



銀娛 GEG

銀河娛樂集團有限公司
Galaxy Entertainment Group Limited

Stock Code 股份代號：27

2020

INTERIM REPORT

中期報告



OUR VISION

Galaxy's vision is to be:
Globally recognized as Asia's leading gaming and entertainment corporation. This vision will be achieved through adhering to our proven business philosophy.

GALAXY'S BUSINESS PHILOSOPHY

LOCAL MARKET INSIGHTS

Leveraging Chinese heritage and deep understanding of Asian and Chinese customer preferences

PROVEN EXPERTISE

Focus on ROI (return on investment) with prudent CAPEX (capital expenditure) plan, proven construction and hotel expertise, and controlled development

WELL POSITIONED

Position Galaxy as a leading operator of integrated gaming, leisure and entertainment facilities

DEMAND DRIVEN STRATEGY

Monitor the market's developments and expand prudently in a timely manner

願景

銀娛的願景是：
成為亞洲首屈一指的博彩及娛樂企業。通過實踐我們的經營理念，我們將可以達成我們所訂下的願景。

銀娛的經營理念

洞悉本地市場

深明中華文化，對亞洲及中國旅客喜好有透徹了解，為銀娛一大競爭優勢

專業經驗

透過審慎的資本開支計劃、憑著在建築及酒店業的專業經驗及嚴密監控的發展計劃，致力為股東帶來投資回報

定位清晰

將銀娛定位為領先的綜合博彩及休閒娛樂設施營運商

需求主導策略

密切注意市場發展並迅速作出謹慎的應變



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CORPORATE INFORMATION

CHAIRMAN

Dr. Lui Che Woo, *GBM, MBE, JP, LLD, DSSc, DBA*

DEPUTY CHAIRMAN

Mr. Francis Lui Yiu Tung

EXECUTIVE DIRECTORS

Mr. Joseph Chee Ying Keung

Ms. Paddy Tang Lui Wai Yu, *BBS, JP*

NON-EXECUTIVE DIRECTORS

Dr. Charles Cheung Wai Bun, *JP*

Mr. Michael Victor Mecca

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. James Ross Ancell

Dr. William Yip Shue Lam, *LLD*

Professor Patrick Wong Lung Tak, *BBS, JP*

EXECUTIVE BOARD

Dr. Lui Che Woo, *GBM, MBE, JP, LLD, DSSc, DBA*

Mr. Francis Lui Yiu Tung

Mr. Joseph Chee Ying Keung

Ms. Paddy Tang Lui Wai Yu, *BBS, JP*

AUDIT COMMITTEE

Mr. James Ross Ancell (*Chairman*)

Dr. William Yip Shue Lam, *LLD*

Professor Patrick Wong Lung Tak, *BBS, JP*

Dr. Charles Cheung Wai Bun, *JP*

REMUNERATION COMMITTEE

Dr. William Yip Shue Lam, *LLD (Chairman)*

Mr. Francis Lui Yiu Tung

Professor Patrick Wong Lung Tak, *BBS, JP*

NOMINATION COMMITTEE

Dr. William Yip Shue Lam, *LLD (Chairman)*

Mr. Francis Lui Yiu Tung

Professor Patrick Wong Lung Tak, *BBS, JP*

CORPORATE GOVERNANCE COMMITTEE

Mr. Francis Lui Yiu Tung (*Chairman*)

Mr. James Ross Ancell

Professor Patrick Wong Lung Tak, *BBS, JP*

Dr. Charles Cheung Wai Bun, *JP*

COMPANY SECRETARY

Mrs. Jenifer Sin Li Mei Wah



CORPORATE INFORMATION

INDEPENDENT AUDITOR

PricewaterhouseCoopers
 Certified Public Accountant and
 Registered Public Interest Entity Auditor

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 183 Queen's Road East
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PRINCIPAL BANKERS[#]

Banco Nacional Ultramarino, S.A.
 Bank of China Limited, Macau Branch
 DBS Bank (Hong Kong) Limited
 Industrial and Commercial Bank of China (Macau) Limited
 The Hongkong and Shanghai Banking Corporation Limited

[#] listed in alphabetical order

SOLICITORS*

Jorge Neto Valente, Escritório de Advogados e Notários
 Linklaters

* listed in alphabetical order

SHARE LISTING

The Stock Exchange of Hong Kong Limited ("SEHK")

STOCK CODE

SEHK : 27
 Bloomberg : 27 HK
 Reuters : 0027.HK

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CORPORATE PROFILE

Galaxy Entertainment Group (“GEG”, “the Company” or “the Group”) is one of the world’s leading resorts, hospitality and gaming companies. The Group primarily develops and operates a large portfolio of integrated resort, retail, dining, hotel and gaming facilities in Macau. The Group is listed on the Hong Kong Stock Exchange and is a constituent stock of the Hang Seng Index.

GEG is one of the three original concessionaires in Macau with a successful track record of delivering innovative, spectacular and award-winning properties, products and services, underpinned by a “World Class, Asian Heart” service philosophy, that has enabled it to consistently outperform and lead the market in Macau.

GEG operates three flagship destinations in Macau: on Cotai, Galaxy Macau™, one of the world’s largest integrated destination resorts, and the adjoining Broadway Macau™, a unique landmark entertainment and food street destination; and on the Peninsula, StarWorld Macau, an award-winning premium property.

GALAXY MACAU™

- Opened in May 2011; significantly expanded in May 2015 with the opening of Phase 2
- Footprint of one million square meters
- Comprises five world-class hotels with approximately 3,600 rooms, suites and villas, including:
 - The Ritz-Carlton, Macau
 - Banyan Tree Macau
 - JW Marriott Hotel Macau
 - Hotel Okura Macau
 - Galaxy Hotel™
- Features an unprecedented range of retail, food & beverage, entertainment and leisure options, including:
 - Over 100,000 square meters of retail space with approximately 200 luxury and lifestyle retail brands
 - With over 120 dining options, Galaxy Macau™ is the dining destination for amazing culinary discoveries – from the best of Asia to Western cuisines, and MICHELIN-starred restaurants to authentic local delicacies. Diners can delight in 56 types of cuisines originating from 13 countries and 18 Chinese regions at Galaxy Macau™
 - The Grand Resort Deck of over 75,000 square meters with the world’s longest skytop river ride “Skytop Adventure Rapids” at 575 meters and the world’s largest “Skytop Wave Pool”, plus additional leisure amenities and Asian themed tropical gardens
 - Macau’s most luxurious 10-screen 3D Cineplex – UA Galaxy Cinemas



CORPORATE PROFILE

STARWORLD MACAU

- Opened in 2006 as the Group's first 5-star hotel
- Located in the heart of the Macau Peninsula
- Multi award-winning premium property
- Offers over 500 guestrooms and suites
- Offers sophisticated Chinese and international cuisines including MICHELIN-starred restaurants



BROADWAY MACAU™

- Opened in May 2015; Broadway Macau™ represents a new concept in Macau, providing visitors with a vibrant food street and entertainment district showcasing the best of Macanese and Asian culture
- Broadway Hotel with approximately 320 rooms and suites, well priced and complementing the luxury properties at Galaxy Macau™
- Approximately 2,500 seat Broadway Theatre featuring the best in up-close-and-personal entertainment
- Over 40 popular dining options including authentic local dishes and Asian favorites served in restaurants and roadside hawker stalls

ADDITIONAL INFORMATION

The Group has the largest development pipeline of any casino operators in Macau. It plans to expand its Cotai footprint by a further one million square meters in the coming years with the addition of Cotai Phases 3 & 4.

GEG continues to advance its conceptual plans to develop a world class destination resort on a 2.7 square kilometer land parcel on Hengqin. The low rise, low density resort will complement the Group's high energy properties in Macau.

In July 2015, GEG made a strategic investment in Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("Monte-Carlo SBM"), a world renowned owner and operator of iconic luxury hotels and resorts in the Principality of Monaco. GEG continues to explore a range of international development opportunities including in Japan.

GEG is committed to building a sustainable future for Macau and contributing to the local community. In July 2014, it launched the HK\$1.3 billion Galaxy Entertainment Group Foundation, which will focus on educating and empowering the young people of Macau and Mainland China.

FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

- Net Revenue of HK\$6,223 million, down 76% year-on-year
- Adjusted EBITDA of HK\$(1,087) million versus HK\$8,315 million in 1H 2019
- Net Loss Attributable to Shareholders of HK\$2,856 million versus profit of HK\$6,680 million in 1H 2019
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$87 million in 1H 2020. Normalized Adjusted EBITDA was HK\$(1,174) million versus HK\$7,855 million in 1H 2019
- As of 30 June 2020, balance sheet remains healthy with cash and liquid investments of HK\$49.8 billion and net cash (including bank deposits and liquid investments) of HK\$43.6 billion
- Paid a special dividend of HK\$0.45 per share on 24 April 2020. Given the ongoing impact of COVID-19, the Board decided not to declare a dividend



GALAXY MACAU™

- Net Revenue of HK\$3,835 million, down 80% year-on-year
- Adjusted EBITDA of HK\$(848) million versus HK\$6,258 million in 1H 2019
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$85 million in 1H 2020. Normalized Adjusted EBITDA was HK\$(933) million versus HK\$5,966 million in 1H 2019
- Hotel occupancy for 1H 2020 across the five hotels was 21%
- Non-gaming revenue of HK\$575 million, decreased 75% year-on-year



STARWORLD MACAU

- Net Revenue of HK\$1,083 million, down 81% year-on-year
- Adjusted EBITDA of HK\$(202) million versus HK\$1,892 million in 1H 2019
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$3 million in 1H 2020. Normalized Adjusted EBITDA was HK\$(205) million versus HK\$1,732 million in 1H 2019
- Hotel occupancy for 1H 2020 was 23%
- Non-gaming revenue of HK\$62 million, decreased 75% year-on-year



BROADWAY MACAU™

- Net Revenue of HK\$65 million versus HK\$298 million in 1H 2019
- Adjusted EBITDA of HK\$(97) million versus HK\$21 million in 1H 2019
- Played unlucky in gaming operations which decreased Adjusted EBITDA by approximately HK\$1 million in 1H 2020. Normalized Adjusted EBITDA was HK\$(96) million versus HK\$13 million in 1H 2019
- Hotel occupancy for 1H 2020 was 22%
- Non-gaming revenue of HK\$42 million, decreased 71% year-on-year



FINANCIAL & OPERATIONAL HIGHLIGHTS

DEVELOPMENT UPDATE

- We 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 Meetings, Incentives, Conferences and Events (MICE), entertainment, family facilities and also including gaming, given COVID-19, timelines may be impacted
- Hengqin – Refining plans for a lifestyle resort to complement our high-energy entertainment resorts in Macau
- International – Continuously exploring opportunities in overseas markets, including Japan



FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

Key Financial Data

(HK\$'m)	1H 2019	1H 2020
Revenues:		
Net Gaming	22,234	4,322
Non-gaming	2,653	679
Construction Materials	1,332	1,222
Total Net Revenue	26,219	6,223
Adjusted EBITDA	8,315	(1,087)

**Gaming Statistics¹**

(HK\$'m)	1H 2019	1H 2020
Rolling Chip Volume ²	383,234	74,873
Win Rate %	3.8%	3.7%
Win	14,754	2,790
Mass Table Drop ³	60,854	11,971
Win Rate %	24.0%	24.7%
Win	14,611	2,953
Electronic Gaming Volume	32,825	8,485
Win Rate %	3.7%	3.1%
Win	1,213	263
Total GGR Win ⁴	30,578	6,006

Key Financial Metrics

	1H 2019	1H 2020
Net Profit/(Loss) Attributable To Shareholders (HK\$'m)	6,680	(2,856)
Earnings/(Loss) Per Share (HK cents)	154.3	(65.9)
Total Assets (HK\$'m)	92,402	93,660
Cash and Liquid Investments (HK\$'m)	50,412	49,838
Debt (HK\$'m)	6,523	6,175
Share Price on 30 June (HK\$)	52.65	52.75
Market Capitalization (HK\$'m)	228,085	228,708

¹ Gaming statistics are presented before deducting commission and incentives.

² Reflects junket rolling chip volume only.

³ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁴ Total GGR win includes gaming win from City Clubs.

FINANCIAL & OPERATIONAL HIGHLIGHTS

GALAXY MACAU™

Key Financial Data

(HK\$'m)	1H 2019	1H 2020
Revenues:		
Net Gaming	16,535	3,260
Hotel/F&B/Others	1,661	373
Mall	594	202
Total Net Revenue	18,790	3,835
Adjusted EBITDA	6,258	(848)
Adjusted EBITDA Margin	33%	NEG⁵

Gaming Statistics⁶

(HK\$'m)	1H 2019	1H 2020
Rolling Chip Volume ⁷	260,395	52,882
Win Rate %	4.1%	4.2%
Win	10,754	2,208
Mass Table Drop ⁸	36,024	6,786
Win Rate %	27.9%	29.0%
Win	10,061	1,966
Electronic Gaming Volume	22,341	4,945
Win Rate %	4.5%	3.9%
Win	1,014	192
Total GGR Win	21,829	4,366

⁵ NEG represents negative margin.

⁶ Gaming statistics are presented before deducting commission and incentives.

