion, up 71% year-on-year
- 1H Group Adjusted EBITDA of HK\$2.0 billion versus HK\$(1.1) billion in 1H 2020
- 1H Net Profit Attributable to Shareholders of HK\$0.9 billion versus HK\$(2.9) billion in 1H 2020
- Q2 Group Net Revenue of HK\$5.6 billion, versus HK\$1.2 billion in Q2 2020 and HK\$5.1 billion in Q1 2021
- Q2 Group Adjusted EBITDA of HK\$1.1 billion, versus HK\$(1.4) billion in Q2 2020 and HK\$859 million in Q1 2021
- Normalized exclude luck factor (“Normalized”) Q2 Adjusted EBITDA was HK\$1.1 billion after adjusting for good luck HK\$74 million
- Latest twelve months Adjusted EBITDA turned positive with HK\$2.1 billion, versus a HK\$444 million loss in Q1 2021

Galaxy Macau™: Gradual Pandemic Recovery Continues

- 1H Net Revenue of HK\$7.2 billion, up 88% year-on-year
- 1H Adjusted EBITDA of HK\$1.7 billion versus HK\$(848) million in 1H 2020
- Q2 Net Revenue of HK\$3.8 billion, versus HK\$311 million in Q2 2020 and HK\$3.4 billion in Q1 2021
- Q2 Adjusted EBITDA of HK\$924 million, versus HK\$(1.2) billion in Q2 2020 and HK\$764 million in Q1 2021
- Normalized Q2 Adjusted EBITDA was HK\$838 million after adjusting for good luck HK\$86 million
- Hotel occupancy for Q2 across the five hotels was 53%

StarWorld Macau: Gradual Pandemic Recovery Continues

- 1H Net Revenue of HK\$1.9 billion, up 80% year-on-year
- 1H Adjusted EBITDA of HK\$305 million versus HK\$(202) million in 1H 2020
- Q2 Net Revenue of HK\$932 million, versus HK\$81 million in Q2 2020 and HK\$1.0 billion in Q1 2021
- Q2 Adjusted EBITDA of HK\$135 million, versus HK\$(306) million in Q2 2020 and HK\$170 million in Q1 2021
- Normalized Q2 Adjusted EBITDA was HK\$147 million after adjusting for bad luck HK\$12 million
- Hotel occupancy for Q2 was 77%

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

- 1H Net Revenue of HK\$29 million versus HK\$65 million in 1H 2020
- 1H Adjusted EBITDA of HK\$(43) million versus HK\$(97) million in 1H 2020
- Q2 Net Revenue of HK\$14 million versus HK\$12 million in Q2 2020 and HK\$15 million in Q1 2021
- Q2 Adjusted EBITDA of HK\$(20) million versus HK\$(52) million in Q2 2020 and HK\$(23) million in Q1 2021
- There was no luck impact on Q2 Adjusted EBITDA
- Hotel operation was suspended in Q2 2021

Balance Sheet: Maintain a Healthy and Liquid Balance Sheet

- Cash and liquid investments totaled HK\$43.0 billion and net cash was HK\$31.6 billion as at 30 June 2021
- Debt of HK\$11.4 billion as at 30 June 2021 primarily associated with treasury yield management program
- Given the ongoing impact of COVID-19, today the Board of Directors has decided not to declare a dividend

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 – Continue with development works for Phases 3 & 4, with a strong focus on non-gaming, primarily targeting MICE, entertainment, family facilities and also including gaming, given COVID-19, timelines may be impacted
- Target to open Raffles at Galaxy Macau, an exclusive 450 all-suite tower, as part of Cotai Phase 3 in early 2022, followed by the opening of Galaxy International Convention Center and Andaz Macau, and proceeding with the construction of Phase 4
- Greater Bay Area & Hengqin – Continue to pursue our Hengqin project as well as expand our focus by exploring potential opportunities within the rapidly expanding Greater Bay Area
- International – Continuously exploring opportunities in overseas markets, including Japan

