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GALAXY ENTERTAINMENT GROUP LIMITED

銀河娛樂集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 27)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

I would like to take this opportunity to update you on GEG's most recent activities and financial results for the second quarter and half year of 2023. During the period Macau continued its business recovery and the Group's primary focus was on operational execution, recruitment and project development. We believe that non-gaming is the future of Macau to drive a longer staying and more diverse visitor base which aligns with Macau Government's vision of building Macau into a World Center of Tourism and Leisure. Our investment into world-class, non-gaming facilities such as the Galaxy International Convention Center ("GICC") and the Galaxy Arena supports this vision. Our vote of confidence in Macau is demonstrated by the fact that GEG is the first Macau concessionaire to resume dividends and return capital to shareholders after the border reopened.

In Q2 2023, Group Net Revenue was HK\$8.7 billion, up 257% year-on-year and up 23% quarter-on-quarter. Group Adjusted EBITDA was HK\$2.5 billion, versus HK\$(384) million in Q2 2022 and HK\$1.9 billion in Q1 2023. For first half of 2023, Group Net Revenue increased 141% year-on-year to HK\$15.7 billion and Adjusted EBITDA increased significantly from HK\$191 million in 1H 2022 to HK\$4.4 billion.

Our balance sheet continues to be exceptionally liquid and healthy. As of 30 June 2023, cash and liquid investments were HK\$24.4 billion and net cash was HK\$22.0 billion. Our strong balance sheet provides us with valuable flexibility in managing business operations and supporting our development initiatives. Today we are very pleased to announce a special dividend of HK\$0.20 per share, payable on or about 27 October 2023.

Following the reopening of Macau in early January 2023, we have continued to be very active into Q2 in expanding our resort offering and enhancing our service standards. This includes the soft opening of GICC and Galaxy Arena in April 2023. In late June, we opened a new promoter room in line with the new gaming regulations. We also opened a number of additional F&B outlets during Q2. In July, as part of Phase 3 development, we opened our new Horizon Premium Club and associated non-gaming amenities. We are in the process of opening our first overseas business development office in Tokyo and we are planning to open additional offices in Bangkok and Seoul.

On 16 August 2023, we successfully soft opened the exclusive 450 all-suite Raffles at Galaxy Macau which brings a new level of opulence, service and luxurious customer experience to Macau. The Raffles will drive high-value customers in-line with the Government's goal to attract longer staying and high-value visitors to Macau. Further, we will open the 700-room Andaz Macau in September 2023.

To support the operation of GICC and Galaxy Arena, we are pleased to announce that we have signed a number of multi-year agreements with well-established entertainment companies who will help to support our events programming.

We have been working closely with the various Government departments and we are pleased to advise that we effectively have our full complement of staff and all of our hotel rooms were available towards the end of Q2, except for Broadway Hotel.

On the project development front, GEG continued to move forward with Phase 4 construction which will have a strong focus on non-gaming, primarily targeting MICE, entertainment, family facilities and also includes gaming.

Finally, I would like to thank all of our team members who deliver 'World Class, Asian Heart' service every day and contribute to the success of the Group.

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA

Chairman

INTERIM RESULTS

The Board of Directors of GEG is pleased to announce the unaudited results of GEG and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023 as follows:

Q2 & INTERIM 2023 RESULTS HIGHLIGHTS

GEG: Well Positioned for Future Growth

- 1H Group Net Revenue of HK\$15.7 billion, up 141% year-on-year
- 1H Group Adjusted EBITDA of HK\$4.4 billion, up 2,193% year-on-year
- 1H Net Profit Attributable to Shareholders of HK\$2.9 billion, versus HK\$(850) million in 1H 2022
- Q2 Group Net Revenue of HK\$8.7 billion, up 257% year-on-year and up 23% quarter-on-quarter
- Q2 Group Adjusted EBITDA of HK\$2.5 billion, versus HK\$(384) million in Q2 2022 and HK\$1.9 billion in Q1 2023
- Normalized exclude luck factor (“Normalized”) Q2 Adjusted EBITDA was HK\$2.5 billion after adjusting for good luck of HK\$4 million
- Latest twelve months Adjusted EBITDA of HK\$3.6 billion, up 109% year-on-year and up 367% quarter-on-quarter

Galaxy Macau™: Well Positioned for Future Growth

- 1H Net Revenue of HK\$11.9 billion, up 164% year-on-year
- 1H Adjusted EBITDA of HK\$4.0 billion, up 650% year-on-year
- Q2 Net Revenue of HK\$6.6 billion, up 356% year-on-year and up 22% quarter-on-quarter
- Q2 Adjusted EBITDA of HK\$2.2 billion, versus HK\$(188) million in Q2 2022 and HK\$1.85 billion in Q1 2023
- Normalized Q2 Adjusted EBITDA was HK\$2.2 billion after adjusting for good luck of HK\$4 million
- Hotel occupancy for Q2 across the five hotels was 92%