⁷ Reflects junket rolling chip volume only.

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

FINANCIAL & OPERATIONAL HIGHLIGHTS

STARWORLD MACAU

Key Financial Data

(HK\$'m)	1H 2019	1H 2020
Revenues:		
Net Gaming	5,491	1,021
Hotel/F&B/Others	225	54
Mall	27	8
Total Net Revenue	5,743	1,083
Adjusted EBITDA	1,892	(202)
Adjusted EBITDA Margin	33%	NEG ⁹

星際酒店
StarWorld Hotel

Gaming Statistics¹⁰

(HK\$'m)	1H 2019	1H 2020
Rolling Chip Volume ¹¹	121,485	19,725
Win Rate %	3.3%	2.6%
Win	3,954	511
Mass Table Drop ¹²	18,142	3,898
Win Rate %	19.2%	19.5%
Win	3,479	762
Electronic Gaming Volume	3,985	1,360
Win Rate %	2.2%	2.2%
Win	86	30
Total GGR Win	7,519	1,303

⁹ NEG represents negative margin.

¹⁰ Gaming statistics are presented before deducting commission and incentives.

¹¹ Reflects junket rolling chip volume only.

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

FINANCIAL & OPERATIONAL HIGHLIGHTS

BROADWAY MACAU™

Key Financial Data

(HK\$'m)	1H 2019	1H 2020
Revenues:		
Net Gaming	152	23
Hotel/F&B/Others	123	32
Mall	23	10
Total Net Revenue	298	65
Adjusted EBITDA	21	(97)
Adjusted EBITDA Margin	7%	NEG¹³

**Gaming Statistics¹⁴**

(HK\$'m)	1H 2019	1H 2020
Mass Table Drop ¹⁵	685	114
Win Rate %	20.9%	17.9%
Win	143	20
Electronic Gaming Volume	998	294
Win Rate %	2.6%	2.1%
Win	26	6
Total GGR Win	169	26

¹³ NEG represents negative margin.

¹⁴ Gaming statistics are presented before deducting commission and incentives.

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

LETTER FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

I would like to take this opportunity to update you on the status of GEG during the period of COVID-19. Q2 and the first half of 2020 have been a difficult period for the community and businesses globally including Macau and GEG.

First and foremost, the Macau government continues to perform admirably throughout the pandemic with proactive and decisive leadership and generating community support. They are focused on public health and safety as well as economic and social stability. As a responsible corporation, GEG continues to work closely with and support the Macau Government, local SMEs and local employment. COVID-19 had an adverse impact on our 2020 half-year financial results, as Mainland China, Hong Kong and Macau faced travel restrictions and social distancing measures. These restrictions resulted in a significant reduction in visitor arrivals and subsequent revenue. With minimal revenue and ongoing staff costs, the Group's adjusted EBITDA was negative HK\$1.4 billion for the second quarter and was negative HK\$1.1 billion for the first half of 2020.



Chairman
Dr. Lui Che Woo
GBM, MBE, JP,
LLD, DSSc, DBA

LETTER FROM THE CHAIRMAN

We are pleased that Macau and Guangdong have taken the critical step in creating a travel bubble followed most notably, by the reinstatement of the Individual Visit Scheme (“IVS”) and group travel for Zhuhai Hukou residents and Zhuhai Resident Permit holders to visit Macau effective on 12 August. The government subsequently announced that they will expand the IVS and group travel beyond Zhuhai to Guangdong Province by the end of August 2020 and Nationwide by the end of September 2020 provided the pandemic situation continues to improve. Despite these important positive early steps, it is premature to comment on how quickly the market may recover. Going forward we expect to experience further headwinds from the pandemic, which will have an adverse impact on our financial performance. However, in the medium to longer term, we continue to remain optimistic in the outlook for Macau in general and GEG specifically.

We continue to make good progress with our development projects, including Cotai Phases 3 & 4 as well as existing enhancement projects at our resorts. These projects will help support the Macau Government’s vision to develop Macau into a World Centre of Tourism and Leisure. We also continue to make progress with our international expansion plans and we do acknowledge that timelines for Japan may be impacted by the worldwide pandemic of COVID-19, however, we can adjust accordingly and we remain committed to our Japan expansion plans.

Our balance sheet remains strong with HK\$49.8 billion in cash and liquid investments and HK\$43.6 billion of net cash as well as virtually unlevered. On 24 April 2020, GEG paid a special dividend of HK\$0.45 per share. Given the ongoing impact of COVID-19, the Board has decided not to declare a dividend.

During this period of very low revenue, our focus has shifted from revenue generation to effective cost control. However, it is important to not cut costs excessively and therefore adversely impact our ability to deliver upon customer service standards when business returns. We remain committed to supporting the Macau Government, local employment and SMEs.

The wellbeing of our staff and guests is our highest priority. I assure you that the management and staff have been working diligently in regards to health, safety and hygiene so that our resorts are operationally ready as travel restrictions ease. These included the introduction of a number of policies and procedures to elevate the cleaning and hygiene standards across our resorts. It is pleasing to note that there have been no new locally transmitted COVID-19 cases in Macau since 9 April 2020. The Macau Government, health authorities and the community should be commended for this outstanding achievement.

At GEG, we take our corporate social responsibility most seriously. Some of our efforts during the first half of 2020 have included making a cash contribution of HK\$100 million, to assist in the fight against COVID-19. In addition, the Galaxy Entertainment Group Foundation subscribed HK\$100 million to a special purpose Macau COVID-19 Recovery Bond. We also donated one million face masks, financially contributed to the deep cleaning of 35 local schools, provided numerous food & hygiene hampers to the needy and provided support to the broader community to name a few.

We would like to thank everyone from the Macau Government, the community and the GEG team who supported the Company in these difficult times. We are proud to report that virtually all team members made voluntary contributions including the Board which also waived their Director’s fee, management who participated in our non-paid leave program and the many group members who joined our Flexi Family Care Program. At GEG we have tried to spread the impact of COVID-19 fairly across all team members as we prefer not to engage in redundancies.

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 and I would also like to thank our staff for being so supportive of our Company during this period of time.

Thank you!

Dr. Lui Che Woo

*GBM, MBE, JP, LLD, DSSc, DBA
Chairman*

Hong Kong, 13 August 2020

SELECTED MAJOR AWARDS

Award	Presenter
GEG Casino Operator of the Year Australia & Asia Socially Responsible Operator (Asia/Australia)	13th International Gaming Awards
Social Responsibility Award	The 2nd Greater China's Most Influential Brand & Entrepreneur Awards Ceremony
GALAXY MACAU™ Five-Star Hotel: The Ritz-Carlton, Macau Banyan Tree Macau Five-Star Restaurant: Lai Heen Belon Five-Star Spa: The Ritz-Carlton Spa, Macau Banyan Tree Spa Macau Four-Star Hotel: Galaxy Hotel™ Hotel Okura Macau JW Marriott Hotel Macau Recommended Restaurant: Yamazato	2020 Forbes Travel Guide
100 Top Tables 2020: 8½ Otto e Mezzo BOMBANA Yamazato Lai Heen	South China Morning Post
Hotel Group B Excellence Award: Galaxy Macau™	Macau Energy Saving Activity 2019
Gold Award: Banyan Tree Macau JW Marriott Hotel Macau The Ritz-Carlton, Macau	Macao Green Hotel Award

SELECTED MAJOR AWARDS

Award	Presenter
Ctrip Gourmet List Two-star Restaurant: 8½ Otto e Mezzo BOMBANA	Ctrip Gourmet List
Ctrip Gourmet List One-star Restaurant: Lai Heen	
Ctrip Gourmet List Local Favorites Restaurant: Pak Loh Chiu Chow Restaurant Gosto Festiva Tsui Wah Restaurant Dragon Portuguese Cuisine Tim Ho Wan, The Dim-Sum Specialists Man Ho Chinese Restaurant	
Annual Gourmet Landmark – Galaxy Macau™ Special Recommended Must Eat Restaurant – Fook Lam Moon	2019-2020 China Feast Restaurant Awards by Restaurant Review
My Favorite Hotel Restaurant in Macau – Fook Lam Moon	U Magazine
STARWORLD MACAU	
100 Top Tables 2020 – Feng Wei Ju	South China Morning Post
Best Chinese Restaurant – Feng Wei Ju	2019-2020 China Feast Restaurant Awards by Restaurant Review
CONSTRUCTION MATERIALS DIVISION	
Caring Company Scheme – 15 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
Hong Kong Awards for Environmental Excellence – Manufacturing and Industrial Services – Certificate of Merit Hong Kong Green Organisation Certification – Wastewi\$e – Certificate – Excellence Level – Carbon Reduction – Certificate – Achieved 7% Carbon Reduction	Environmental Campaign Committee
Occupational Health Award 2019-20 – Joyful@Healthy Workplace Best Practices Award (Enterprise/Organisation Category) – Grand Award	Occupational Safety and Health Council
BOCHK Corporate Environmental Leadership Awards 2019 – EcoPartner & 3 Years+ EcoPioneer	Bank of China (Hong Kong) and Federation of Hong Kong Industries

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

COVID-19 had an adverse impact on the market for the majority of the first half of 2020. Based on DICJ reporting, Macau's gross gaming revenue ("GGR") for the first half of 2020 was down 77% year-on-year to \$32.7 billion. Q2 2020 GGR was down 96% year-on-year and down 89% quarter-on-quarter to \$3.1 billion.

In the first half of 2020, visitor arrivals to Macau were 3.3 million, down 84% year-on-year, in which overnight visitors and same-day visitors both decreased 84% year-on-year. Mainland visitor arrivals to Macau were 2.3 million, down 84% year-on-year. For Q2 2020, visitor arrivals to Macau were 49,730, down 99% year-on-year. Mainland visitor arrivals to Macau were 46,360, down 99% year-on-year.

Macau confirmed its first case of COVID-19 on 22 January, on the same day the DICJ required all staff in casinos to wear protective masks whilst at work. The Macao Government Tourism Office also announced that all activities and events it had planned for the Chinese New Year period would be cancelled. Within a week, group travel tours and the IVS to Macau and Hong Kong were suspended.

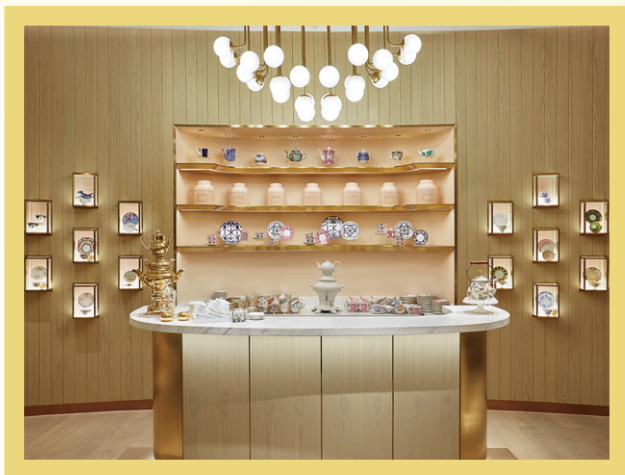
The Macau Government acted rapidly and decisively to the pandemic with the announcement of the suspension of operations at all casinos, government services, and entertainment facilities for 15 days to contain the COVID-19 outbreak from midnight 5 February 2020. Furthermore, border entry restrictions were introduced. On 15 July, Macau and Guangdong took the first step in creating a travel bubble through the reduction of quarantine restrictions. On 12 August, the IVS and group tour visas were reinstated for Zhuhai Hukou residents and Zhuhai Resident Permit holders to visit Macau, and will be further expanded Nationwide by the end of September provided the pandemic remains manageable.

REVIEW OF OPERATIONS

Group Financial Results

The Group's 1H 2020 results posted Net Revenue of \$6,223 million, down 76% year-on-year and Adjusted EBITDA was \$(1,087) million versus \$8,315 million in 1H 2019. Net loss attributable to shareholders was \$2,856 million versus profit of \$6,680 million in 1H 2019. Galaxy Macau™'s Adjusted EBITDA was \$(848) million versus \$6,258 million in 1H 2019. StarWorld Macau's Adjusted EBITDA was \$(202) million versus \$1,892 million in 1H 2019. Broadway Macau™'s Adjusted EBITDA was \$(97) million versus \$21 million in 1H 2019.

During 1H 2020, GEG experienced good luck in its gaming operation, which increased its Adjusted EBITDA by approximately \$87 million. Normalized 1H 2020 Adjusted EBITDA was \$(1,174) million, versus \$7,855 million in 1H 2019.



CHA BEI



The Ritz-Carlton Bar & Lounge

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group's total GGR on a management basis¹ in 1H 2020 was \$6,006 million, down 80% year-on-year as total mass table GGR was \$2,953 million, down 80% year-on-year and total VIP GGR was \$2,790 million, down 81% year-on-year. Total electronic GGR was \$263 million, down 78% year-on-year.

Balance Sheet and Special Dividends

The Group's balance sheet remains liquid and healthy. As of 30 June 2020, cash and liquid investments were \$49.8 billion and net cash was \$43.6 billion. Total debt was \$6.2 billion as at 30 June 2020, this was due primarily to an ongoing treasury management exercise where interest income on cash holdings exceeds corresponding borrowing costs.