CONDENSED CONSOLIDATED INCOME STATEMENT (Unaudited)
For The Six Months Ended 30 June 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue (Note)	2	10,660,577	6,222,665
Other income/gains, net		553,138	326,082
Special gaming tax and other related taxes to the Macau Government		(3,791,059)	(2,315,300)
Raw materials and consumables used		(718,976)	(500,915)
Amortisation and depreciation		(1,158,093)	(1,597,503)
Employee benefit expenses		(3,114,558)	(3,681,118)
Other operating expenses		(1,584,075)	(1,368,490)
Finance costs		(28,958)	(16,128)
Share of profits less losses of:			
Joint ventures		191,778	199,842
Associated companies		(13)	79
Profit/(loss) before taxation	4	1,009,761	(2,730,786)
Taxation charge	5	(49,527)	(71,769)
Profit/(loss) for the period		<u>960,234</u>	<u>(2,802,555)</u>
Attributable to:			
Equity holders of the Company		947,133	(2,856,181)
Non-controlling interests		13,101	53,626
		<u>960,234</u>	<u>(2,802,555)</u>
		HK cents	HK cents
Earnings/(loss) per share	7		
Basic		21.8	(65.9)
Diluted		<u>21.7</u>	<u>(65.9)</u>
		HK\$'000	HK\$'000
Note: Analysis of revenue			
Gross revenue from gaming operations		9,476,185	5,714,749
Commission and incentives		(1,635,318)	(1,393,132)
Net revenue from gaming operations		<u>7,840,867</u>	<u>4,321,617</u>
Revenue from hotel, mall operations and others		1,388,589	678,841
Sales of construction materials		<u>1,431,121</u>	<u>1,222,207</u>
		<u>10,660,577</u>	<u>6,222,665</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For The Six Months Ended 30 June 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the period	960,234	(2,802,555)
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	448,343	(2,646,798)
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	5,191	(47,187)
Share of translation differences of joint ventures	20,386	(26,293)
Other comprehensive income/(loss) for the period, net of tax	473,920	(2,720,278)
Total comprehensive income/(loss) for the period	1,434,154	(5,522,833)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	1,416,565	(5,572,472)
Non-controlling interests	17,589	49,639
	1,434,154	(5,522,833)

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)**As at 30 June 2021**

		30 June 2021 HK\$'000	31 December 2020 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		38,527,031	36,209,638
Right-of-use assets		4,776,502	4,838,991
Intangible assets		259,379	357,204
Joint ventures		2,115,463	1,954,136
Associated companies		2,297	2,310
Financial assets at amortised cost		14,087,186	18,753,138
Financial assets at fair value through other comprehensive income		5,801,049	5,371,458
Long-term bank deposits		-	4,450,079
Other non-current assets		107,051	329,745
		65,675,958	72,266,699
Current assets			
Inventories		196,212	201,716
Debtors and prepayments	8	1,657,185	1,740,568
Amounts due from joint ventures		177,240	162,720
Taxation recoverable		40,328	41,476
Current portion of financial assets at amortised cost		4,907,287	2,473,234
Cash and cash equivalents and other bank deposits		19,152,040	15,840,366
		26,130,292	20,460,080
Total assets		91,806,250	92,726,779
EQUITY			
Share capital and shares held for share award scheme		23,301,360	22,808,468
Reserves		46,000,904	44,615,313
Equity attributable to owners of the Company		69,302,264	67,423,781
Non-controlling interests		623,490	613,401
Total equity		69,925,754	68,037,182
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		217,432	207,953
Lease liabilities		292,270	296,773
Retention payable		484,486	181,092
Non-current deposits and other payables		195,090	116,424
		1,189,278	802,242
Current liabilities			
Creditors and accruals	9	9,174,216	14,542,294
Amounts due to joint ventures		2,109	625
Current portion of lease liabilities		34,774	48,116
Borrowings		11,412,280	9,233,014
Provision for tax		67,839	63,306
		20,691,218	23,887,355
Total liabilities		21,880,496	24,689,597
Total equity and liabilities		91,806,250	92,726,779
Net current assets/(liabilities)		5,439,074	(3,427,275)
Total assets less current liabilities		71,115,032	68,839,424

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

The interim financial information for the six months ended 30 June 2021 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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The financial information relating to the year ended 31 December 2020 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2021 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 2020 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 2020, except as described below:

(a) The adoption of amended standards

In 2021, the Group adopted the following amended standards which are relevant to its operations.