StarWorld Macau: Well Positioned for Future Growth

- 1H Net Revenue of HK\$2.2 billion, up 236% year-on-year
- 1H Adjusted EBITDA of HK\$578 million, versus HK\$(216) million in 1H 2022
- Q2 Net Revenue of HK\$1.2 billion, up 456% year-on-year and up 30% quarter-on-quarter
- Q2 Adjusted EBITDA of HK\$362 million, versus HK\$(158) million in Q2 2022 and HK\$216 million in Q1 2023
- Hotel occupancy for Q2 was 100%

Broadway Macau™, City Clubs and Construction Materials Division (“CMD”)

- Broadway Macau™: Q2 Adjusted EBITDA was HK\$(10) million, versus HK\$(19) million in Q2 2022 and HK\$(10) million in Q1 2023
- City Clubs: Q2 Adjusted EBITDA was HK\$4 million, versus HK\$11 million in Q2 2022 and HK\$3 million in Q1 2023
- CMD: Q2 Adjusted EBITDA was HK\$228 million, up 34% year-on-year and up 126% quarter-on-quarter

Balance Sheet: Healthy and Liquid Balance Sheet

- As at 30 June 2023, cash and liquid investments were HK\$24.4 billion and net cash was HK\$22.0 billion
- Today the Group announced a special dividend of HK\$0.20 per share payable on or about 27 October 2023

Development Update: Soft opened Phase 3 including GICC, Galaxy Arena and Raffles at Galaxy Macau; Open Andaz Macau soon; Progressing with Phase 4

- Cotai Phase 3 – Soft opened GICC, Galaxy Arena and Raffles at Galaxy Macau, will open Andaz Macau in September
- Cotai Phase 4 – Our efforts are firmly focused on the development of Phase 4. Phase 4 has a strong focus on non-gaming, primarily targeting Meetings, Incentives, Conferences and Events (MICE), entertainment, family facilities and also includes gaming

CONDENSED CONSOLIDATED INCOME STATEMENT (Unaudited)
For The Six Months Ended 30 June 2023

	Note	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue (Note)	3	15,715,349	6,523,844
Other income/gains, net		265,804	377,045
Special gaming tax and other related taxes to the Macau Government		(5,488,075)	(1,906,419)
Raw materials and consumables used		(702,433)	(645,917)
Amortisation and depreciation		(1,187,141)	(1,038,773)
Employee benefit expenses		(3,480,227)	(2,868,280)
Other operating expenses		(2,101,300)	(1,253,326)
Finance costs		(122,915)	(42,002)
Share of profits less losses of:			
Joint ventures		45,360	51,744
Associated companies		(27)	79
Profit/(loss) before taxation	5	2,944,395	(802,005)
Taxation charge	6	(46,945)	(42,985)
Profit/(loss) for the period		2,897,450	(844,990)
Attributable to:			
Equity holders of the Company		2,890,261	(850,473)
Non-controlling interests		7,189	5,483
		2,897,450	(844,990)
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share	8		
Basic		66.2	(19.5)
Diluted		66.1	(19.5)
		<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Note: Analysis of revenue</u>			
Gross revenue from gaming operations		13,728,266	4,600,372
Commission and incentives		(1,816,254)	(470,123)
Net revenue from gaming operations		11,912,012	4,130,249
Revenue from hotel, mall operations and others		2,296,148	1,078,501
Sales of construction materials		1,507,189	1,315,094
		15,715,349	6,523,844

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For The Six Months Ended 30 June 2023

	2023	2022
	HK\$'000	HK\$'000
Profit/(loss) for the period	2,897,450	(844,990)
Other comprehensive income/(loss)		
Items that will not be subsequently reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	1,188,170	(999,230)
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	(63,477)	(68,601)
Share of translation differences of joint ventures	(64,552)	(90,765)
	<u>1,060,141</u>	<u>(1,158,596)</u>
Other comprehensive income/(loss) for the period, net of tax		
Total comprehensive income/(loss) for the period	<u>3,957,591</u>	<u>(2,003,586)</u>
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	3,962,516	(1,984,773)
Non-controlling interests	(4,925)	(18,813)
	<u>3,957,591</u>	<u>(2,003,586)</u>

CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

As at 30 June 2023

	Note	30 June 2023 HK\$'000	31 December 2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		47,188,186	45,542,295
Right-of-use assets		4,922,059	4,787,811
Intangible assets		2,623,248	32,949
Joint ventures		1,349,818	1,396,078
Associated companies		2,418	2,444
Financial assets at amortised cost		5,476,550	6,694,557
Financial assets at fair value through other comprehensive income		5,419,187	4,214,239
Financial asset at fair value through profit or loss		64,410	272,104
Other non-current assets		148,916	106,666
		<u>67,194,792</u>	<u>63,049,143</u>
Current assets			
Inventories		217,506	208,995
Debtors and prepayments	9	1,448,657	1,152,535
Amounts due from joint ventures		139,334	174,210
Taxation recoverable		28,913	29,193
Current portion of financial assets at amortised cost		1,424,793	2,324,512
Cash and cash equivalents and other bank deposits		13,179,834	14,022,744
		<u>16,439,037</u>	<u>17,912,189</u>
Total assets		<u>83,633,829</u>	<u>80,961,332</u>
EQUITY			
Share capital and shares held for share award scheme		24,012,432	23,968,153
Reserves		44,022,002	39,945,783
Equity attributable to owners of the Company		<u>68,034,434</u>	<u>63,913,936</u>
Non-controlling interests		537,259	551,429
Total equity		<u>68,571,693</u>	<u>64,465,365</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		159,473	167,312
Lease liabilities		583,944	433,063
Retention payable		452,360	429,012
Macau gaming concession payable		2,346,793	-
Non-current deposits and other payables		174,463	167,597
		<u>3,717,033</u>	<u>1,196,984</u>
Current liabilities			
Creditors and accruals	10	8,780,559	7,689,593
Amounts due to joint ventures		72,965	6,216
Current portion of lease liabilities		62,670	49,922
Borrowings		2,353,015	7,505,246
Provision for tax		75,894	48,006
		<u>11,345,103</u>	<u>15,298,983</u>
Total liabilities		<u>15,062,136</u>	<u>16,495,967</u>
Total equity and liabilities		<u>83,633,829</u>	<u>80,961,332</u>
Net current assets		<u>5,093,934</u>	<u>2,613,206</u>
Total assets less current liabilities		<u>72,288,726</u>	<u>65,662,349</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Macau gaming concession

Gaming in Macau is administered by the Government of the Macau Special Administrative Region (the “Macau Government”) through concession awarded, of which the Company’s principal subsidiary, Galaxy Casino, S.A. (“GCSA”) is one of Concessionaires.

On 16 December 2022, the Macau Government and GCSA entered into a new Gaming Concession Contract for a term of 10 years, from 1 January 2023 to 31 December 2032. Under the terms of the new Gaming Concession Contract, GCSA is required to pay the Macau Government fixed and variable annual premium during the 10-year term with effect from 1 January 2023 onwards. The annual premium is comprised of a fixed amount MOP30 million (equivalent to approximately HK\$29.13 million) and an annual amount of MOP300,000 (equivalent to approximately HK\$291,262) for each gaming table exclusively for particular games or players, MOP150,000 (equivalent to approximately HK\$145,631) for each other gaming table, and MOP1,000 (equivalent to approximately HK\$971) for one gaming machine, including slot machines, operated by GCSA. In addition, GCSA commits to invest MOP28.35 billion (approximately HK\$27.52 billion), which includes MOP27.45 billion (approximately HK\$26.65 billion) in non-gaming facilities and activities and MOP0.9 billion (approximately HK\$0.87 billion) on gaming, primarily investing in the tourism and entertainment sectors that will be spent over the span of the new Gaming Concession Contract, to support the Macau Government’s objectives to further develop and diversify Macau’s economy and attract more overseas visitors.

In addition, separate contracts for the reversion of casinos and related assets for gaming business to the Macau Government (the “Reversion of Property Contract”) were signed by the Group on 30 December 2022, pursuant to which, casino areas of Galaxy Macau, StarWorld and Broadway held by subsidiaries of GEG, together with the revertible gaming assets held by GCSA are to be reverted to the Macau Government without compensation and the Macau Government temporarily handed over to the Group for its continuing use in gaming operations during the 10-year term (commencing from 1 January 2023) of the new Gaming Concession Contract. As the control and the economic benefits of these casino areas and gaming assets will be continuously retained by the Group and with the assumption of the subsequent successful retention and tendering of the gaming concession, GCSA will continue to recognise these casino areas and gaming assets as right-of-use assets and property, plant and equipment and depreciate their carrying amounts over their estimated remaining useful lives. In exchange for the use of reverted casino areas and gaming assets, GCSA agreed to make annual payments to the Macau Government for MOP750 (equivalent to approximately HK\$728) per square meter for the first three years, and MOP2,500 (equivalent to approximately HK\$2,427) per square meter for the remaining years of the term of the new Gaming Concession Contract through 31 December 2032, subject to adjustment based on the average price index in Macau. This contractual payment is also considered as part of the consideration of the intangible asset of the right to conduct games of chance in Macau.

1. Macau gaming concession (Cont'd)

On 1 January 2023, GCSA recognised an intangible asset and corresponding financial liability of MOP2.79 billion (equivalent to approximately HK\$2.71 billion), with non-current portion of the financial liability of HK\$2.44 billion included in “Macau gaming concession payable” and the current portion of HK\$0.27 billion included in “Creditors and accruals” respectively, representing the right to conduct games of chance in Macau and the unconditional obligation to make payments under the new Gaming Concession Contract and the Reversion of Property Contract. This intangible asset comprises the contractual annual payments of fixed and variable premiums, as well as payments associated with the Reversion of Property Contract. The contractual annual variable premium payments associated with the intangible asset was determined using the total number of gaming tables and gaming machines approved by the Macau government. The intangible asset is being amortised on a straight-line basis over the 10-year term of the new Gaming Concession Contract. As at 30 June 2023, the net book value of intangible asset recorded as HK\$2.57 billion while non-current and current portion of the financial liability recorded as HK\$2.35 billion and HK\$0.27 billion respectively.