On 24 April 2020, GEG paid a special dividend of \$0.45 per share. Given the ongoing impact of COVID-19, the Board has decided not to declare a dividend.

Set out below is the segmental analysis of the Group's operating results for 1H 2020:

Group Key Financial Data

(HK\$'m)	1H 2019	1H 2020
Revenues:		
Net Gaming	22,234	4,322
Non-gaming	2,653	679
Construction Materials	1,332	1,222
Total Net Revenue	26,219	6,223
Adjusted EBITDA	8,315	(1,087)
Gaming Statistics²		
(HK\$'m)	1H 2019	1H 2020
Rolling Chip Volume ³	383,234	74,873
Win Rate %	3.8%	3.7%
Win	14,754	2,790
Mass Table Drop ⁴	60,854	11,971
Win Rate %	24.0%	24.7%
Win	14,611	2,953
Electronic Gaming Volume	32,825	8,485
Win Rate %	3.7%	3.1%
Win	1,213	263
Total GGR Win ⁵	30,578	6,006

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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 2020 was \$3,835 million, down 80% year-on-year. Adjusted EBITDA was \$(848) million versus \$6,258 million in 1H 2019.

Galaxy Macau™ experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$85 million in 1H 2020. Normalized 1H 2020 Adjusted EBITDA was \$(933) million, versus \$5,966 million in 1H 2019.

The combined five hotels registered occupancy of 21% for 1H 2020.

Galaxy Macau™ Key Financial Data

(HK\$'m)	Q2 2019	Q1 2020	Q2 2020	1H 2019	1H 2020
Revenues:					
Net Gaming	8,405	3,060	200	16,535	3,260
Hotel/F&B/Others	832	313	60	1,661	373
Mall	289	151	51	594	202
Total Net Revenue	9,526	3,524	311	18,790	3,835
Adjusted EBITDA	3,235	329	(1,177)	6,258	(848)
Adjusted EBITDA Margin	34%	9%	NEG ⁶	33%	NEG⁶

Gaming Statistics⁷

(HK\$'m)	Q2 2019	Q1 2020	Q2 2020	1H 2019	1H 2020
Rolling Chip Volume ⁸	125,051	47,842	5,040	260,395	52,882
Win Rate %	4.4%	4.1%	4.9%	4.1%	4.2%
Win	5,501	1,962	246	10,754	2,208
Mass Table Drop ⁹	18,118	6,519	267	36,024	6,786
Win Rate %	27.6%	29.1%	25.6%	27.9%	29.0%
Win	4,993	1,897	69	10,061	1,966
Electronic Gaming Volume	11,235	4,482	463	22,341	4,945
Win Rate %	4.6%	4.0%	2.9%	4.5%	3.9%
Win	512	178	14	1,014	192
Total GGR Win	11,006	4,037	329	21,829	4,366

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

StarWorld Macau**Financial and Operational Performance**

StarWorld Macau's Net Revenue was \$1,083 million in 1H 2020, down 81% year-on-year. Adjusted EBITDA was \$(202) million versus \$1,892 million in 1H 2019.

StarWorld Macau experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$3 million in 1H 2020. Normalized 1H 2020 Adjusted EBITDA was \$(205) million, versus \$1,732 million in 1H 2019.

Hotel occupancy was 23% for 1H 2020.

StarWorld Macau Key Financial Data

(HK\$m)	Q2 2019	Q1 2020	Q2 2020	1H 2019	1H 2020
Revenues:					
Net Gaming	2,633	948	73	5,491	1,021
Hotel/F&B/Others	110	49	5	225	54
Mall	13	5	3	27	8
Total Net Revenue	2,756	1,002	81	5,743	1,083
Adjusted EBITDA	943	104	(306)	1,892	(202)
Adjusted EBITDA Margin	34%	10%	NEG ¹⁰	33%	NEG¹⁰
Gaming Statistics¹¹					
(HK\$m)	Q2 2019	Q1 2020	Q2 2020	1H 2019	1H 2020
Rolling Chip Volume ¹²	53,905	18,509	1,216	121,485	19,725
Win Rate %	3.3%	2.4%	4.9%	3.3%	2.6%
Win	1,789	451	60	3,954	511
Mass Table Drop ¹³	8,877	3,584	314	18,142	3,898
Win Rate %	19.5%	20.2%	11.9%	19.2%	19.5%
Win	1,730	725	37	3,479	762
Electronic Gaming Volume	1,967	1,149	211	3,985	1,360
Win Rate %	2.0%	2.1%	2.6%	2.2%	2.2%
Win	40	24	6	86	30
Total GGR Win	3,559	1,200	103	7,519	1,303

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Broadway Macau™**Financial and Operational Performance**

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs, it does not have a VIP gaming component. The property's Net Revenue was \$65 million for 1H 2020 versus \$298 million for 1H 2019. Adjusted EBITDA was \$(97) million for 1H 2020 versus \$21 million in 1H 2019.

Broadway Macau™ experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately \$1 million in 1H 2020. Normalized 1H 2020 Adjusted EBITDA was \$(96) million versus \$13 million in 1H 2019.

Hotel occupancy was 22% for 1H 2020.

Broadway Macau™ Key Financial Data

(HK\$'m)	Q2 2019	Q1 2020	Q2 2020	1H 2019	1H 2020
Revenues:					
Net Gaming	76	22	1	152	23
Hotel/F&B/Others	59	25	7	123	32
Mall	12	6	4	23	10
Total Net Revenue	147	53	12	298	65
Adjusted EBITDA	6	(45)	(52)	21	(97)
Adjusted EBITDA Margin	4%	NEG ¹⁴	NEG ¹⁴	7%	NEG ¹⁴

Gaming Statistics¹⁵

(HK\$'m)	Q2 2019	Q1 2020	Q2 2020	1H 2019	1H 2020
Mass Table Drop ¹⁶	343	114	–	685	114
Win Rate %	21.3%	17.9%	–	20.9%	17.9%
Win	73	20	–	143	20
Electronic Gaming Volume	444	220	74	998	294
Win Rate %	2.4%	2.0%	2.1%	2.6%	2.1%
Win	11	5	1	26	6
Total GGR Win	84	25	1	169	26

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

City Clubs

City Clubs contributed \$18 million of Adjusted EBITDA to the Group's earnings for 1H 2020, down 68% year-on-year.

City Clubs Key Financial Data

(HK\$'m)	Q2 2019	Q1 2020	Q2 2020	1H 2019	1H 2020
Adjusted EBITDA	29	16	2	56	18

Gaming Statistics¹⁷

(HK\$'m)	Q2 2019	Q1 2020	Q2 2020	1H 2019	1H 2020
Rolling Chip Volume ¹⁸	710	1,818	448	1,354	2,266
Win Rate %	5.0%	3.4%	2.0%	3.4%	3.1%
Win	35	62	9	46	71
Mass Table Drop ¹⁹	3,053	972	201	6,003	1,173
Win Rate %	15.4%	17.8%	15.6%	15.5%	17.4%
Win	470	173	32	928	205
Electronic Gaming Volume	3,001	1,268	618	5,501	1,886
Win Rate %	1.5%	1.9%	1.9%	1.6%	1.9%
Win	44	24	11	87	35
Total GGR Win	549	259	52	1,061	311

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division ("CMD") contributed Adjusted EBITDA of \$509 million in 1H 2020, down 10% year-on-year. The performance of CMD has been very strong in Q2 2020 with Adjusted EBITDA of \$390 million, up 7% year-on-year and up 228% quarter-on-quarter. This was due to pent-up demand for construction materials in both Hong Kong and Mainland after the lifting of the lockdown in Q1 and demand for cement in Yunnan driven by government infrastructure projects. We continue with the construction of our ready mixed concrete plant at the Hong Kong International Airport and anticipate the plant to open in Q4 2020, which will support the construction of the third runway, terminal building and support facilities.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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. Our development works for Phases 3 & 4 include approximately 3,500 hotel rooms, including family and premium high end 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.

Hengqin

We continue to make progress with our concept plan for a lifestyle resort on Hengqin that will complement our high energy resorts in Macau. We are encouraged by the Macau Chief Executive's recent positive comments in his inaugural Policy Address about the future role of Hengqin in the further development of Macau. We look forward to working with respective governments to develop our plan in Hengqin and support the government's strategy to diversify Macau's economy.

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



High-end and Family-friendly Hotel Tower



Galaxy International Convention Center

MANAGEMENT DISCUSSION AND ANALYSIS

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

GROUP OUTLOOK

Macau and Guangdong have taken the critical step in creating a travel bubble followed most notably, by the reinstatement of the IVS and group travel for Zhuhai Hukou residents and Zhuhai Resident Permit holders to visit Macau effective on 12 August 2020. The government subsequently announced that they will expand the IVS and group travel beyond Zhuhai to Guangdong Province by the end of August 2020 and Nationwide by the end of September 2020 provided the pandemic situation continues to improve. Despite these important positive early steps, it is premature to comment on how quickly the market may recover. Going forward we expect to experience further headwinds from the pandemic, which will have an adverse impact on our financial performance. However in the medium to longer term, we continue to remain optimistic in the outlook for Macau in general and GEG specifically.

Given our views of the immediate future, we wish to highlight that the COVID-19 crisis will continue to have an adverse effect on our 2020 financial results.

We believe that there is a significant pent-up demand for leisure, tourism and travel from China. This belief is supported by both our own discussions with customers and our observations of popular travel destinations within China being in high demand. Moreover, we believe that at least initially there will be a reluctance by Asians to travel outside of Asia which should support the demand for travel to Macau.

Additionally, infrastructure continues to improve, including the expansion of high-speed train lines in Mainland China and the ongoing development of immigration facilities. Phase one of the Hengqin immigration custom building was handed over to the Macau Government in March 2020, including the passenger clearance terminal, the surrounding traffic channels, a transport hub and an access road to the Lotus Bridge that connects Hengqin to Macau. Furthermore, the Macau Government plans to rebuild part of the Taipa Ferry Terminal into the second terminal building of the Macau International Airport. The current terminal can handle approximately 10 million passengers per year and the second terminal can increase the capacity to approximately 12 million. The Macau Government also plans to build the east section of the Light Rail Transport which will connect the peninsula's Border Gate checkpoint to the Taipa Ferry Terminal.

Fortunately, GEG has a strong and virtually unlevered balance sheet. This allows us to continue to invest into and upgrade our existing resorts and proceed with the planned opening of Cotai Phases 3 & 4, which position us well for the future growth. However, we do acknowledge it is hard to determine the speed of recovery with anticipated progressive-opening of travel restrictions and expected social distancing within our resorts. Further, we are also mindful that consumer sentiment has been impacted by a slower global economy, ongoing trade tension and currency fluctuation among others. These events have been impacting consumer sentiment and subsequent spending habits.

We continue to make progress with our international expansion plans and we do acknowledge that timelines for Japan may be impacted by the worldwide pandemic of COVID-19, however we can adjust accordingly and we remain committed to our Japan expansion plans.

We look forward to updating you next quarter and reporting our progress accordingly. Again, we would like to express our appreciation of our staff for being supportive of our Company and we encourage everyone to take caution of their personal hygiene and remain well during this period of time.

MANAGEMENT DISCUSSION AND ANALYSIS

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

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 30 June 2020 decreased to \$66,281 million, a decrease of approximately 10% over that as at 31 December 2019 of \$73,587 million while the Group's total assets employed decreased to \$93,660 million as at 30 June 2020 as compared to \$95,696 million as at 31 December 2019.

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 2020, the debt securities were denominated in U.S. dollar with weighted average tenor of approximately 3 years and significant majority in investment grade rating. Debt securities investments are closely monitored by designated team with the help of international leading banks. The debt securities were classified as financial assets at amortized cost and their carrying amounts as at 30 June 2020 approximated their fair values. No provision for impairment loss was made at 30 June 2020 as these debt securities were considered to be of low credit risk and the expected credit loss was minimal. As at 30 June 2020, 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 2020, the Group invested \$25,398 million (\$27,510 million as at 31 December 2019) in debt securities and \$3,002 million in listed investment of Wynn Resorts, Limited ("Wynn Resorts") (\$5,625 million as at 31 December 2019). As at 30 June 2020, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.8% 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 U.S. dollar. The directors of the Group considered that the closing price as at 30 June 2020 was the fair value of this listed investment. As of 30 June 2020, fair value of our investment in Wynn Resorts was \$3,002 million, representing 3.2% of the Group's total asset of \$93,660 million. The market value of Wynn Resorts as of 30 June 2020 and 31 December 2019, and the performance of the investment during the period ended 30 June 2020 and 2019 are as follows:

(HK\$m)	2019	2020
Market value as at 31 December 2019 and 30 June 2020	5,625	3,002
Unrealised gain/(loss) for the period ended 30 June	1,010	(2,623)
Dividend income for the period ended 30 June	50	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 \$21,437 million as at 30 June 2020 compared to \$19,117 million as at 31 December 2019 while total borrowings were \$6,175 million as at 30 June 2020 as compared to \$553 million as at 31 December 2019. The Group was in a net cash position as at 30 June 2020 and 31 December 2019.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

TREASURY POLICY

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

The Group's borrowings were largely denominated in Hong Kong dollar, 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 2019: nil). Bank deposits of \$428 million (31 December 2019: \$430 million) have been pledged to secure banking facilities.