HKAS 39, HKFRS 4, HKFRS 7, Interest Rate Benchmark Reform – Phase 2
HKFRS 9, and HKFRS 16
(Amendments)

In addition, the Group has early adopted the following amendment to the accounting standard for the accounting period commencing 1 January 2021:

HKFRS 16 (Amendment) Covid-19-Related Rent Concessions beyond 30 June 2021

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, interpretation and accounting guideline that are not yet effective

<u>New standard and amendments</u>		Effective for accounting periods beginning on or after
AG5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 (Amendment)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendment)	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendment)	Reference to the Conceptual Framework	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	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
Annual Improvements to HKFRSs 2018 – 2020 Cycle		1 January 2022
HKAS 41 (Amendment)	Agriculture	
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards	
HKFRS 9 (Amendment)	Financial Instruments	
HKFRS 16 (Amendment)	Leases	

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. Revenue

Revenue recognised during the period are as follows:

	2021 HK\$'000	2020 HK\$'000
Gaming operations		
Net gaming wins	9,442,543	5,695,066
Contributions from City Club Casinos (Note i)	25,081	12,598
Tips received and administrative fees	8,561	7,085
Gross revenue from gaming operations	<u>9,476,185</u>	<u>5,714,749</u>
Less: Commission and incentives	<u>(1,635,318)</u>	<u>(1,393,132)</u>
Net revenue from gaming operations	7,840,867	4,321,617
Revenue from hotel, mall operations and others (Note ii)	1,388,589	678,841
Sales of construction materials	<u>1,431,121</u>	<u>1,222,207</u>
	<u>10,660,577</u>	<u>6,222,665</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 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 2021, the Group is entitled to HK\$25,081,000 (2020: HK\$12,598,000), 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, mall operations and others includes rental income amounted to approximately HK\$742 million (2020: HK\$220 million).

3. Segment information

The Board of Directors is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, based on a measurement of adjusted earnings/(loss) before interest, tax, depreciation, amortisation and certain items (the “Adjusted EBITDA”). This measurement basis of Adjusted EBITDA excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, donation and sponsorship, loss on disposal and 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.

3. 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 2				
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				13,534
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>

3. 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 2020				
Reportable segment revenue	5,262,250	1,222,207	-	6,484,457
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	(279,344)	-	-	(279,344)
Contributions	12,598	-	-	12,598
Others	4,954	-	-	4,954
Revenue recognised under HKFRS	<u>5,000,458</u>	<u>1,222,207</u>	<u>-</u>	<u>6,222,665</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>(1,506,006)</u>	<u>508,815</u>	<u>(89,599)</u>	<u>(1,086,790)</u>
Interest income, dividend income from listed investments and gross earnings on finance lease				664,769
Amortisation and depreciation				(1,597,503)
Finance costs				(16,128)
Taxation charge				(71,769)
Adjusted items:				
Taxation of joint ventures and associated companies				(63,366)
Pre-opening expenses				(122,392)
Loss on disposal and write-off of certain property, plant and equipment				(152,135)
Share option expenses				(90,142)
Share award expenses				(64,300)
Donation and sponsorship				(1,618)
Foreign exchange loss				(205,380)
Others				<u>4,199</u>
Loss for the period				<u>(2,802,555)</u>
Share of results of joint ventures and associated companies	<u>(7,302)</u>	<u>207,223</u>	<u>-</u>	<u>199,921</u>

3. 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 2021				
Total assets	86,269,689	5,500,795	35,766	91,806,250
Total assets include:				
Joint ventures	75,150	2,040,313	-	2,115,463
Associated companies	-	2,297	-	2,297
Total liabilities	9,291,531	1,401,756	11,187,209	21,880,496
As at 31 December 2020				
Total assets	87,181,400	5,489,243	56,136	92,726,779
Total assets include:				
Joint ventures	84,625	1,869,511	-	1,954,136
Associated companies	-	2,310	-	2,310
Total liabilities	14,234,591	1,500,290	8,954,716	24,689,597
Six months ended 30 June 2021				
Additions to non-current assets	3,241,767	90,940	-	3,332,707
Six months ended 30 June 2020				
Additions to non-current assets	2,457,850	27,571	844	2,486,265
Geographical analysis				
Six months ended 30 June		2021 HK\$'000		2020 HK\$'000
Revenue				
Macau		9,471,963		5,108,711
Hong Kong		864,467		686,585
Mainland China		324,147		427,369
		10,660,577		6,222,665
		As at 30 June 2021 HK\$'000		As at 31 December 2020 HK\$'000
Non-current assets				
Macau		61,953,725		68,738,261
Hong Kong		519,848		513,328
Mainland China		3,202,385		3,015,110
		65,675,958		72,266,699