2. Basis of preparation and accounting policies

The interim financial information for the six months ended 30 June 2023 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 consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The financial information relating to the year ended 31 December 2022 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2023 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 2022 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 reports; 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 consolidated financial statements of the Company for the year ended 31 December 2022, except as described below:

(a) The adoption of new and amended standards

In 2023, the Group adopted the following new and amended standards which are relevant to its operations.

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts

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

(b) Amendments to existing standards and interpretation that are not yet effective

<u>Amendments</u>		<u>Effective for accounting periods beginning on or after</u>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	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
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
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 2024

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

3. Revenue

Revenue recognised during the period are as follows:

	2023	2022
	HK\$'000	HK\$'000
Gaming operations		
Net gaming wins	13,724,630	4,576,157
Contributions from City Club Casinos (Note i)	-	17,358
Tips received and administrative fees	3,636	6,857
Gross revenue from gaming operations	13,728,266	4,600,372
Less: Commission and incentives	(1,816,254)	(470,123)
Net revenue from gaming operations	11,912,012	4,130,249
Revenue from hotels, mall operations and others (Note ii)	2,296,148	1,078,501
Sales of construction materials	1,507,189	1,315,094
	15,715,349	6,523,844

Note i: In respect of the operations of City Club Casinos (the “City Club Casinos”), the Group entered into agreements (the “Agreements”) with third-party service providers for the provision of a steady flow of customers to the City Club Casinos and for procuring and/or introducing customers to these casinos for a term up to 26 June 2022. After analysing the risks and rewards attributable to the Group under the Agreements, the Group entitled to revenue from the City Club Casino amounting to HK\$17,358,000 during the period ended 30 June 2022. 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 the gaming operation of Waldo Casino only and entered into a new agreement with third-party service provider for the period from 27 June 2022 to 31 December 2025. 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 hotels, mall operations and others includes rental income amounted to approximately HK\$855 million (2022: HK\$613 million).

4. Segment information

The Board of Directors is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, based on a measurement of adjusted earnings/(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, foreign exchange gain or loss, fair value change on financial assets at fair value through profit or loss, gain or loss on disposal and write-off of 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 represents 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 <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 2023				
Revenue recognised under HKFRS	<u>14,208,160</u>	<u>1,507,189</u>	<u>-</u>	<u>15,715,349</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>4,127,310</u>	<u>329,310</u>	<u>(76,525)</u>	<u>4,380,095</u>
Interest income and dividend income from listed investment				433,931
Amortisation and depreciation				(1,187,141)
Finance costs				(122,915)
Taxation charge				(46,945)
Adjusted items:				
Taxation of joint ventures and associated companies				(6,941)
Pre-opening expenses				(138,192)
Reversal of impairment loss on property, plant and equipment				16,796
Share option expenses				(68,262)
Share award expenses				(80,846)
Fair value change on financial assets at fair value through profit or loss				(207,694)
Donation and sponsorship				(5,696)
Foreign exchange loss				(17,219)
Others				(51,521)
Profit for the period				<u>2,897,450</u>
Share of results of joint ventures and associated companies	<u>18,300</u>	<u>27,033</u>	<u>-</u>	<u>45,333</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 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
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>	191,044
Interest income and gross earnings on finance lease				362,087
Amortisation and depreciation				(1,038,773)
Finance costs				(42,002)
Taxation charge				(42,985)
Adjusted items:				
Taxation of joint ventures and associated companies				(14,800)
Pre-opening expenses				(73,997)
Loss on disposal and write-off of 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>
As at 30 June 2023				
Total assets	<u>73,678,704</u>	<u>5,225,129</u>	<u>4,729,996</u>	<u>83,633,829</u>
Total assets include:				
Joint ventures	54,947	1,294,871	-	1,349,818
Associated companies	-	2,418	-	2,418
Total liabilities	<u>12,793,768</u>	<u>1,738,198</u>	<u>530,170</u>	<u>15,062,136</u>
As at 31 December 2022				
Total assets	<u>68,596,495</u>	<u>4,903,211</u>	<u>7,461,626</u>	<u>80,961,332</u>
Total assets include:				
Joint ventures	41,424	1,354,654	-	1,396,078
Associated companies	-	2,444	-	2,444
Total liabilities	<u>11,877,672</u>	<u>1,243,833</u>	<u>3,374,462</u>	<u>16,495,967</u>
Six months ended 30 June 2023				
Additions to non-current assets	<u>5,369,947</u>	<u>233,507</u>	<u>33</u>	<u>5,603,487</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>
Geographical analysis				
		2023		2022
Six months ended 30 June		<i>HK\$'000</i>		<i>HK\$'000</i>
Revenue				
Macau		14,482,368		5,424,573
Hong Kong		981,027		915,594
Mainland China		251,954		183,677
		<u>15,715,349</u>		<u>6,523,844</u>
		As at		As at
		30 June		31 December
		2023		2022
Non-current assets		<i>HK\$'000</i>		<i>HK\$'000</i>
Macau		64,029,303		59,756,591
Hong Kong		786,116		616,485
Mainland China		2,379,373		2,676,067
		<u>67,194,792</u>		<u>63,049,143</u>

As at 30 June 2023, the total of non-current assets, other than financial instruments, located in Macau was HK\$53,135 million (2022: HK\$47,800 million), Hong Kong was HK\$785 million (2022: HK\$636 million) and Mainland China was HK\$2,315 million (2022: HK\$2,846 million).