GUARANTEES

GEG has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to \$5,470 million (31 December 2019: \$5,470 million). At 30 June 2020, facilities utilized by a subsidiary amounted to \$300 million (31 December 2019: nil).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures and an associated company amounting to \$107 million (31 December 2019: \$145 million). At 30 June 2020, facilities utilized amounted to \$3 million (31 December 2019: \$3 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group, excluding associated companies and joint ventures, employed approximately 22,000²⁰ employees in Hong Kong, Macau and Mainland China. Employee costs, excluding Directors' emoluments, amounted to \$3,605 million.

Remuneration Policy

The objective of the Group's remuneration policy is to attract, motivate and retain talented employees to achieve the Group's long-term corporate goals and objectives. To this end, the Group is committed to remunerating its employees in a manner that is market competitive, consistent with good industry practices as well as meeting the interests of shareholders.

The Group's remuneration structure for its employees comprises fixed compensation, performance-based variable incentive and long-term incentives. The overall remuneration arrangements are fair and justified, prudent and subject to regular review.

The Group operates a share option scheme and a share award scheme for its employees. It serves to attract, motivate and retain employees to work for the Group long term and to better align the interests of the employees with the shareholders' interests.

²⁰ Total number of employees of the Group includes City Clubs.

CORPORATE SOCIAL RESPONSIBILITY

As one of the world's leading resorts, hospitality and gaming companies, GEG is committed to being a responsible and proactive member of the community. Holding true to our philosophy of "what is taken from the community is to be used for the good of the community", GEG continues to make a difference in the Macau Special Administrative Region ("SAR") by making a commitment to support the Government in attaining economic diversification by nurturing Macau's young talent, driving the horizontal and upward mobility of our team members, promoting responsible gaming, fostering social harmony and building a greener and more sustainable Macau for future generations to enjoy.

WORKING TOGETHER TO FIGHT COVID-19

Since the start of the outbreak of the novel coronavirus, GEG has been proactively supporting the Macau SAR Government and the surrounding region in preventing the spread of the virus. To advocate our care for the community, GEG established a special taskforce which kept in close contact with the Group's different stakeholders and accelerated the implementation of various measures to help contain and prevent the spread of this virus.

Through proactive measures such as donating cash, face masks, cleaning supplies and hygiene products to those in need; and tailoring different relief and support packages for local SMEs, non-profit organizations and schools, GEG has been working relentlessly with all sectors to ensure that help is extended to those who need it most.

During the past few months, GEG partnered with society on coronavirus prevention and relief by:

- Donating MOP20 million via the Galaxy Entertainment Group Foundation (the "Foundation") to Hubei Province and the City of Wuhan to help fight the pandemic and assist with the related relief efforts, with the coordination of the Liaison Office of the Central People's Government in the Macau SAR ("CLO Office"). In April, a further MOP75 million was donated by the Foundation, again via the coordination of the CLO Office to support the Mainland in developing long-term preventive measures against the coronavirus, extend care to healthcare workers, promote public health awareness, and support medical scientists on their pandemic-related research;
- Donating 500,000 face masks to the Macau SAR Government, 500,000 face masks to Zhuhai City and Hengqin New Area Government, and 500,000 face masks, via the Foundation, to The Principality of Monaco in support of their pandemic prevention and control efforts;
- Donating MOP5 million via the Foundation to support the coronavirus prevention efforts in Macau. Part of the donation went towards providing a one-off subsidy of MOP30,000 to over 30 local schools to carry out the necessary disease prevention measures while another portion was used to provide a one-off subsidy of MOP2,000 each, to families of children registered at Macau's 20 non-government subsidized nurseries;
- Donating MOP100,000 to Sheng Kung Hui Macau Social Services Coordination Office ("SKH") for the purchase of indoor fitness equipment for families with special education needs children to continue exercising and training indoors. In addition, GEG also invited a professional fitness trainer from SKH and GEG volunteers to produce an online workout video;
- Subscribing, via the Foundation, to a HK\$100 million COVID-19 Impact Alleviation Social Bonds that the Bank of China (Macau Branch) had issued to help Macau SMEs overcome their financial challenges during the pandemic;
- Waiving the fixed rental fees of all qualified GEG tenants from February to June;
- Co-organizing the "Healthy and Fun Carnival" with the Macau Chamber of Commerce. Held at Broadway Macau™ each Saturday and Sunday from 16 May to 21 June, a total of 70 booths were provided for free, for more than 100 different Macau SMEs to showcase their food, games and merchandise to customers;

CORPORATE SOCIAL RESPONSIBILITY

- Sponsoring the Macao Convention and Exhibition Association on hosting Macau's first online exhibition, the "Happy Macau Shopping Festival" for Macau SMEs and micro enterprises to accelerate their sales during the pandemic;
- Mobilizing GEG volunteers to deliver Chinese New Year gift packs inclusive of face masks, thermometers and hand sanitizers to 40 elderly users of Peng On Tung Tele-Assistance Service in January;
- Donating disinfection and hygiene products to various social services organizations and academic institutes such as The Women's General Association of Macau, The General Union of Neighborhood Association of Macau, the Fuhong Society of Macau, and the City University of Macau, etc.;
- Providing professional sanitization and cleaning services for multiple social services organizations, including:
 - The Macau Association for the Mentally Handicapped
 - The Rehabilitation Centre for the Blind of Macau Holy House of Mercy
 - The Association of Parents of the People with Intellectual Disabilities of Macau
 - Fuhong Society of Macau
 - Escola Caritas de Macau
 - The Association of Rehabilitation of Drug Abusers of Macao
 - The Sheng Kung Hui Macau Social Services Coordination Office
 - Richmond Fellowship of Macau
- Organizing a Food Collection event at Broadway Theatre for donation to the Happy Market of Fuhong Society of Macau so that social welfare subsidy recipients can purchase the items at extremely low prices;
- Mobilizing a team of specialists from the various properties' Environmental Services Department to deliver sanitation training and cleaning supplies to various schools and social services organizations, including the Premier School Affiliated to Hou Kong Middle School;
- Sponsoring Macao Daily News on producing the "Healthy Macau" online program to promote health and wellness;
- Co-launching a creative arts contest with the Macau Management Association under the GEG Youth Achievement Program ("YAP") to inspire support and appreciation for frontline medical workers;
- Title sponsoring SKH on organizing the "GEG Presents: International Children's Day 'Smile behind the Mask' Photo Sharing" event to spread positivity on social media;

CORPORATE SOCIAL RESPONSIBILITY

- Adhering to the pandemic prevention and control measures of the Gaming Inspection and Coordination Bureau of the Macau SAR Government and the Macau Health Bureau at all properties; and
- Implementing an array of measures such as providing face masks, hand sanitizers and strengthening the disinfection and cleaning of back-of-house areas to safeguard the health and wellbeing of GEG team members. In addition, special arrangements were also made to facilitate the urgent annual or additional leave requests of team members that need to take care of their children and families during this period.



Mr. Lei Wai Nong, Secretary for Economy and Finance of Macau SAR Government (center) witnessed GEG's subscription of the SMEs themed COVID-19 Impact Alleviation Social Bonds issued by Bank of China (Macau Branch). Leading GEG for the ceremony was Mr. Francis Lui, Deputy Chairman of GEG (fourth from right) and Mr. Robert Drake, Group Chief Financial Officer of GEG (third from right).



Ms. Eileen Lui, Group Director of Human Resources and Administration of GEG (second from left) represented GEG in donating face masks to Ms. Ao leong lu, Secretary for Social Affairs and Culture of the Macau SAR Government (second from right).



GEG donated a total of 500,000 face masks to Zhuhai City and Hengqin New Area.



GEG carried out professional sanitization and cleaning at various social service associations during the pandemic.

CORPORATE SOCIAL RESPONSIBILITY

TEAM MEMBER ENGAGEMENT

GEG considers team members to be our greatest assets. We believe that our organization succeeds when every team member is supported to reach their full potential. Through the offering of diversified training, development opportunities and recreational activities, GEG is committed to helping our team members achieve quality work-life balance.

Living up to our pledge to promote a healthy and positive lifestyle for our team members, GEG held a “Squash Fun Day” for our team members and their family members ahead of the pandemic. We also mobilized members of the GEG Dragon Boat Team to take part in the “2020 Macau International Dragon Boat Races” in June when Macau’s coronavirus situation had improved.



GEG Dragon Boat Team took part in the 2020 Macau International Dragon Boat Races. Over 350 GEG executives, team members and their family members participated to cheer for them.

TALENT MANAGEMENT

GEG believes in providing team members our full support on their development and sees this as a differentiating factor that helps us attract, retain and prepare team members for their personal and organizational success.

Our organization development and training initiatives will engage and support the promotion and delivery of our mission, vision and core values, GEG collaborates with different business units and leading educational institutions on designing and delivering key training initiatives.

Since the outbreak, GEG has been following all necessary pandemic prevention measures at our training venues. In addition to requiring team members to maintain a 1-meter distance between themselves and others, GEG also requires team members to wear a face mask during all in-class training, equips all training venues with alcohol-based hand sanitizers and disinfects all venues on a regular basis.

GEG has also increased the frequency and scale of our training, as well as adopted various online platforms such as the internal online learning system “GEGLearn”, LinkedIn Learning, and Udemy to carry out training to our team members. To help prepare our team members for further career development, GEG increased our training delivery substantially in the first half of 2020 by conducting close to 746,000 hours of training (575,000 hours of training were conducted over the same period last year) on topics including GEG’s Asian Heart service philosophy, our mission, vision and values, workplace health and safety, personal hygiene and wellbeing, integrated resort awareness and opportunities, stress management, responsible gaming, and DSAL Hospitality Safety Card training, etc.; organizing over 1,120 in-class and online training courses and events.

CORPORATE SOCIAL RESPONSIBILITY



Mr. Kevin Kelley, Chief Operating Officer – Macau of GEG; Ms. Eileen Lui, Group Director of Human Resources and Administration of GEG; and Mr. Richard Longhurst, Director of Operations of Galaxy Macau™ (second to fourth from left) and the management team joined team members at one of the training programs.



In recent months, GEG invited professional trainers to introduce stress relief activities such as Yoga and Tai Chi, to raise team members' awareness of health, safety and wellbeing.

SOCIAL RESPONSIBILITY

Responsible Gaming

GEG is committed to promoting responsible gaming and works closely with the Social Welfare Bureau of the Macau SAR Government, the Gaming Inspection and Coordination Bureau of the Macau SAR Government, the Institute for the Study of Commercial Gaming of University of Macau, the Centre for Gaming and Tourism Studies of Macao Polytechnic Institute, other local gaming operators and various non-governmental associations to instill the concept of rational gambling in the community. Promotional activities conducted in the first half of 2020 to promote responsible gaming include:

- Co-organized the “Chinese New Year Responsible Gaming Promotion” roadshows with The Youth Volunteer Association of Macao prior to Chinese New Year to remind team members of Macau SAR Government’s latest casino entry law;
- Conducted Responsible Gaming Committee Training Program with the Institute for the Study of Commercial Gaming of University of Macau and SKH; and
- Organized “Building Positive Family Relationships” workshop with Macao Catholic Family Advisory Council to introduce relations between stress and addictions, and share tips for maintaining a healthy family relationship.

CORPORATE SOCIAL RESPONSIBILITY



GEG launched a range of responsible gaming promotional activities with local non-governmental associations, as well as offered training with academic professionals, to deepen responsible gaming awareness among team members.

Galaxy Entertainment Group Foundation

Through its Corporate Social Responsibilities initiatives, GEG believes in tackling emerging social issues in helping our next generation to build a brighter future. In April 2015, GEG established the Foundation to contribute to Macau and the Greater China Region. The Foundation focuses on philanthropic activities which nurture young people, enabling them to become responsible citizens in their communities.

In response to the coronavirus pandemic affecting Macau and its surrounding region, the Foundation approved the timely creation of a relief fund, which helped with different beneficiaries through various channels to enable the community to tackle this highly contagious outbreak, the details of which can be found in the “WORKING TOGETHER TO FIGHT COVID-19” section of this report.

As part of the GEG Parenting Education Scheme, the Foundation also enabled the continuation of a parenting education training to be carried out during the pandemic to help GEG team members enhance their parent-child relationships. The program was adapted to ensure that it fits with the participants’ needs, especially during the pandemic, as some parents were spending more time with their children due to school closures.

COMMUNITY ACTIVITIES

Following the philosophy of “what is taken from the community is to be used for the good of the community”, GEG continues to remain active in the community.

During the first half of 2020, close to 200 GEG team members and their family members took part in our volunteering activities and offered assistance to more than 530 underprivileged individuals and families in need.

CORPORATE SOCIAL RESPONSIBILITY



In early January, GEG arranged volunteers to visit 40 elderly users of Peng On Tung Tele-Assistance Service to deliver Chinese New Year gift packs inclusive of face masks, electronic thermometers, and alcohol-based hand sanitizers, etc., to help the elderly and their family members stay vigilant against infectious diseases.