4. Profit/(loss) before taxation

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) before taxation is arrived at after crediting:		
Interest income	452,112	636,269
Dividend income from unlisted investments	-	2,500
Dividend income from listed investments	-	28,225
and after charging:		
Depreciation		
Property, plant and equipment	979,063	1,415,780
Right-of-use assets	65,387	70,471
Amortisation		
Gaming licence	52,732	53,023
Computer software	16,154	13,532
Reacquired right	43,963	43,963
Quarry site development	794	734
Loss on disposal and write-off of property, plant and equipment	15,939	156,501

5. Taxation charge

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	5,879	9,747
Mainland China income tax and withholding tax	6,860	37,301
Macau complementary tax	7,484	2,373
Net under provision in prior years	1,621	1,819
Lump sum in lieu of Macau complementary tax on dividend	18,204	18,204
Deferred taxation	9,479	2,325
Taxation charge	49,527	71,769

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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% (2020: 12% to 25%). The weighted average applicable tax rate was 12% (2020: 12%).

6. Dividend

The Board of Directors does not declare an interim dividend for the period ended 30 June 2021 (2020: nil).

7. Earnings/(loss) per share

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

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the period ended 30 June 2021, 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 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. For the period ended 30 June 2020, the diluted loss per share equals to the basic loss per share since the conversion of the outstanding share options and share awards would not have a dilutive effect on the loss per share.

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
Profit/(loss) attributable to equity holders of the Company	947,133	(2,856,181)
	Number of shares	
	2021	2020
Weighted average number of shares for calculating basic earnings/(loss) per share	4,349,893,221	4,335,195,676
Effect of dilutive potential ordinary shares		
Share options	13,365,669	-
Share awards	358,745	-
Weighted average number of shares for calculating diluted earnings/(loss) per share	4,363,617,635	4,335,195,676

8. Debtors and prepayments

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Trade debtors, net of loss allowance	549,183	494,581
Other debtors and deposit paid, net of loss allowance	788,375	992,615
Contract assets	99,723	102,886
Prepayments	199,981	132,798
Current portion of finance lease receivable	19,923	17,688
	1,657,185	1,740,568

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 (2020: 30 to 60 days) for customers in Hong Kong and Macau and 30 to 60 days (2020: 30 to 60 days) for customers in 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 2021 HK\$'000	31 December 2020 HK\$'000
Within one month	270,204	291,041
Two to three months	254,734	180,447
Four to six months	9,681	10,007
Over six months	14,564	13,086
	549,183	494,581

9. Creditors and accruals

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Trade creditors	2,620,677	3,048,087
Other creditors	2,612,411	2,911,552
Chips issued	1,959,886	6,193,272
Loans from non-controlling interests	84,835	84,026
Accruals and provision	1,896,407	2,305,357
	9,174,216	14,542,294

9. Creditors and accruals (Cont'd)

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

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Within one month	2,281,482	2,656,411
Two to three months	73,835	58,077
Four to six months	8,304	108,841
Over six months	257,056	224,758
	2,620,677	3,048,087

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

Macau market experienced its fourth consecutive quarter of GGR growth in Q2 2021 despite sporadic outbreaks of COVID-19 in Mainland and, most recently, in Macau. The primary focus of the Macau Government as well as GEG continues to be the health and safety of the public as well as social and economic stability. Based on DICJ reporting, Macau's GGR for 1H 2021 was \$47.6 billion, up 45% year-on-year.

The Individual Visit Scheme ("IVS") was progressively reinstated through the third quarter of 2020 but border entry restrictions for international and Hong Kong tourists remained in place impacting visitor arrivals. In Q2 2021, visitor arrivals to Macau were 2.2 million versus 50,000 visitors in Q2 2020 and up 26% quarter-on-quarter. Mainland visitor arrivals were 2.0 million versus 46,000 visitors in Q2 2020 and up 28% quarter-on-quarter. In Q2 2021, overnight visitors were 1.1 million versus 25,000 visitors in Q2 2020 and up 24% quarter-on-quarter.