5. Profit/(loss) before taxation

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit/(loss) before taxation is arrived at after crediting:		
Interest income	426,803	361,973
Dividend income from listed investment	7,128	-
Reversal of impairment loss on property, plant and equipment	<u>16,796</u>	<u>-</u>
and after charging:		
Depreciation		
Property, plant and equipment	967,592	859,270
Right-of-use assets	70,931	68,678
Amortisation		
Macau gaming concession/gaming licence	135,455	52,537
Computer software	12,303	13,493
Reacquired right	-	43,963
Quarry site development	860	832
Loss on write-off of intangible assets	-	9,564
Loss on disposal and write-off of property, plant and equipment	<u>-</u>	<u>4,622</u>

6. Taxation charge

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	20,200	17,419
Mainland China income tax and withholding tax	4,724	10,807
Macau complementary tax	11,873	9,350
Net over provision in prior years	(82)	(390)
Lump sum in lieu of Macau complementary tax on dividend	18,204	18,204
Deferred taxation	<u>(7,974)</u>	<u>(12,405)</u>
Taxation charge	<u>46,945</u>	<u>42,985</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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% (2022: 12% to 25%). The weighted average applicable tax rate was 12% (2022: 12%).

7. Dividends

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Special dividend paid of HK\$nil (2022: HK\$0.30) per ordinary share	<u>-</u>	<u>1,307,566</u>

The Board of Directors does not declare any interim dividend for the period ended 30 June 2023 (2022: nil).

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

8. 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. The Company has two categories of dilutive potential ordinary shares: share options and share awards. For the share options, a calculation was 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 was 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 was assumed if the awarded shares were issued by new shares, unless restricted under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). For the period ended 30 June 2023, the Company had outstanding share options and share awards that would potentially dilute the earnings per share. 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.

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

	2023	2022
	HK\$'000	HK\$'000
Profit/(loss) attributable to equity holders of the Company	<u>2,890,261</u>	<u>(850,473)</u>
	Number of shares	
	2023	2022
Weighted average number of shares for calculating basic earnings/(loss) per share	4,369,073,595	4,359,801,195
Effect of dilutive potential ordinary shares		
Share options	1,454,070	-
Share awards	4,876,565	-
Weighted average number of shares for calculating diluted earnings/(loss) per share	<u>4,375,404,230</u>	<u>4,359,801,195</u>

9. Debtors and prepayments

	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Trade debtors, net of loss allowance	687,274	564,298
Other debtors and deposit paid, net of loss allowance	531,083	377,138
Contract assets	59,490	83,091
Prepayments	170,810	128,008
	<u>1,448,657</u>	<u>1,152,535</u>

9. Debtors and prepayments (Cont'd)

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 (2022: 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 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one month	378,491	212,266
Two to three months	231,483	276,377
Four to six months	32,887	20,876
Over six months	44,413	54,779
	687,274	564,298

10. Creditors and accruals

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors	2,736,937	2,263,124
Other creditors	4,137,278	3,791,511
Chips issued	377,982	273,151
Loans from non-controlling interests	75,828	76,699
Accruals and provision	1,452,534	1,285,108
	8,780,559	7,689,593

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

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one month	2,484,235	2,033,906
Two to three months	113,295	53,070
Four to six months	28,946	31,860
Over six months	110,461	144,288
	2,736,937	2,263,124

11. Post Balance Sheet Event

On 17 August 2023, the Board of Directors declared a special dividend of HK\$0.20 per share, payable to shareholders of the Company whose names appear on the register of members of the Company on 29 September 2023. The total amount of the special dividend to be distributed is estimated to be approximately HK\$870 million and will be paid on or about 27 October 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

Macau continues its recovery post lifting of COVID-19 related travel restrictions in Q1 2023. Based on DICJ reporting, Macau's Gross Gaming Revenue ("GGR") for 1H 2023 was \$77.8 billion, up 205% year-on-year. Mass gaming revenue is the main profit driver of business in Macau.

In 1H 2023, visitor arrivals to Macau were 11.6 million which has recovered to 57% of 1H 2019, up 236% year-on-year. Visitor arrivals from the Mainland were 7.5 million, up 141% year-on-year. Overnight visitors were 6.1 million, up 372% year-on-year.

REVIEW OF OPERATIONS

Group Financial Results

In 1H 2023, the Group's Net Revenue was \$15.7 billion, up 141% year-on-year and Adjusted EBITDA was \$4.4 billion, up 2,193% year-on-year. Net profit attributable to shareholders was \$2.9 billion, versus \$(850) million in 1H 2022. Galaxy Macau™'s Adjusted EBITDA was \$4.0 billion, up 650% year-on-year. StarWorld Macau's Adjusted EBITDA was \$578 million, versus \$(216) million in 1H 2022. Broadway Macau™'s Adjusted EBITDA was \$(20) million, versus \$(36) million in 1H 2022.