Prior to the Chinese New Year, GEG volunteers also invited 100 elderly members from the General Union of Neighborhood Association of Macao to the Happy Square at Broadway Macau™ for a specially-arranged Chinese New Year Poon Choi Luncheon.



To support low-income families during the pandemic, GEG volunteers set-up a food donations booth at Broadway Theatre from 24 April to 8 May to collect donations for the Happy Market of Fuhong Society of Macau to sell at low price for the underprivileged.



Playing our part in protecting the environment in June, GEG volunteers organized a beach clean-up at Hac Sa Beach in Coloane.

CHARITABLE ACTIVITIES

Believing in sharing our success with the local community, GEG attends to the needs of the community and donates to organizations and people in need.

CORPORATE SOCIAL RESPONSIBILITY



Mr. Philip Cheng, Director of Galaxy Casino, S.A. (right center) presented a MOP300,000 cheque to Mr. António José de Freitas, President of Macau Holy House of Mercy (left center).



At the start of this year, GEG donated more than 1,100 used hotel blankets to the Abandoned Animals Protect Association of Macau and the Society for the Protection of Animals Macau to help keep sheltered animals warm during the winter months.

SPORTS DEVELOPMENT

Committed to making Macau a more culturally diverse and attractive “World Centre of Tourism and Leisure”, GEG works closely with the Macau SAR Government and the local community on enhancing the scale and quality of Macau’s sports and community events.

Due to the outbreak of the coronavirus, this year’s “FIVB Women’s Volleyball Nations League – Macau” was cancelled. However, three GEG Dragon Boat Teams were sent to take part in the “2020 Macau International Dragon Boat Races” organized by the Sports Bureau of the Macau SAR Government and the Dragon Boat Association of Macao, China in June.

EDUCATION AND CULTURE

Supporting the Macau SAR Government on talent cultivation, GEG collaborates with many educational, and arts and cultural institutes on developing different programs to help young people build a more solid foundation. In the first half of 2020, GEG:

- Recruited 14 students for the GEG Internship Program;
- Encouraged team members to visit the Online Photo Exhibition on National Security Education that the Macau SAR Government had organized to celebrate National Security Education Day with the support of the CLO Office; and
- Organized a sharing session on the spirit of the 13th National People’s Congress (“NPC”) and the 13th National Committee of the Chinese People’s Political Consultative Conference (“CPPCC”), which is also known as the “Two Sessions”, during which NPC and CPPCC delegates were invited to share their insights with over 200 GEG executives.

CORPORATE SOCIAL RESPONSIBILITY



GEG invited NPC and CPPCC delegates to share their insights of the “Two Sessions” with over 200 GEG senior executives from different nationalities.



GEG promoted the national security photo exhibition to team members through various internal communication channels.

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Committed to improving our environmental performance, GEG takes active steps to communicate our environmental protection objectives across all properties. Integrating sustainability into the Group’s business strategy, in the first half of the year:

- Galaxy Macau™ was awarded the “Excellence Award – Hotel Group B” at the “Macau Energy Saving Activity 2019”;
- Our hotel partners including Banyan Tree Macau, JW Marriott Hotel Macau and The Ritz-Carlton, Macau received the “Macao Green Hotel Award – Gold Award”; and
- Our properties took part in the WWF’s Earth Hour for the 12th consecutive year, and they continue to remain committed to joining the monthly “Lights Out” activity on the first Tuesday of each month.

The Group continues to monitor and seek out ways to improve our energy, water and resource use, as well as to minimize the amount of waste that we produce by continuing to:

- Work on strengthening our recycling and food waste management program;
- Collaborate with Macau Coca-Cola Beverage Co., Ltd on the recycled PET (rPET) water bottle recycling program;
- Implement the LED lights replacement program;
- Install motion sensors to our back-of-house offices for further energy improvement;
- Apply new energy conservation technologies; and
- Identify new energy saving opportunities.

CORPORATE SOCIAL RESPONSIBILITY

As the coronavirus has reduced the number of visitors to our properties, in the first half of 2020, GEG reduced the operational hours of the Laserama Show at Galaxy Macau™ in order to enhance our energy savings. Taking into consideration the seasonal variation in sunrise and sunset times, we also adjust the schedule of the Tower façade lights and the brightness of the pylon LED screens at Galaxy Macau™ on a regular basis for enhanced energy conservation. Similarly, at StarWorld Hotel, the blue cathode at the hotel's façade is gradually being replaced by more efficient LED lighting to further improve energy savings and reduce costs.

GEG has a comprehensive recycling program in place at all our properties. In the first half of this year, GEG collected approximately 1.3 tons of food wastes for recycling, produced approximately 3.5 tons of composites for landscape planting at Galaxy Macau™, and recycled approximately 304.1 tons of cardboard and paper materials, 30.2 tons of plastics, 13.7 tons of metals, 15.5 tons of glass bottles, 13.2 tons of waste oil, and 0.5 tons of printer cartilages. Furthermore, when compared with the same period last year, the Group was also able to save 38,770,800 kWh of energy and 872,731 m³ of water at its properties during the first half of the year.

CONSTRUCTION MATERIALS DIVISION

Corporate Social Responsibility

In line with the sustainability vision of its Value Creation Model, our Construction Materials Division (“CMD”), K. Wah Construction Materials Limited (“KWCM”) continues its momentum to fully embrace corporate social responsibility, in all aspects of its business. In response to the COVID-19 pandemic currently sweeping across the world, CMD believes that preventive measures are essential in the fight against the spread of the disease.

As such, CMD not only adopts “Work from Home” arrangements, but also supports communities in Mainland China and Hong Kong by donating anti-pandemic packs comprising face masks and hand sanitizers. In Hong Kong, CMD collaborated with the Evangelical Lutheran Church of Hong Kong and the Construction Industry Council to reach out to those communities most in need by distributing anti-pandemic packs in various locations around the city. In Ezhou, Hubei Province, CMD's employees joined the local volunteer teams “Blue Sky Rescue” and “Community Volunteer” to provide assistance in delivering anti-pandemic packs.



Distribution of anti-pandemic packs at the Integrated Youth Service Centre, Tai Wo, Hong Kong.



Distribution of anti-pandemic packs at Zhaotong, Yunnan Province.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF GALAXY ENTERTAINMENT GROUP LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 64, which comprises the condensed consolidated balance sheet of Galaxy Entertainment Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2020 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated cash flow statement and condensed consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 13 August 2020

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CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2020

	Note	2020 HK\$'000	2019 HK\$'000
Revenue (Note)	5	6,222,665	26,219,471
Other income/gains, net	7(a)	326,082	582,778
Special gaming tax and other related taxes to the Macau Government		(2,315,300)	(11,626,931)
Raw materials and consumables used		(500,915)	(493,944)
Amortisation and depreciation	7(b)	(1,597,503)	(1,663,633)
Employee benefit expenses		(3,681,118)	(3,987,121)
Other operating expenses	7(c)	(1,368,490)	(2,423,392)
Finance costs	8	(16,128)	(89,501)
Share of profits less losses of:			
Joint ventures		199,842	275,028
Associated companies		79	(3)
(Loss)/profit before taxation	7(b)	(2,730,786)	6,792,752
Taxation charge	9	(71,769)	(71,328)
(Loss)/profit for the period		(2,802,555)	6,721,424
Attributable to:			
Equity holders of the Company		(2,856,181)	6,679,752
Non-controlling interests		53,626	41,672
		(2,802,555)	6,721,424
(Loss)/earnings per share	11	HK cents	HK cents
Basic		(65.9)	154.3
Diluted		(65.9)	153.7
		HK\$'000	HK\$'000
Note: Analysis of revenue			
Gross revenue from gaming operations		5,714,749	29,581,395
Commission and incentives		(1,393,132)	(7,347,049)
Net revenue from gaming operations		4,321,617	22,234,346
Revenue from hotel, mall operations and others		678,841	2,652,659
Sales of construction materials		1,222,207	1,332,466
		6,222,665	26,219,471

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2020

	2020 HK\$'000	2019 HK\$'000
(Loss)/profit for the period	(2,802,555)	6,721,424
Other comprehensive (loss)/income		
Items that will not be subsequently reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	(2,646,798)	1,129,497
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	(47,187)	(9,114)
Share of translation differences of joint ventures	(26,293)	(4,461)
Other comprehensive (loss)/income for the period, net of tax	(2,720,278)	1,115,922
Total comprehensive (loss)/income for the period	(5,522,833)	7,837,346
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(5,572,472)	7,795,360
Non-controlling interests	49,639	41,986
	(5,522,833)	7,837,346

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2020

	Note	30 June 2020 HK\$'000	31 December 2019 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	33,628,821	32,736,635
Right-of-use assets	12	4,880,397	4,950,013
Intangible assets	12	461,903	554,524
Joint ventures		1,733,426	1,836,036
Associated companies		2,315	2,238
Financial assets at amortised cost	13	22,772,768	25,164,997
Financial assets at fair value through other comprehensive income	14	3,578,332	6,262,099
Long-term bank deposits		4,448,931	4,470,886
Other non-current assets	15	275,304	202,293
		71,782,197	76,179,721
Current assets			
Inventories		190,837	177,834
Debtors and prepayments	16	1,882,862	2,145,046
Amounts due from joint ventures		156,204	161,946
Taxation recoverable		33,641	40,093
Current portion of financial assets at amortised cost	13	2,625,601	2,345,444
Cash and cash equivalents and other bank deposits		16,988,524	14,646,088
		21,877,669	19,516,451
Total assets		93,659,866	95,696,172
EQUITY			
Share capital and shares held for share award scheme	17	22,515,346	22,433,668
Reserves		43,766,104	51,153,725
Equity attributable to owners of the Company		66,281,450	73,587,393
Non-controlling interests		612,125	567,486
Total equity		66,893,575	74,154,879

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2020

	Note	30 June 2020 HK\$'000	31 December 2019 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	18	-	8,931
Deferred taxation liabilities		203,542	201,218
Lease liabilities		295,547	310,647
Retention payable		249,105	112,843
Non-current deposits and other payables		155,730	240,064
		903,924	873,703
Current liabilities			
Creditors and accruals	19	19,570,884	19,973,302
Amounts due to joint ventures		1,442	41,725
Current portion of lease liabilities		46,799	49,387
Current portion of borrowings and short-term bank loans	18	6,175,434	544,183
Provision for tax		67,808	58,993
		25,862,367	20,667,590
Total liabilities		26,766,291	21,541,293
Total equity and liabilities		93,659,866	95,696,172
Net current liabilities		(3,984,698)	(1,151,139)
Total assets less current liabilities		67,797,499	75,028,582

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2020

	2020 HK\$'000	2019 HK\$'000
Net cash (used in)/from operating activities	(1,823,246)	8,346,216
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,506,168)	(1,490,616)
Purchase of intangible assets	(17,899)	(27,334)
Proceeds from disposal of property, plant and equipment	3,413	298
Increase in advances to joint ventures	(21,669)	(3,651)
Increase in deferred expenditure	(1,248)	–
Decrease in deferred receivable	2,019	2,188
Decrease in finance lease receivable	9,431	11,903
Purchase of financial assets	(990,517)	(2,951,404)
Proceeds from redemption/disposal of financial assets	3,110,881	567,693
Interest received	542,933	598,194
Decrease/(increase) in short-term bank deposits with maturity over three months and short-term pledged bank deposits	3,865,068	(4,190,454)
Dividends received from joint ventures	277,955	185,282
Dividends received from listed and unlisted investments	30,725	54,843
Net cash from/(used in) investing activities	4,304,924	(7,243,058)
Cash flows from financing activities		
Issue of new shares	62,683	212,026
New bank loans	7,185,405	–
Repayment of bank loans	(1,559,081)	(2,303,874)
Principal elements of lease payments	(24,194)	(21,557)
Dividends paid to non-controlling interests	(5,000)	(22,080)
Dividends paid to shareholders	(1,950,596)	(1,947,991)
Net cash from/(used in) financing activities	3,709,217	(4,083,476)
Net increase/(decrease) in cash and cash equivalents from 1 January to 30 June	6,190,895	(2,980,318)
Cash and cash equivalents at 1 January	6,248,151	13,778,102
Translation differences	(2,707)	(18,478)
Cash and cash equivalents at 30 June	12,436,339	10,779,306
Analysis of cash and cash equivalents		
Cash and other bank deposits	16,988,279	11,183,354
Other cash equivalents	245	28,177
Cash and cash equivalents and other bank deposits	16,988,524	11,211,531
Less: short-term bank deposits with maturity over three months and short-term pledged bank deposits	(4,552,185)	(432,225)
Cash and cash equivalents at 30 June	12,436,339	10,779,306