We look forward to the easing of border controls for Hong Kong and international tourists. We would also welcome the progressively reinstatement of the electronic IVS and the resumption of group tours to Macau.

REVIEW OF OPERATIONS

Group Financial Results

The Group's 1H 2021 results posted Net Revenue of \$10.7 billion, up 71% year-on-year and Adjusted EBITDA was \$2.0 billion versus \$(1.1) billion in 1H 2020. Net profit attributable to shareholders was \$0.9 billion versus \$(2.9) billion in 1H 2020. Galaxy Macau™'s Adjusted EBITDA was \$1.7 billion versus \$(848) million in 1H 2020. StarWorld Macau's Adjusted EBITDA was \$305 million versus \$(202) million in 1H 2020. Broadway Macau™'s Adjusted EBITDA was \$(43) million versus \$(97) million in 1H 2020.

During 1H 2021, GEG experienced good luck in its gaming operation, which increased its Adjusted EBITDA by approximately \$243 million. Normalized 1H 2021 Adjusted EBITDA was \$1.7 billion, versus \$(1.2) billion in 1H 2020.

The Group's total GGR on a management basis¹ in 1H 2021 was \$9.7 billion, up 62% year-on-year as total mass table GGR was \$5.9 billion, up 100% year-on-year and total VIP GGR was \$3.5 billion, up 26% year-on-year. Total electronic GGR was \$333 million, up 27% year-on-year.

Balance Sheet and Dividend

The Group's balance sheet remains liquid and healthy. As of 30 June 2021, cash and liquid investments were \$43.0 billion and net cash was \$31.6 billion. Total debt was \$11.4 billion as at 30 June 2021, including \$10.9 billion associated with our treasury yield enhancement program and \$0.5 billion of core debt. Given the ongoing impact of COVID-19, today the Board of Directors has decided not to declare a dividend.

Set out below is the segmental analysis of the Group's operating results for 1H 2021:

Group Key Financial Data

(HK\$'m)

	1H 2020	1H 2021
Revenues:		
Net Gaming	4,322	7,841
Non-gaming	679	1,389
Construction Materials	1,222	1,431
Total Net Revenue	6,223	10,661
Adjusted EBITDA	(1,087)	1,991

Gaming Statistics²

(HK\$'m)

	1H 2020	1H 2021
Rolling Chip Volume ³	74,873	83,943
Win Rate %	3.7%	4.2%
Win	2,790	3,506
Mass Table Drop ⁴	11,971	24,465
Win Rate %	24.7%	24.2%
Win	2,953	5,910
Electronic Gaming Volume	8,485	8,996
Win Rate %	3.1%	3.7%
Win	263	333
Total GGR Win ⁵	6,006	9,749

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.

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 the Group's revenue and earnings. Net Revenue in 1H 2021 was \$7.2 billion, up 88% year-on-year. Adjusted EBITDA was \$1.7 billion versus \$(848) million in 1H 2020.

Galaxy Macau™ experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$213 million in 1H 2021. Normalized 1H 2021 Adjusted EBITDA was \$1.5 billion, versus \$(933) million in 1H 2020.

The combined five hotels occupancy rate was 48% for 1H 2021.

Galaxy Macau™ Key Financial Data (HK\$m)

	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Revenues:					
Net Gaming	200	2,875	3,079	3,260	5,954
Hotel / F&B / Others	60	250	307	373	557
Mall	51	292	423	202	715
Total Net Revenue	311	3,417	3,809	3,835	7,226
Adjusted EBITDA	(1,177)	764	924	(848)	1,688
Adjusted EBITDA Margin	NEG ⁶	22%	24%	NEG ⁶	23%

Gaming Statistics⁷ (HK\$m)

	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Rolling Chip Volume ⁸	5,040	32,612	24,582	52,882	57,194
Win Rate %	4.9%	4.0%	5.4%	4.2%	4.6%
Win	246	1,301	1,331	2,208	2,632
Mass Table Drop ⁹	267	7,128	7,972	6,786	15,100
Win Rate %	25.6%	28.3%	27.8%	29.0%	28.1%
Win	69	2,019	2,219	1,966	4,238
Electronic Gaming Volume	463	3,167	3,513	4,945	6,680
Win Rate %	2.9%	3.2%	4.9%	3.9%	4.1%
Win	14	102	174	192	276
Total GGR Win	329	3,422	3,724	4,366	7,146

⁶ NEG represents negative margin.