In 1H 2023, GEG played lucky in its gaming operation, which increased its Adjusted EBITDA by approximately \$63 million. Normalized Adjusted EBITDA was \$4.3 billion, up 2,532% year-on-year.

The Group's total GGR in 1H 2023 was \$13.7 billion, up 187% year-on-year. Mass GGR was \$11.2 billion, up 194% year-on-year. Rolling chip GGR was \$1.7 billion, up 140% year-on-year. Electronic GGR was \$780 million, up 228% year-on-year.

Summary Table of GEG Q2 and 1H 2023 Adjusted EBITDA and Adjustments:

<i>in HK\$m</i>	Q2 2022	Q1 2023	Q2 2023	YoY	QoQ	1H 2022	1H 2023
Adjusted EBITDA	(384)	1,907	2,473	744%	30%	191	4,380
<i>Luck¹</i>	24	59	4	-	-	27	63
Normalized Adjusted EBITDA	(408)	1,848	2,469	705%	34%	164	4,317

¹ Reflects luck associated with our rolling chip program.

Balance Sheet and Dividend

The Group's balance sheet remains healthy and liquid. As of 30 June 2023, cash and liquid investments were \$24.4 billion and net cash was \$22.0 billion. Total debt was \$2.4 billion which primarily reflects our ongoing treasury yield management initiatives where interest income on cash holdings exceeds corresponding borrowing costs.

Our strong balance sheet combined with substantial cash flow from operations allows us to return capital to shareholders via dividends and to fund our development pipeline. Subsequently the Group announced a special dividend of \$0.20 per share to be paid on or about 27 October 2023.

Set out below is the segmental analysis of the Group's operating results for 1H 2023:

Group Key Financial Data

(HK\$m)

	1H 2022	1H 2023
Revenues:		
Net Gaming	4,130	11,912
Non-gaming	1,079	2,296
Construction Materials	1,315	1,507
Total Net Revenue	6,524	15,715
Adjusted EBITDA	191	4,380

Gaming Statistics²		
(HK\$m)	1H 2022	1H 2023
Rolling Chip Volume ³	21,560	50,602
Win Rate %	3.3%	3.4%
Win	719	1,725
Mass Table Drop ⁴	14,073	46,929
Win Rate %	27.1%	23.9%
Win	3,817	11,219
Electronic Gaming Volume	7,019	20,203
Win Rate %	3.4%	3.9%
Win	238	780
Total GGR Win ⁵	4,774	13,724

² Gaming statistics are presented before deducting commission and incentives.

³ Reflects sum of junket VIP and inhouse premium direct.

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

⁵ Total GGR win includes gaming win from City Clubs.

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™

Financial and Operational Performance

Galaxy Macau™ is the primary contributor to the Group's revenue and earnings. In 1H 2023, Net Revenue was \$11.9 billion, up 164% year-on-year. Adjusted EBITDA was \$4.0 billion, up 650% year-on-year.

In 1H 2023, Galaxy Macau™ played lucky in its gaming operations which increased its Adjusted EBITDA by approximately \$63 million. Normalized Adjusted EBITDA was \$4.0 billion, up 677% year-on-year.

The combined five hotels occupancy rate was 77% for 1H 2023.

Galaxy Macau™ Key Financial Data

(HK\$m)

	Q2 2022	Q1 2023	Q2 2023	1H 2022	1H 2023
Revenues:					
Net Gaming	1,016	4,442	5,430	3,519	9,872
Hotel / F&B / Others	175	470	726	403	1,196
Mall	244	436	394	590	830
Total Net Revenue	1,435	5,348	6,550	4,512	11,898
Adjusted EBITDA	(188)	1,846	2,172	536	4,018
Adjusted EBITDA Margin	NEG ⁶	35%	33%	12%	34%

Gaming Statistics⁷

(HK\$m)

	Q2 2022	Q1 2023	Q2 2023	1H 2022	1H 2023
Rolling Chip Volume ⁸	3,646	21,548	29,054	21,560	50,602
Win Rate %	4.2%	3.7%	3.2%	3.3%	3.4%
Win	153	794	931	719	1,725
Mass Table Drop ⁹	3,317	15,124	19,146	9,944	34,270
Win Rate %	27.6%	26.2%	26.3%	30.5%	26.3%
Win	915	3,970	5,038	3,036	9,008
Electronic Gaming Volume	1,589	6,290	8,414	4,610	14,704
Win Rate %	3.4%	4.6%	4.5%	4.1%	4.6%
Win	54	291	379	190	670
Total GGR Win	1,122	5,055	6,348	3,945	11,403

⁶ NEG represents negative margin.

⁷ Gaming statistics are presented before deducting commission and incentives.

⁸ Reflects sum of junket VIP and inhouse premium direct.

⁹ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

StarWorld Macau

Financial and Operational Performance

In 1H 2023, StarWorld Macau's Net Revenue was \$2.2 billion, up 236% year-on-year. Adjusted EBITDA was \$578 million, versus \$(216) million in 1H 2022.