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

	Share capital HK\$'000	Shares held for share award scheme HK\$'000	Reserves HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2019	22,016,875	(21)	40,263,405	62,280,259	550,941	62,831,200
Comprehensive income						
Profit for the period	-	-	6,679,752	6,679,752	41,672	6,721,424
Other comprehensive income						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	1,129,497	1,129,497	-	1,129,497
Translation differences of subsidiaries	-	-	(9,320)	(9,320)	206	(9,114)
Share of translation differences of joint ventures	-	-	(4,569)	(4,569)	108	(4,461)
Total other comprehensive income, net of tax	-	-	1,115,608	1,115,608	314	1,115,922
Total comprehensive income for the period	-	-	7,795,360	7,795,360	41,986	7,837,346
Transactions with equity holders						
Dividends paid to non-controlling interests	-	-	-	-	(22,080)	(22,080)
Shares vested pursuant to share award scheme	135	-	(135)	-	-	-
Issue of shares upon exercise of share options	286,479	-	(74,453)	212,026	-	212,026
Fair value of share options granted	-	-	84,305	84,305	-	84,305
Fair value of share awards granted	-	-	54,609	54,609	-	54,609
Special dividends (note 10)	-	-	(1,947,991)	(1,947,991)	-	(1,947,991)
At 30 June 2019	22,303,489	(21)	46,175,100	68,478,568	570,847	69,049,415
At 1 January 2020	22,433,674	(6)	51,153,725	73,587,393	567,486	74,154,879
Comprehensive loss						
(Loss)/profit for the period	-	-	(2,856,181)	(2,856,181)	53,626	(2,802,555)
Other comprehensive loss						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	(2,646,798)	(2,646,798)	-	(2,646,798)
Translation differences of subsidiaries	-	-	(45,629)	(45,629)	(1,558)	(47,187)
Share of translation differences of joint ventures	-	-	(23,864)	(23,864)	(2,429)	(26,293)
Total other comprehensive loss, net of tax	-	-	(2,716,291)	(2,716,291)	(3,987)	(2,720,278)
Total comprehensive (loss)/income for the period	-	-	(5,572,472)	(5,572,472)	49,639	(5,522,833)
Transactions with equity holders						
Dividends paid to non-controlling interests	-	-	-	-	(5,000)	(5,000)
Shares vested pursuant to share award scheme	231	-	(231)	-	-	-
Issue of shares upon exercise of share options	81,447	-	(18,764)	62,683	-	62,683
Fair value of share options granted	-	-	90,142	90,142	-	90,142
Fair value of share awards granted	-	-	64,300	64,300	-	64,300
Special dividends (note 10)	-	-	(1,950,596)	(1,950,596)	-	(1,950,596)
At 30 June 2020	22,515,352	(6)	43,766,104	66,281,450	612,125	66,893,575

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Galaxy Entertainment Group Limited (“GEG” or the “Company”) is a limited liability company incorporated in Hong Kong and has its listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”). The address of its registered office and principal place of business is 22nd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are operation in casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials in Hong Kong, Macau and Mainland China.

The financial information relating to the year ended 31 December 2019 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2020 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2019 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.

The interim financial information has been approved for issue by the Board of Directors on 13 August 2020.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2020 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 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

At 30 June 2020, the Group’s current liabilities exceeded its current assets by HK\$3,985 million. Taking into account the unutilised banking facilities and liquid investments, the Group has a reasonable expectation that it has adequate resources to meet its liabilities and commitments (principally relating to the development of Galaxy Macau™ resort at Cotai) as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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 2019, except as described below:

(a) The adoption of amended standards

In 2020, the Group adopted the following amended standards which are relevant to its operations.

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge Accounting
HKFRS 3 (Amendment)	Definition of a Business

In addition, the Group has early adopted the following amendment to the accounting standards for the accounting period commencing 1 January 2020:

HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions
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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 that are not yet effective

New standard and amendments		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2022
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 17	Insurance Contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from their estimates.

The significant judgments, estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019.

4. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2019. There have been no changes in the financial risk management objectives and policies of the Group since 2019 year end.

4.1 Fair value estimation

The table below analyses financial instruments that are measured in the balance sheet at fair value, by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE INTERIM FINANCIAL INFORMATION

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2020 and 31 December 2019.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2020				
Assets				
Financial assets at fair value through other comprehensive income – Equity securities	3,555,264	–	23,068	3,578,332
Total	3,555,264	–	23,068	3,578,332

At 31 December 2019

Assets

Financial assets at fair value through
other comprehensive income
– Equity securities

	6,238,784	–	23,315	6,262,099
Total	6,238,784	–	23,315	6,262,099

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representative of the fair value in the given circumstances. These instruments are included in level 1. Instruments included in level 1 comprise primarily financial assets at fair value through other comprehensive income.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

NOTES TO THE INTERIM FINANCIAL INFORMATION

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

The following table presents the changes in level 3 instruments for the period ended 30 June 2020 and 30 June 2019.

	Financial assets at fair value through other comprehensive income	
	2020 HK\$'000	2019 HK\$'000
At beginning of the period	23,315	19,055
Losses recognised in other comprehensive income	(247)	(425)
At end of the period	23,068	18,630
Total gains for the period included in profit or loss for assets held at the end of the period	-	-

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. REVENUE

Revenue recognised during the period are as follows:

	2020 HK\$'000	2019 HK\$'000
Gaming operations		
Net gaming wins	5,695,066	29,516,990
Contributions from City Club Casinos (note a)	12,598	51,766
Tips received and administrative fees	7,085	12,639
Gross revenue from gaming operations	5,714,749	29,581,395
Less: Commission and incentives	(1,393,132)	(7,347,049)
Net revenue from gaming operations	4,321,617	22,234,346
Revenue from hotel, mall operations and others (note b)	678,841	2,652,659
Sales of construction materials	1,222,207	1,332,466
	6,222,665	26,219,471

Notes:

- (a) 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 2020, the Group is entitled to HK\$12,598,000 (2019: HK\$51,766,000), 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.

- (b) Revenue from hotel, mall operations and others includes rental income amounted to approximately HK\$220 million (2019: HK\$644 million).

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. SEGMENT INFORMATION

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
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 5				
Revenue not recognised	(279,344)	-	-	(279,344)
Contributions	12,598	-	-	12,598
Others	4,954	-	-	4,954
Revenue recognised under HKFRS	5,000,458	1,222,207	-	6,222,665
Adjusted EBITDA including share of results of joint ventures and associated companies	(1,506,006)	508,815	(89,599)	(1,086,790)
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)
Unrealised foreign exchange loss				(193,134)
Others				(8,047)
Loss for the period				(2,802,555)
Share of results of joint ventures and associated companies	(7,302)	207,223	-	199,921

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
Six months ended 30 June 2019				
Reportable segment revenue	25,868,994	1,332,466	–	27,201,460
Adjusted for:				
City Club Casinos arrangement set out in note 5				
Revenue not recognised	(1,039,009)	–	–	(1,039,009)
Contributions	51,766	–	–	51,766
Others	5,254	–	–	5,254
Revenue recognised under HKFRS	24,887,005	1,332,466	–	26,219,471
Adjusted EBITDA including share of results of joint ventures and associated companies	7,837,610	564,147	(87,100)	8,314,657
Interest income, dividend income from listed investments and gross earnings on finance lease				693,537
Amortisation and depreciation				(1,663,633)
Finance costs				(89,501)
Taxation charge				(71,328)
Adjusted items:				
Taxation of joint ventures and associated companies				(79,292)
Pre-opening expenses				(101,378)
Loss on disposal and write-off of certain property, plant and equipment				(32,305)
Share option expenses				(84,305)
Share award expenses				(54,609)
Donation and sponsorship				(5,011)
Unrealised foreign exchange loss				(101,278)
Others				(4,130)
Profit for the period				6,721,424
Share of results of joint ventures and associated companies	25,974	249,051	–	275,025

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
As at 30 June 2020				
Total assets	88,551,050	5,042,135	66,681	93,659,866
Total assets include:				
Joint ventures	86,897	1,646,529	-	1,733,426
Associated companies	-	2,315	-	2,315
Total liabilities	19,449,579	1,446,052	5,870,660	26,766,291
As at 31 December 2019				
Total assets	90,612,484	5,007,568	76,120	95,696,172
Total assets include:				
Joint ventures	104,879	1,731,157	-	1,836,036
Associated companies	-	2,238	-	2,238
Total liabilities	19,705,940	1,295,256	540,097	21,541,293
Six months ended 30 June 2020				
Additions to non-current assets	2,457,850	27,571	844	2,486,265
Six months ended 30 June 2019				
Additions to non-current assets	1,709,019	77,350	44,558	1,830,927

Geographical analysis

Six months ended 30 June	2020 HK\$'000	2019 HK\$'000
Revenue		
Macau	5,108,711	25,027,525
Hong Kong	686,585	683,068
Mainland China	427,369	508,878
	6,222,665	26,219,471
	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Non-current assets		
Macau	68,535,368	72,780,810
Hong Kong	487,643	522,308
Mainland China	2,759,186	2,876,603
	71,782,197	76,179,721

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. OTHER INCOME/GAINS, NET, (LOSS)/PROFIT BEFORE TAXATION AND OTHER OPERATING EXPENSES

	2020 HK\$'000	2019 HK\$'000
(a) Other income/gains, net		
Interest income		
Bank deposits	248,211	164,666
Loans to joint ventures	49	150
Deferred receivable	452	603
Financial assets at amortised cost	387,557	477,027
Dividend income from unlisted investments	2,500	4,880
Dividend income from listed investments	28,225	49,963
Gross earnings on finance lease	275	1,128
Loss on disposal and write-off of property, plant and equipment	(156,501)	(41,925)
Foreign exchange loss	(205,380)	(98,777)
Others	20,694	25,063
	326,082	582,778
(b) (Loss)/profit before taxation is stated after charging		
Depreciation		
Property, plant and equipment	1,415,780	1,487,595
Right-of-use assets	70,471	66,174
Amortisation		
Gaming licence	53,023	52,732
Computer software and others	14,266	13,169
Reacquired right	43,963	43,963
(c) Other operating expenses		
Utilities and other rentals	358,247	503,641
Advertising and promotion	114,678	394,880
Repair and maintenance	226,298	266,469
Operating supplies and consumables	93,554	298,354
Food and beverage costs	49,654	205,346
Other support services	81,725	165,384
Distribution costs	83,981	70,869
Subcontracting charges	30,679	67,020
Provision/(reversal of provision) for loss allowance, net	113,145	(19,862)
Other expenses	216,529	471,291
	1,368,490	2,423,392

NOTES TO THE INTERIM FINANCIAL INFORMATION

8. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest expenses		
Bank loans and overdrafts	35,608	77,047
Lease liabilities	7,836	8,984
Other borrowing costs	2,030	3,470
	45,474	89,501
Amount capitalised in assets under construction	(29,346)	–
	16,128	89,501

9. TAXATION CHARGE

	2020 HK\$'000	2019 HK\$'000
Current taxation		
Hong Kong profits tax	9,747	10,398
Mainland China income tax and withholding tax	37,301	36,375
Macau complementary tax	2,373	2,563
Under provision in prior years, net	1,819	1,125
Lump sum in lieu of Macau complementary tax on dividend (note b)	18,204	18,204
Deferred taxation	2,325	2,663
Taxation charge	71,769	71,328

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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% (2019: 12% to 25%). The weighted average applicable tax rate was 12% (2019: 12%).
- (b) In August 2019, Galaxy Casino, S.A. ("GCSA"), the Company's principal subsidiary, entered into a Shareholder Dividend Tax Agreement with the Macau Government. The agreement provided for an annual payment in lieu of Macau Complementary Tax otherwise due by the GCSA's shareholders on dividend distributions to them from gaming profits, effective from 1 January 2019 through 26 June 2022 to correspond to the Macau Complementary Tax exemption on its gaming activities.

NOTES TO THE INTERIM FINANCIAL INFORMATION

10. DIVIDENDS

	2020 HK\$'000	2019 HK\$'000
First special dividend paid of HK\$0.45 (2019: HK\$0.45) per ordinary share	1,950,596	1,947,991

On 27 February 2020, the Board of Directors declared a special dividend of HK\$0.45 per share (2019: HK\$0.45 per share), payable to shareholders of the Company whose names appear on the register of members of the Company on 31 March 2020. The total amount of the special dividend distributed was HK\$1,951 million and was paid on 24 April 2020.

The Board of Directors does not declare any interim dividend for the period ended 30 June 2020 (2019: nil).

11. (LOSS)/EARNINGS PER SHARE

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

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the period ended 30 June 2019, 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 (loss)/earnings per share for the period is based on the following:

	2020 HK\$'000	2019 HK\$'000
(Loss)/profit attributable to equity holders of the Company	(2,856,181)	6,679,752

	Number of shares	
	2020	2019
Weighted average number of shares for calculating basic (loss)/earnings per share	4,335,195,676	4,330,465,460
Effect of dilutive potential ordinary shares		
Share options	-	14,698,826
Share awards	-	567,042
Weighted average number of shares for calculating diluted (loss)/earnings per share	4,335,195,676	4,345,731,328

NOTES TO THE INTERIM FINANCIAL INFORMATION

12. CAPITAL EXPENDITURE

For the six months ended 30 June 2020, the Group incurred HK\$2,466 million (2019: HK\$1,804 million) on property, plant and equipment, HK\$18 million (2019: HK\$27 million) on intangible assets, and HK\$2 million (2019: nil) on right-of-use assets.