⁷ Gaming statistics are presented before deducting commission and incentives.

⁸ Reflects junket rolling chip volume only.

⁹ 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 \$1.9 billion in 1H 2021, up 80% year-on-year. Adjusted EBITDA was \$305 million versus \$(202) million in 1H 2020.

StarWorld Macau experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$30 million in 1H 2021. Normalized 1H 2021 Adjusted EBITDA was \$275 million, versus \$(205) million in 1H 2020.

Hotel occupancy was 69% for 1H 2021.

StarWorld Macau Key Financial Data

(HK\$'m)

	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Revenues:					
Net Gaming	73	972	885	1,021	1,857
Hotel / F&B / Others	5	34	40	54	74
Mall	3	7	7	8	14
Total Net Revenue	81	1,013	932	1,083	1,945
Adjusted EBITDA	(306)	170	135	(202)	305
Adjusted EBITDA Margin	NEG ¹⁰	17%	14%	NEG ¹⁰	16%

Gaming Statistics¹¹

(HK\$'m)

	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Rolling Chip Volume ¹²	1,216	13,683	12,126	19,725	25,809
Win Rate %	4.9%	3.4%	3.0%	2.6%	3.2%
Win	60	470	363	511	833
Mass Table Drop ¹³	314	3,790	4,064	3,898	7,854
Win Rate %	11.9%	19.2%	17.3%	19.5%	18.2%
Win	37	727	702	762	1,429
Electronic Gaming Volume	211	520	664	1,360	1,184
Win Rate %	2.6%	3.5%	2.5%	2.2%	2.9%
Win	6	18	16	30	34
Total GGR Win	103	1,215	1,081	1,303	2,296

¹⁰ NEG represents negative margin.

¹¹ Gaming statistics are presented before deducting commission and incentives.

¹² Reflects junket rolling chip volume only.

¹³ 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. The property's Net Revenue was \$29 million for 1H 2021 versus \$65 million for 1H 2020. Adjusted EBITDA was \$(43) million for 1H 2021 versus \$(97) million in 1H 2020.

There was no luck impact on Broadway Macau™'s Adjusted EBITDA in 1H 2021.

Hotel occupancy was 9% for 1H 2021.

Broadway Macau™ Key Financial Data

(HK\$'m)

	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Revenues:					
Net Gaming	1	0	0	23	0
Hotel / F&B / Others	7	9	7	32	16
Mall	4	6	7	10	13
Total Net Revenue	12	15	14	65	29
Adjusted EBITDA	(52)	(23)	(20)	(97)	(43)
Adjusted EBITDA Margin	NEG ¹⁴	NEG ¹⁴	NEG ¹⁴	NEG ¹⁴	NEG ¹⁴

Gaming Statistics¹⁵

(HK\$'m)

	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Mass Table Drop ¹⁶	NIL*	NIL*	NIL*	114	NIL*
Win Rate %	NIL*	NIL*	NIL*	17.9%	NIL*
Win	NIL*	NIL*	NIL*	20	NIL*
Electronic Gaming Volume	74	13	3	294	16
Win Rate %	2.1%	3.5%	6.6%	2.1%	4.0%
Win	1	0	1	6	1
Total GGR Win	1	0	1	26	1

* NIL represents tables closed during the period.

¹⁴ NEG represents negative margin.

¹⁵ Gaming statistics are presented before deducting commission and incentives.

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

City Clubs

City Clubs contributed \$30 million of Adjusted EBITDA to the Group's earnings for 1H 2021, up 67% year-on-year.