Hotel occupancy was 98% for 1H 2023.

StarWorld Macau Key Financial Data

(HK\$'m)

	Q2 2022	Q1 2023	Q2 2023	1H 2022	1H 2023
Revenues:					
Net Gaming	198	828	1,103	589	1,931
Hotel / F&B / Others	17	105	115	44	220
Mall	5	5	5	11	10
Total Net Revenue	220	938	1,223	644	2,161
Adjusted EBITDA	(158)	216	362	(216)	578
Adjusted EBITDA Margin	NEG ¹⁰	23%	30%	NEG ¹⁰	27%

Gaming Statistics¹¹

(HK\$'m)

	Q2 2022	Q1 2023	Q2 2023	1H 2022	1H 2023
Mass Table Drop ¹²	982	5,289	6,842	3,165	12,131
Win Rate %	20.6%	17.5%	17.6%	19.3%	17.6%
Win	202	926	1,206	612	2,132
Electronic Gaming Volume	342	1,406	2,250	817	3,656
Win Rate %	2.4%	2.3%	2.1%	2.3%	2.2%
Win	9	32	48	19	80
Total GGR Win	211	958	1,254	631	2,212

Broadway MacauTM

Broadway MacauTM is a unique family friendly, street entertainment and food resort supported by Macau SMEs. In 1H 2023, Broadway MacauTM's Net Revenue was \$41 million, up 32% year-on-year. Adjusted EBITDA was \$(20) million for 1H 2023, versus \$(36) million in 1H 2022.

City Clubs

In 1H 2023, City Clubs' Net Revenue was \$108 million, up 391% year-on-year. Adjusted EBITDA was \$7 million, down 63% year-on-year.

¹⁰ NEG represents negative margin.

¹¹ Gaming statistics are presented before deducting commission and incentives.

¹² Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division (“CMD”) contributed Adjusted EBITDA of \$329 million in 1H 2023, up 14% year-on-year. Hong Kong and Macau businesses quickly recovered after relaxation of COVID restrictions, whereas Mainland China businesses still remain subdued.

Hong Kong and Macau

Hong Kong and Macau performed solidly. Ready-mixed concrete (“RMC”) and precast materials performed well due to the accelerating demand at Hong Kong International Airport’s three runway system projects and ongoing infrastructure projects that are catching up after delays during COVID.

In Hong Kong, CMD won the tender for a RMC batching site at Tseung Kwan O, which is an 80-hectare new development zone, with the capacity for an estimated 50,000 residential units by 2030. This new plant site will be commissioned in mid-2024.

In Macau, the new RMC batching plant at the reclamation of Zone A has been commissioned in Q2 2023. Production is ramping up as Zone A construction proceeds.

Mainland China

Demand for construction materials in Mainland China was impacted by the slower pace of economic growth. The low level of infrastructure and property development, resulted in lower demand for cement and Ground Granulated Blast-furnace Slag which impacted market prices.

Pending more supportive policies to stimulate the property market and infrastructure development, it is expected that CMD’s businesses in Mainland China will remain challenging in 2H 2023.

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 with a particular focus on adding new and innovative F&B and retail offerings.

Cotai – The Next Chapter

We have successfully soft opened GICC and Galaxy Arena which was followed by Raffles at Galaxy Macau. We are recruiting additional staff in preparation for the opening of the Andaz Macau. We are now firmly focused on the development of Phase 4, which is already well under way. Phase 4 will include 6 high-end hotel brands new to Macau, together with a 4000-seat theater, extensive F&B, retail, non-gaming amenities, landscaping and a water resort deck. On completion our total Macau hotel capacity will be around 7,500 rooms and suites. We remain highly confident about the future of Macau where Phases 3 & 4 will support Macau’s vision of becoming a World Centre of Tourism and Leisure.

SUBSEQUENT EVENT

GEG announced a special dividend of \$0.20 per share to be paid on or about 27 October 2023.

GROUP OUTLOOK

Moving onto Q3 2023, we are pleased to see the continuing recovery in gaming revenue, effectively full hotel occupancy even after increasing hotel room count, retail remains solid, food and beverage remains strong. The soft launch of GICC and Galaxy Arena in April has been well received and we continue to host a range of entertainment, cultural and sporting events. We believe that with the many additional facilities that we have added and will continue to add will position us strongly for longer term growth, including the opening of Raffles at Galaxy Macau and Andaz Macau.

We continue to focus on our key priorities which include: operational execution, full opening of Phase 3 and the ongoing development of Phase 4. Cash flow from operations are positive, and combined with our strong balance sheet we are well capitalized to continue with our significant development expansion plans.

As part of our recruitment program in 2023, we will create an additional 1,100 new local jobs and we continue to offer career diversification for our valuable employees to broaden their skill base and further their career opportunities. GEG has always been carrying out an employment policy that is under the principle of “local’s first” and prioritizes local employment.