13. FINANCIAL ASSETS AT AMORTISED COST

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Listed debt securities in Hong Kong, at amortised cost (note b)	12,571,540	13,924,825
Listed debt securities in overseas, at amortised cost (note b)	12,811,343	13,523,363
Unlisted debt securities, at amortised cost (note b)	15,486	62,253
	25,398,369	27,510,441
Less: current portion of financial assets at amortised cost – listed debt securities in Hong Kong, at amortised cost (note b)	(2,625,601)	(2,345,444)
	22,772,768	25,164,997

Notes:

- (a) The financial assets at amortised cost represents the Group's investment in debt securities issued by large financial institutions and corporations to generate interest income for the Group. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.
- (b) As at 30 June 2020 and 31 December 2019, the listed/unlisted debt securities were denominated in U.S. dollar with weighted average tenor of approximately 3 years and significant majority in investment grade rating.
- (c) As at 30 June 2020 and 31 December 2019, the carrying amounts of these listed/unlisted debt securities approximated their fair values. No provision for impairment loss was made at 30 June 2020 (31 December 2019: nil) as these financial assets were considered to be of low credit risk and the expected credit loss was minimal.
- (d) As at 30 June 2020 and 31 December 2019, none of the debt securities in any individual investee company held by the Group equaled or exceeded 5 per cent of the Group's total assets.
- (e) The interest income generated from the above financial assets at amortised cost for the period ended 30 June 2020 amounted to HK\$388 million (2019: HK\$477 million) as disclosed in note 7.

NOTES TO THE INTERIM FINANCIAL INFORMATION

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Unlisted investments in overseas, at fair value (note a)	23,068	23,315
Listed investments in overseas, at fair value (note b)	3,555,264	6,238,492
Listed investments in Hong Kong, at fair value	-	292
	3,578,332	6,262,099

Notes:

- (a) Unlisted investments are mainly denominated in Macau Patacas and U.S. dollar.
- (b) As at 30 June 2020, the listed investments in overseas, at fair value included 5.2 million (2019: 5.2 million) shares of Wynn Resorts, Limited ("Wynn Resorts") which represented approximately 4.8% (2019: 4.8%) of the issued share capital of Wynn Resorts. Investment cost was HK\$7.14 billion. 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 2020 and 31 December 2019 was the fair value of this listed investment. As of 30 June 2020, fair value of our investment in Wynn Resorts was HK\$3.0 billion (2019: HK\$5.6 billion), representing 3.2% (2019: 5.9%) of the Group's total asset of HK\$93.7 billion (2019: HK\$95.7 billion). The market value of Wynn Resorts as of 30 June 2020 and 31 December 2019, and the performance of the investment during the period ended 30 June 2020 and 2019 are as follows:

	Market value		Unrealised (loss)/gain for the period ended 30 June		Dividend income for the period ended 30 June	
	30 June 2020 HK\$'000	31 December 2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Wynn Resorts, Limited	3,002,238	5,624,624	(2,622,386)	1,009,747	28,225	49,963

GEG 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 significant development pipeline.

NOTES TO THE INTERIM FINANCIAL INFORMATION

15. OTHER NON-CURRENT ASSETS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Finance lease receivable	32,596	32,775
Interest receivable	161,658	94,648
Deposits paid for property, plant and equipment	45,386	48,220
Advances to investee companies	17,010	17,010
Less: Provision for impairment	(17,010)	(17,010)
Others	35,664	26,650
	275,304	202,293

16. DEBTORS AND PREPAYMENTS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Trade debtors, net of loss allowance (note a)	353,307	510,322
Other debtors and deposit paid, net of loss allowance (note b)	1,194,477	1,381,200
Contract assets	105,464	119,824
Prepayments	218,759	113,593
Current portion of finance lease receivable	10,855	20,107
	1,882,862	2,145,046

NOTES TO THE INTERIM FINANCIAL INFORMATION

16. DEBTORS AND PREPAYMENTS (Continued)

Notes:

- (a) 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 (2019: 30 to 60 days) for customers in Hong Kong and Macau and 30 to 60 days (2019: 60 to 180 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 2020 HK\$'000	31 December 2019 HK\$'000
Within one month	162,154	306,381
Two to three months	168,519	159,375
Four to six months	10,993	35,450
Over six months	11,641	9,116
	353,307	510,322

- (b) Other debtors and deposit paid, net of loss allowance include advances to customers and gaming counterparties, which are denominated in Hong Kong dollar, and repayable on demand. These advances are granted with reference to their credit history and business volumes. Such advances are interest free and the Group has the right, pursuant to the relevant credit agreements, to set off the overdue advances with payables due from the Group to these counterparties.

NOTES TO THE INTERIM FINANCIAL INFORMATION

17. SHARE CAPITAL AND SHARES HELD FOR SHARE AWARD SCHEME

	Number of ordinary shares	Ordinary share capital HK\$'000	Shares held for share award scheme HK\$'000	Total HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January 2019	4,324,998,101	22,016,875	(21)	22,016,854
Shares vested pursuant to share award scheme (note a)	–	135	–	135
Issue of shares upon exercise of share options (note b)	7,108,172	286,479	–	286,479
At 30 June 2019 and 1 July 2019	4,332,106,273	22,303,489	(21)	22,303,468
Share award scheme – shares purchased by the trustee	–	–	(39,589)	(39,589)
Shares vested pursuant to share award scheme	–	62,344	39,604	101,948
Issue of shares upon exercise of share options	1,713,734	67,841	–	67,841
At 31 December 2019 and 1 January 2020	4,333,820,007	22,433,674	(6)	22,433,668
Shares vested pursuant to share award scheme (note a)	–	231	–	231
Issue of shares upon exercise of share options (note b)	1,876,665	81,447	–	81,447
At 30 June 2020	4,335,696,672	22,515,352	(6)	22,515,346

Notes:

- (a) The Group operates a share award scheme (adopted on 4 August 2014) under which the Group has absolute discretion to select any qualifying grantee for participation in the scheme and determine the terms and conditions of the awards and the number of shares to be awarded.

During the period, no share award (2019: nil) was granted and 113,249 share awards (2019: 173,762) lapsed. 4,532 share awards (2019: 3,017) were vested. The number of share awards outstanding as at 30 June 2020 was 4,997,652 (2019: 4,803,538), all of which are unvested.

- (b) The Company operates a share option scheme under which options to subscribe for ordinary shares in the Company are granted to selected qualifying grantees.

During the period, no new options (2019: nil) were granted and 1,876,665 options (2019: 7,108,172) were exercised and 655,451 options (2019: 737,637) lapsed. The number of share options outstanding at 30 June 2020 was 55,875,756 (2019: 48,249,792).

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. BORROWINGS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Bank loans		
Secured (note a)	153,266	156,290
Unsecured	6,022,168	396,824
Total borrowings	6,175,434	553,114
Current portion included in current liabilities	-	(17,861)
Short-term bank loans	(6,175,434)	(526,322)
	(6,175,434)	(544,183)
Non-current portion of borrowings	-	8,931

Note:

- (a) The bank loans of HK\$153 million (2019: HK\$156 million) are secured by bank deposits of HK\$136 million (2019: HK\$138 million).

The carrying amounts and fair value of the borrowings are as follows:

	Carrying amounts		Fair value	
	30 June 2020 HK\$'000	31 December 2019 HK\$'000	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Bank loans	6,175,434	553,114	6,175,434	553,114

The fair value of the borrowings is calculated using cash flows discounted at prevailing borrowing rates or based on quoted market price. The carrying amounts of other current borrowings approximate their fair value. All borrowings are within level 2 of the fair value hierarchy.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19. CREDITORS AND ACCRUALS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Trade creditors (note a)	3,688,500	4,019,224
Other creditors (note b)	1,965,786	4,166,514
Chips issued	11,776,636	9,315,854
Loans from non-controlling interests	86,153	86,967
Accruals and provision	2,009,644	2,327,154
Deposits received	44,165	57,589
	19,570,884	19,973,302

Notes:

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

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Within one month	3,386,584	3,679,447
Two to three months	12,143	64,647
Four to six months	107,036	24,771
Over six months	182,737	250,359
	3,688,500	4,019,224

(b) Other creditors mainly represented gaming tax payable to the Macau Government and construction payable to contractors.

20. CAPITAL COMMITMENTS

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Contracted but not provided for – Property, plant and equipment	5,329,512	5,247,310

NOTES TO THE INTERIM FINANCIAL INFORMATION

21. RELATED PARTY TRANSACTIONS

In addition to the transactions or balances disclosed elsewhere in the interim financial information, the significant related party transactions carried out in the normal course of the Group's business activities during the period are as follows:

- (a) Interest income from joint ventures amounted to HK\$49,000 (2019: HK\$150,000) are charged at prevailing market rate.
- (b) Management fee received from joint ventures amounted to HK\$4,974,000 (2019: HK\$6,526,000) are charged at terms agreed among the parties.
- (c) Rental expenses of HK\$708,000 (2019: HK\$739,000) were paid to a subsidiary of K. Wah International Holdings Limited, a shareholder of the Company, based on the terms of the rental agreement between the parties. This is a continuing connected transaction which is fully exempted from reporting and disclosure requirements under rule 14A.76(1) of the Rules Governing the Listing of Securities on SEHK.
- (d) Purchases from joint ventures and non-controlling interests amounted to HK\$109,006,000 (2019: HK\$101,816,000) at terms agreed among the parties.
- (e) Interest expenses to joint ventures and non-controlling interests amounted to HK\$1,755,000 (2019: HK\$1,770,000) at terms agreed among the parties.
- (f) Key management personnel comprise the Chairman, Deputy Chairman and other Executive Directors. Key management compensation amounted to HK\$76,000,000 for the six months ended 30 June 2020 (2019: HK\$94,000,000).

OTHER INFORMATION

DIVIDENDS

A special dividend of HK\$0.45 per share totaling approximately HK\$1,951 million was paid to the shareholders of the Company on 24 April 2020.

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: nil) or another special dividend (2019: HK\$0.46 per share).

DIRECTORS' INTERESTS IN SECURITIES AND UNDERLYING SHARES

As at 30 June 2020, the interests or short positions of each Director in the shares, underlying shares and debentures of the Company, and the details of any right to subscribe for shares of the Company and of the exercise of such rights, as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

(a) Shares (including underlying shares)

Name	Number of shares (including underlying shares)				Total	Percentage of Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Lui Che Woo	38,772,544	2,181,518	363,726,401 ⁽¹⁾	1,362,225,231 ⁽²⁾	1,766,905,694	40.75
Francis Lui Yiu Tung	49,864,579	–	398,150,099 ⁽³⁾	1,362,225,231 ⁽²⁾	1,810,239,909	41.75
Joseph Chee Ying Keung	1,632,321	–	–	–	1,632,321	0.04
Paddy Tang Lui Wai Yu	14,123,207	–	–	1,362,225,231 ⁽²⁾	1,376,348,438	31.74
James Ross Ancell	250,000	–	–	50,000 ⁽⁴⁾	300,000	0.01
William Yip Shue Lam	250,000	–	–	–	250,000	0.01
Patrick Wong Lung Tak	–	–	–	–	–	–
Charles Cheung Wai Bun	–	–	–	–	–	–
Michael Victor Mecca	1,318,280	–	–	–	1,318,280	0.03

Notes:

- (1) 305,401 shares, 295,421,000 shares and 68,000,000 shares of the Company were held by Po Kay Securities & Shares Company Limited, Lui Che Woo Foundation Limited ("Lui Che Woo Foundation") and LUI Che Woo Prize Limited ("LUI Che Woo Prize") respectively, all of which are controlled by Dr. Lui Che Woo. Lui Che Woo Foundation and LUI Che Woo Prize are charitable organizations.
- (2) A discretionary family trust established by Dr. Lui Che Woo as settlor was interested in 1,362,225,231 shares of the Company. Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu, as discretionary beneficiaries of the discretionary family trust, are deemed to have an interest in those shares in which the trust has an interest.
- (3) 103,096,039 shares and 2,000,000 shares of the Company were held by Recurrent Profits Limited ("Recurrent Profits") and Sincere Concept Holdings Limited ("Sincere Concept") respectively. Top Notch Opportunities Limited ("Top Notch") was indirectly interested in 171,916,021 shares of the Company. Kentlake International Investments Limited ("Kentlake") was directly and indirectly interested in 121,138,039 shares of the Company. Recurrent Profits, Sincere Concept, Top Notch and Kentlake are companies controlled by Mr. Francis Lui Yiu Tung.
- (4) Mr. James Ross Ancell was interested in 50,000 shares of the Company as being one of the trustees and a major beneficiary of a pension scheme.

OTHER INFORMATION

(b) Underlying Shares – Share Options and Share Awards

Details are set out in the sections headed “Share Options” and “Share Awards” below.

All the interests stated above represent long positions.

Save as disclosed above, as at 30 June 2020, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its other associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS’ AND OTHER SHAREHOLDERS’ INTERESTS

As at 30 June 2020, the interests or short positions of every person (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Number of Shares (Long Position)	Percentage of Issued Share Capital
City Lion Profits Corp.	973,282,206	22.45
CWL Assets (PTC) Limited	1,362,225,231	31.42
HSBC International Trustee Limited	1,363,000,491 ⁽¹⁾	31.44
Super Focus Company Limited	274,494,154	6.33
Lui Che Woo Foundation Limited	295,421,000	6.81
The Capital Group Companies, Inc.	340,062,842	7.84

Note:

- (1) HSBC International Trustee Limited, the trustee of the trust established by Dr. Lui Che Woo as settlor, was interested in 1,362,225,231 shares of the Company.