City Clubs Key Financial Data

(HK\$m)

	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Adjusted EBITDA	2	10	20	18	30

Gaming Statistics¹⁷

(HK\$m)

	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Rolling Chip Volume ¹⁸	448	940	NIL*	2,266	940
Win Rate %	2.0%	4.4%	NIL*	3.1%	4.4%
Win	9	41	NIL*	71	41
Mass Table Drop ¹⁹	201	667	844	1,173	1,511
Win Rate %	15.6%	15.4%	16.7%	17.4%	16.1%
Win	32	103	140	205	243
Electronic Gaming Volume	618	495	621	1,886	1,116
Win Rate %	1.9%	2.0%	1.9%	1.9%	2.0%
Win	11	10	12	35	22
Total GGR Win	52	154	152	311	306

* NIL represents tables closed during the period.

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division contributed Adjusted EBITDA of \$445 million in 1H 2021, down 13% year-on-year, as a result of intensifying competition and increasing coal prices in Yunnan's cement market.

Hong Kong and Macau

Ongoing infrastructure projects have stimulated higher demand for ready-mixed concrete and precast materials in Hong Kong and Macau, respectively. A new ready-mixed concrete site plant has been successfully commissioned for the Three-Runway System Projects of Hong Kong International Airport in Q1 2021. Hong Kong and Macau have been the major year-on-year growth contributors in 1H 2021.

Mainland China

Demand for Ground Granulated Blast-furnace Slag in Eastern China gradually recovers as customers are catching up with delayed construction programs after heavy rainfall along Yangtze River last year.

However, market competition in Yunnan's cement market has been intensifying due to large scale commissioning of new production capacities and slowing down of infrastructure projects. In addition, rising coal price has impacted the profitability of the cement segment.

¹⁷ Gaming statistics are presented before deducting commission and incentives.

¹⁸ Reflects junket rolling chip volume only.

¹⁹ 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. We are proceeding with the development of Phases 3 & 4 and continue to review and refine plans to ensure a world-class optimal development. We see the premium market evolving with this segment preferring higher quality and more spacious rooms. 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. We will try to maintain our development targets, however due to COVID-19, development timelines may be impacted. At this point we cannot quantify the impact but we will endeavor to maintain our schedule.

The Group was pleased to announce in March 2021 the signing of a collaboration agreement with Accor to introduce the renowned Raffles brand to Macau. We look forward to welcoming the iconic Raffles at Galaxy Macau through an exclusive 450 all-suite tower with a target opening in early 2022.

We intend to follow this with the opening of the Galaxy International Convention Center and Andaz Macau in anticipation of the recovery of the MICE and entertainment markets. And, finally, we continue to proceed with the construction of Cotai Phase 4, our next generation integrated resort, which will complete our ecosystem in Cotai. As you can see, we remain highly confident about the future of Macau where Cotai Phases 3 and 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

Greater Bay Area / Hengqin

Regarding our development plan in Hengqin, we are awaiting updates from the government and would welcome the opportunity to contribute to the evolving role of Hengqin in Macau's future development. In addition, we are expanding our focus beyond Hengqin and Macau to potentially include opportunities within the rapidly expanding Greater Bay Area.

International

Our Japan based team continues with our Japan development efforts even as they deal with the COVID-19 crisis. We view Japan as a long term growth opportunity that will complement our Macau operations and our other international expansion ambitions. GEG, together with Monte-Carlo SBM from the Principality of Monaco and our Japanese partners, remain interested in bringing our brand of World Class Integrated Resorts to Japan.

GROUP OUTLOOK

GEG continues to remain confident in the medium to longer term outlook for Macau. In Q2 2021, the Macau market experienced its fourth consecutive quarter of GGR growth despite sporadic outbreaks of COVID-19 in Mainland. The primary focus of the Macau Government as well as GEG continues to be the health and safety of the public as well as social and economic stability which they have certainly demonstrated again during the early August 2021 outbreak in Macau. GEG continues to have a healthy and liquid balance sheet. We are driving every segment of our business by enhancing operational efficiencies and exercising prudent cost control especially under the current market conditions. Furthermore, we will continue to develop our team members through training and upskilling, which supports the Macau Government's vision to develop Macau into a World Center of Tourism and Leisure.