We are in the process of opening our first overseas business development office in Tokyo and we are planning to open additional offices in Bangkok and Seoul, this is in-line with our commitment to the Government to further increase the number and flow of high value international visitors to Macau.

With the continued buildout of infrastructure in both Macau and Mainland China, the accessibility to Macau for leisure and tourism customers continues to improve and this combined with the current low penetration into Mainland China positions Macau well for long term development.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 30 June 2023 increased to \$68,034 million, an increase of 6% over that as at 31 December 2022 of \$63,914 million while the Group’s total assets employed increased to \$83,634 million as at 30 June 2023 as compared to \$80,961 million as at 31 December 2022.

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 2023, the listed debt securities were predominantly denominated in U.S. dollar with a weighted average tenor of approximately 2 years. Following the maturity of certain listed debt securities in our holding (all of investment grade) in the first half of 2023, and without re-investment of the proceeds in listed debt securities, our listed debt securities investment reduced considerably, from \$9,019 million as at 31 December 2022 to \$6,901 million as at 30 June 2023, of which a significant portion remained in investment grade rated securities. Listed debt securities investments are closely monitored by a designated team with the help of international leading banks. The listed debt securities were classified as financial assets at amortised cost and their carrying amounts as at 30 June 2023 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 2023, none of the listed debt securities in any individual investee company held by the Group equaled or exceeded 5% of the Group’s total assets.

As at 30 June 2023, the Group held \$6,901 million (\$9,019 million as at 31 December 2022) in listed debt securities and an investment of \$4,305 million (\$3,349 million as at 31 December 2022) in listed shares of Wynn Resorts, Limited (“Wynn Resorts”). As at 30 June 2023, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.6% (4.6% as at 31 December 2022) of the issued share capital of Wynn Resorts. Investment cost was \$7,142 million. The principal businesses of Wynn Resorts are to

develop and operate high end hotels and casinos and its shares are listed on the Nasdaq Stock Exchange (stock code: WYNN). This listed investment is denominated in U.S. dollar. The directors of the Group considered that the closing price as at 30 June 2023 was the fair value of this listed investment. As of 30 June 2023, the fair value of our investment in Wynn Resorts was \$4,305 million, representing 5.1% of the Group's total asset of \$83,634 million. The market value of Wynn Resorts as of 31 December 2022 and 30 June 2023, and the performance of the investment during the periods ended 30 June 2022 and 30 June 2023 are as follows:

<i>(HK\$'m)</i>	2022	2023
Market value as at 31 December 2022 and 30 June 2023	3,349	4,305
Unrealised (loss)/gain for the period ended 30 June	(1,123)	956
Dividend income for the period ended 30 June	<u>-</u>	<u>7</u>

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

The Group's total cash and bank balances (including fixed deposits) were \$13,169 million as at 30 June 2023 compared to \$14,011 million as at 31 December 2022 while total borrowings were \$2,353 million as at 30 June 2023 as compared to \$7,505 million as at 31 December 2022. The Group was in a net cash position as at 30 June 2023 and 31 December 2022.

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

The Group's liquidity position remains strong and the Group is confident that sufficient resources could be secured to meet its commitments and working capital requirements. 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, Macau Patacas, 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, Macau Patacas, U.S. dollar, Euro and Renminbi. 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 2022: nil). No bank deposit (31 December 2022: \$299 million) was pledged to secure banking facilities.

GUARANTEES

GEG has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to \$5,770 million (31 December 2022: \$5,770 million). At 30 June 2023, facilities utilized by a subsidiary amounted to \$1,667 million (31 December 2022: \$4,228 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to \$41 million (31 December 2022: \$43 million). At 30 June 2023, \$14 million (31 December 2022: \$14 million) had been utilized.

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 a total of 155,497 shares of GEG for a total consideration of approximately HK\$7.7 million for satisfying the share awards granted to the connected persons (as defined under the Listing Rules), who are also employees of the Group. All 155,497 shares of GEG were subsequently transferred to those connected persons on the vesting date 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 2023.

REVIEW OF INTERIM RESULTS

The Group's interim results for the six months ended 30 June 2023 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 2023.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2023, 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 of Directors 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 2023 (2022: nil).

The Board of Directors is pleased to announce that it has declared a special dividend of HK\$0.20 per share payable to shareholders of GEG whose names appear on the register of members of GEG on 29 September 2023 and expected to be paid on or about 27 October 2023. The total amount of special dividend to be distributed is estimated to be approximately HK\$870 million.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the shareholders who are entitled to the special dividend, the register of members of GEG will be closed from Wednesday, 27 September 2023 to Friday, 29 September 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed special dividend, all share certificates with completed transfer documents must be lodged with GEG's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 26 September 2023.

INTERIM REPORT 2023

The Interim Report 2023 of GEG containing all the information required by the Listing Rules will be available on the respective websites of Hong Kong Exchanges and Clearing Limited and GEG and dispatched to the shareholders in due course.

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

Hong Kong, 17 August 2023

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 Director of GEG is Dr. Charles Cheung Wai Bun; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam, Professor Patrick Wong Lung Tak and Mr. Michael Victor Mecca.

Website: www.galaxyentertainment.com