There was duplication of interests of:

- (i) 1,362,225,231 shares of the Company between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu, CWL Assets (PTC) Limited and HSBC International Trustee Limited;
- (ii) 973,282,206 shares of the Company between City Lion Profits Corp. and CWL Assets (PTC) Limited;
- (iii) 274,494,154 shares of the Company between CWL Assets (PTC) Limited and Super Focus Company Limited; and
- (iv) 295,421,000 shares of the Company between Lui Che Woo Foundation and Dr. Lui Che Woo.

Save as disclosed above, as at 30 June 2020, the Company was not notified by any person who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept under section 336 of the SFO.

OTHER INFORMATION

SHARE OPTIONS

The particulars of the movements in the options held by each of the Directors of the Company and their associates, the employees of the Group in aggregate and other participants granted under the share option scheme adopted on 22 June 2011 by the Company (the "Share Option Scheme") during the six months ended 30 June 2020 were as follows:

Name	Date of grant	Number of Options					Held at 30 June 2020	Exercise price (HK\$)	Exercise period
		Held at 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period	Re-classified during the period ^(a)			
Lui Che Woo	24 Dec 2015	2,601,000	-	-	-	-	2,601,000	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	1,021,312	-	-	-	-	1,021,312	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,002,000	-	-	-	-	1,002,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	616,000	-	-	-	-	616,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	2,651,000	-	-	-	-	2,651,000	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	1,900,000	-	-	-	-	1,900,000	57.70	30 Dec 2020 – 29 Dec 2025
Francis Lui Yiu Tung	24 Dec 2015	1,912,000	-	-	-	-	1,912,000	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	1,445,483	-	-	-	-	1,445,483	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,417,000	-	-	-	-	1,417,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	871,000	-	-	-	-	871,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	3,749,000	-	-	-	-	3,749,000	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	2,687,000	-	-	-	-	2,687,000	57.70	30 Dec 2020 – 29 Dec 2025
Joseph Chee Ying Keung	24 Dec 2015	60,000	-	40,000 ^(b)	-	-	20,000	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	24,321	-	-	-	-	24,321	28.35	12 Mar 2018 – 11 Sep 2022
	26 Jul 2017	130,000	-	-	-	-	130,000	46.95	26 Jul 2018 – 25 Jul 2023
	28 Dec 2018	140,000	-	-	-	-	140,000	48.65	28 Dec 2019 – 27 Dec 2024
Paddy Tang Lui Wai Yu	24 Dec 2015	229,000	-	129,000 ^(c)	-	-	100,000	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	111,285	-	-	-	-	111,285	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	79,000	-	-	-	-	79,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	49,000	-	-	-	-	49,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	116,000	-	-	-	-	116,000	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	100,000	-	-	-	-	100,000	57.70	30 Dec 2020 – 29 Dec 2025
James Ross Ancell	-	-	-	-	-	-	-	-	-
William Yip Shue Lam	-	-	-	-	-	-	-	-	-
Patrick Wong Lung Tak	-	-	-	-	-	-	-	-	-
Charles Cheung Wai Bun	-	-	-	-	-	-	-	-	-
Michael Victor Mecca	24 Dec 2015	423,334	-	-	-	-	423,334	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	481,278	-	-	-	-	481,278	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	371,000	-	-	-	-	371,000	33.49	28 Dec 2017 – 27 Dec 2022

OTHER INFORMATION

Name	Date of grant	Number of Options					Held at 30 June 2020	Exercise price (HK\$)	Exercise period
		Held at 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period	Re-classified during the period ^(a)			
Employees ^(d) (in aggregate)	15 Jan 2014	60,000	-	-	39,000	21,000	-	77.75	15 Jan 2015 – 14 Jan 2020
	16 Jul 2014	66,000	-	-	-	-	66,000	62.75	16 Jul 2015 – 15 Jul 2020
	16 Jan 2015	32,668	-	5,668 ^(e)	-	-	27,000	39.86	16 Jan 2016 – 15 Jan 2021
	24 Dec 2015	6,736,531	-	512,002 ^(e)	-	-	6,224,529	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	1,853,401	-	116,001 ^(e)	-	-	1,737,400	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	3,497,216	-	509,696 ^(e)	-	-	2,987,520	33.49	28 Dec 2017 – 27 Dec 2022
	26 Jul 2017	1,066,004	-	31,666 ^(e)	6,000	-	1,028,338	46.95	26 Jul 2018 – 25 Jul 2023
	27 Dec 2017	3,603,332	-	7,332 ^(e)	73,136	29,000	3,493,864	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	6,946,007	-	342,299 ^(e)	201,358	33,334	6,369,016	46.75	21 Nov 2019 – 20 Nov 2024
	28 Dec 2018	2,013,000	-	37,332 ^(e)	16,000	-	1,959,668	48.65	28 Dec 2019 – 27 Dec 2024
30 Dec 2019	7,623,000	-	-	225,957	-	7,397,043	57.70	30 Dec 2020 – 29 Dec 2025	
Others (in aggregate)	15 Jan 2014	-	-	-	21,000	21,000	-	77.75	15 Jan 2015 – 14 Jan 2020
	24 Dec 2015	33,334	-	20,000 ^(f)	-	-	13,334	24.80	24 Dec 2016 – 23 Dec 2021
	28 Dec 2016	130,366	-	67,336 ^(f)	-	-	63,030	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	252,000	-	-	73,000	29,000	208,000	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	308,000	-	58,333 ^(f)	-	33,334	283,001	46.75	21 Nov 2019 – 20 Nov 2024
Total		58,407,872	-	1,876,665	655,451	-	55,875,756		

Notes:

- (a) Options were re-classified during the period from “Employees” to “Others”.
- (b) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$41.30.
- (c) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$41.35.

OTHER INFORMATION

- (d) Employees include associates of Directors and the movements in the options held by each of the associates of Directors during the period with exercise price and period shown above were as follows:

Name	Date of grant	Number of Options			Held at 30 June 2020
		Held at 1 January 2020	Granted during the period	Exercised during the period	
Eileen Lui Wai Ling	24 Dec 2015	594,000	–	–	594,000
	12 Sep 2016	224,540	–	–	224,540
	28 Dec 2016	204,000	–	–	204,000
	27 Dec 2017	130,000	–	–	130,000
	28 Dec 2018	426,000	–	–	426,000
	30 Dec 2019	351,000	–	–	351,000
Joanna Claudia Lui	27 Dec 2017	3,000	–	–	3,000
	28 Dec 2018	6,000	–	–	6,000
	30 Dec 2019	5,000	–	–	5,000
Andrew Nicholas Lui	30 Dec 2019	5,000	–	–	5,000

- (e) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$56.20.
- (f) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$56.55.

The vesting period for all options is 1/3 vesting on each of the first, second and third anniversary of the date of grant except the options granted on 12 September 2016 is 100% vesting on 18 months after the date of grant and 130,000 options granted on 30 December 2019 is 100% vesting on 36 months after the date of grant.

Vesting period may accelerate if triggered by certain events stated in the Share Option Scheme. The consideration paid by each grantee for each grant of options was HK\$1.00.

Details of the options exercised or lapsed during the period are set out above. No options were granted or cancelled during the period.

OTHER INFORMATION

SHARE AWARDS

The particulars of the movements in the share awards held by the Directors of the Company and their associates, and the employees of the Group in aggregate and other participants granted under the share award scheme adopted by the Board of Directors of the Company on 4 August 2014 (the "Share Award Scheme") during the six months ended 30 June 2020 were as follows:

Name	Date of grant	Number of Awards					Closing price at date of grant (HK\$)	
		Held at 1 January 2020	Vested during the period	Lapsed during the period	Re-classified during the period ^(a)	Held at 30 June 2020		
Lui Che Woo	27 Dec 2017	70,768	-	-	-	70,768	27 Dec 2020	61.65
	28 Dec 2018	85,700	-	-	-	85,700	28 Dec 2020	48.55
	28 Dec 2018	85,700	-	-	-	85,700	28 Dec 2021	48.55
	30 Dec 2019	76,233	-	-	-	76,233	30 Dec 2020	57.70
	30 Dec 2019	76,233	-	-	-	76,233	30 Dec 2021	57.70
	30 Dec 2019	76,234	-	-	-	76,234	30 Dec 2022	57.70
Francis Lui Yiu Tung	27 Dec 2017	50,068	-	-	-	50,068	27 Dec 2020	61.65
	28 Dec 2018	121,200	-	-	-	121,200	28 Dec 2020	48.55
	28 Dec 2018	121,200	-	-	-	121,200	28 Dec 2021	48.55
	30 Dec 2019	107,866	-	-	-	107,866	30 Dec 2020	57.70
	30 Dec 2019	107,866	-	-	-	107,866	30 Dec 2021	57.70
	30 Dec 2019	107,868	-	-	-	107,868	30 Dec 2022	57.70
Paddy Tang Lui Wai Yu	27 Dec 2017	5,534	-	-	-	5,534	27 Dec 2020	61.65
	28 Dec 2018	4,533	-	-	-	4,533	28 Dec 2020	48.55
	28 Dec 2018	4,534	-	-	-	4,534	28 Dec 2021	48.55
	30 Dec 2019	4,000	-	-	-	4,000	30 Dec 2020	57.70
	30 Dec 2019	4,000	-	-	-	4,000	30 Dec 2021	57.70
	30 Dec 2019	4,000	-	-	-	4,000	30 Dec 2022	57.70
Employees ^(b) (in aggregate)	26 Jul 2017	6,436	-	-	-	6,436	26 Jul 2020	46.95
	27 Dec 2017	523,306	966	5,574	3,334	513,432	27 Dec 2020	61.65
	21 Nov 2018	588,389	2,726	20,469	4,600	560,594	21 Nov 2020	46.75
	21 Nov 2018	588,622	-	23,210	4,600	560,812	21 Nov 2021	46.75
	28 Dec 2018	41,561	-	366	-	41,195	28 Dec 2020	48.55
	28 Dec 2018	41,578	-	368	-	41,210	28 Dec 2021	48.55
	30 Dec 2019	615,442	840	17,753	-	596,849	30 Dec 2020	57.70
	30 Dec 2019	615,442	-	18,593	-	596,849	30 Dec 2021	57.70
	30 Dec 2019	896,016	-	18,614	-	877,402	30 Dec 2022	57.70
Others (in aggregate)	27 Dec 2017	28,770	-	8,302	3,334	23,802	27 Dec 2020	61.65
	21 Nov 2018	28,166	-	-	4,600	32,766	21 Nov 2020	46.75
	21 Nov 2018	28,168	-	-	4,600	32,768	21 Nov 2021	46.75
Total		5,115,433	4,532	113,249	-	4,997,652		

OTHER INFORMATION

Notes:

- (a) Share awards were re-classified during the period from “Employees” to “Others”.
- (b) Employees include associates of Directors and the movements in the share awards held by each of the associates of Directors during the period with closing price at date of grant shown above were as follows:

Name	Date of grant	Number of Awards			Held at 30 June 2020	Vesting Date
		Held at 1 January 2020	Granted during the period	Vested during the period		
Eileen Lui Wai Ling	27 Dec 2017	14,868	–	–	14,868	27 Dec 2020
	28 Dec 2018	16,733	–	–	16,733	28 Dec 2020
	28 Dec 2018	16,734	–	–	16,734	28 Dec 2021
	30 Dec 2019	14,033	–	–	14,033	30 Dec 2020
	30 Dec 2019	14,033	–	–	14,033	30 Dec 2021
	30 Dec 2019	14,034	–	–	14,034	30 Dec 2022
Joanna Claudia Lui	27 Dec 2017	268	–	–	268	27 Dec 2020
	28 Dec 2018	233	–	–	233	28 Dec 2020
	28 Dec 2018	234	–	–	234	28 Dec 2021
	30 Dec 2019	166	–	–	166	30 Dec 2020
	30 Dec 2019	166	–	–	166	30 Dec 2021
	30 Dec 2019	168	–	–	168	30 Dec 2022
Andrew Nicholas Lui	30 Dec 2019	166	–	–	166	30 Dec 2020
	30 Dec 2019	166	–	–	166	30 Dec 2021
	30 Dec 2019	168	–	–	168	30 Dec 2022

Details of the share awards vested or lapsed during the period are set out above. No share awards were granted or cancelled during the period.

DEALINGS IN LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS

The Group’s interim results for the six months ended 30 June 2020 have been reviewed by the Audit Committee of the Company and by the Company’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 is included in this interim report.

OTHER INFORMATION

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by Directors. The Company, having made specific enquiry of all Directors, confirms that the Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2020.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2020, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of 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 the Company, 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 the Company.

CHANGE IN DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, change in Directors’ information since the publication of Annual Report 2019 is set out below:

Mr. James Ross Ancell

- Mr. James Ross Ancell retired as a non-executive director of MJ Gleeson PLC, a housebuilder and regeneration company listed on the London Stock Exchange, with effect from 30 June 2020.

By Order of the Board

Galaxy Entertainment Group Limited

Jenifer Sin Li Mei Wah

Company Secretary

Hong Kong, 13 August 2020



This interim report is printed on environmentally friendly paper.
此中期報告以環保紙張印製。



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