We continue to upgrade Galaxy Macau™ and StarWorld Macau through our property enhancement program. The renovation of our existing properties, reconfiguration and introduction of new products to our resorts will ensure they remain highly competitive and appealing to our valuable guests. GEG is uniquely positioned to capitalize on future growth with Cotai Phases 3 & 4 which are specifically designed for the mass customer. As we mentioned, Cotai Phase 3 will be introduced in phases beginning with Raffles at Galaxy Macau, an exclusive 450 all-suite tower, which is targeted to open in early 2022 and will be followed by the opening of Galaxy International Convention Center including Andaz Macau. We are also proceeding with the construction of Phase 4, our next generation integrated resort which will complete our ecosystem in Cotai. These projects will support Macau's economy in the near term and strategically position GEG for future growth. Additionally, we are also focusing on the Greater Bay Area, Hengqin and Japan development opportunities.

Since the outbreak of the pandemic in early 2020, the Macau Government, health authorities and the entire community should be commended for their outstanding achievement in managing the pandemic. GEG has been working diligently in regards to health, safety and hygiene so that our resorts are operationally ready when travel restrictions are further relaxed. We are looking forward to the return of normalized travel throughout the world.

We also look forward to the launching of the public consultation on the proposed amendments to Macau's gaming law and on the concession reissuance process. Additionally, the Macau SAR Legislative Assembly election will take place on 12 September 2021.

We have great confidence in Macau and we continue with our development program. Our resorts and our ongoing investment in Cotai Phases 3 & 4 will continue to support Macau's economy in both the near and longer term. Whilst we remain confident, we are conscious that the current and potential future flare ups of COVID-19 could impact the rate of Macau's recovery and our future financial performance. GEG remains committed to support the Government's vision to develop Macau into a World Center of Tourism and Leisure.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 30 June 2021 increased to \$69,302 million, an increase of approximately 3% over that as at 31 December 2020 of \$67,424 million while the Group's total assets employed decreased to \$91,806 million as at 30 June 2021 as compared to \$92,727 million as at 31 December 2020.

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 2021, the debt securities were predominately denominated in the U.S. dollar with weighted average tenor of approximately 2 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 amortized cost and their carrying amounts as at 30 June 2021 approximated their fair values. These debt securities were considered to be of low credit risk and the expected credit loss was minimal. As at 30 June 2021, none of the debt securities in any individual investee company held by the Group equaled or exceeded 5 per cent of the Group's total assets.

As at 30 June 2021, the Group invested \$18,994 million (\$21,226 million as at 31 December 2020) in debt securities and \$4,937 million in listed investment of Wynn Resorts, Limited ("Wynn Resorts") (\$4,549 million as at 31 December 2020). As at 30 June 2021, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.5% (4.8% as at 31 December 2020) 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 2021 was the fair value of this listed investment. As of 30 June 2021, fair value of our investment in Wynn Resorts was \$4,937 million, representing 5.4% of the Group's total asset of \$91,806 million. The market value of Wynn Resorts as of 30 June 2021 and 31 December 2020, and the performance of the investment during the period ended 30 June 2021 and 30 June 2020 are as follows:

<i>(HK\$ 'm)</i>	2021	2020
Market value as at 30 June 2021 and 31 December 2020	4,937	4,549
Unrealised gain/(loss) for the period ended 30 June	388	(2,623)
Dividend income for the period ended 30 June	-	28

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 \$19,152 million as at 30 June 2021 as compared to \$20,290 million as at 31 December 2020 while total borrowings were \$11,412 million as at 30 June 2021 as compared to \$9,233 million as at 31 December 2020. The Group was in a net cash position as at 30 June 2021 and 31 December 2020.

The total borrowings of the Group mainly comprised bank loans which were largely denominated in Hong Kong dollar, the U.S. 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. 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 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, 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 2020: nil). Bank deposits of \$352 million (31 December 2020: \$410 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 2020: \$6,970 million). At 30 June 2021, facilities utilized by a subsidiary amounted to \$300 million (31 December 2020: HK\$300 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to \$118 million (31 December 2020: \$116 million). At 30 June 2021, facilities utilized amounted to \$13 million (31 December 2020: nil).

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 2021.

REVIEW OF INTERIM RESULTS

The Group's interim results for the six months ended 30 June 2021 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 2021 to shareholders.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2021, 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.

DIVIDEND

The Board of Directors does not recommend to declare an interim dividend for the six months ended 30 June 2021 (2020: nil) or any special dividend (2020: nil).

INTERIM REPORT 2021

The Interim Report 2021 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, 12 August 2021

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