



銀娛GEG

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

Stock Code 股份代號 : 27

2021

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

Mrs. 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

Mrs. 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

Ms. Wong Chui Lai



CORPORATE INFORMATION

INDEPENDENT AUDITOR

PricewaterhouseCoopers
 Certified Public Accountant and
 Registered Public Interest Entity Auditor

REGISTERED OFFICE

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 Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
 Shops 1712-1716
 17th Floor, Hopewell Centre
 183 Queen's Road East
 Wanchai, Hong Kong

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

INVESTOR RELATIONS CONTACT

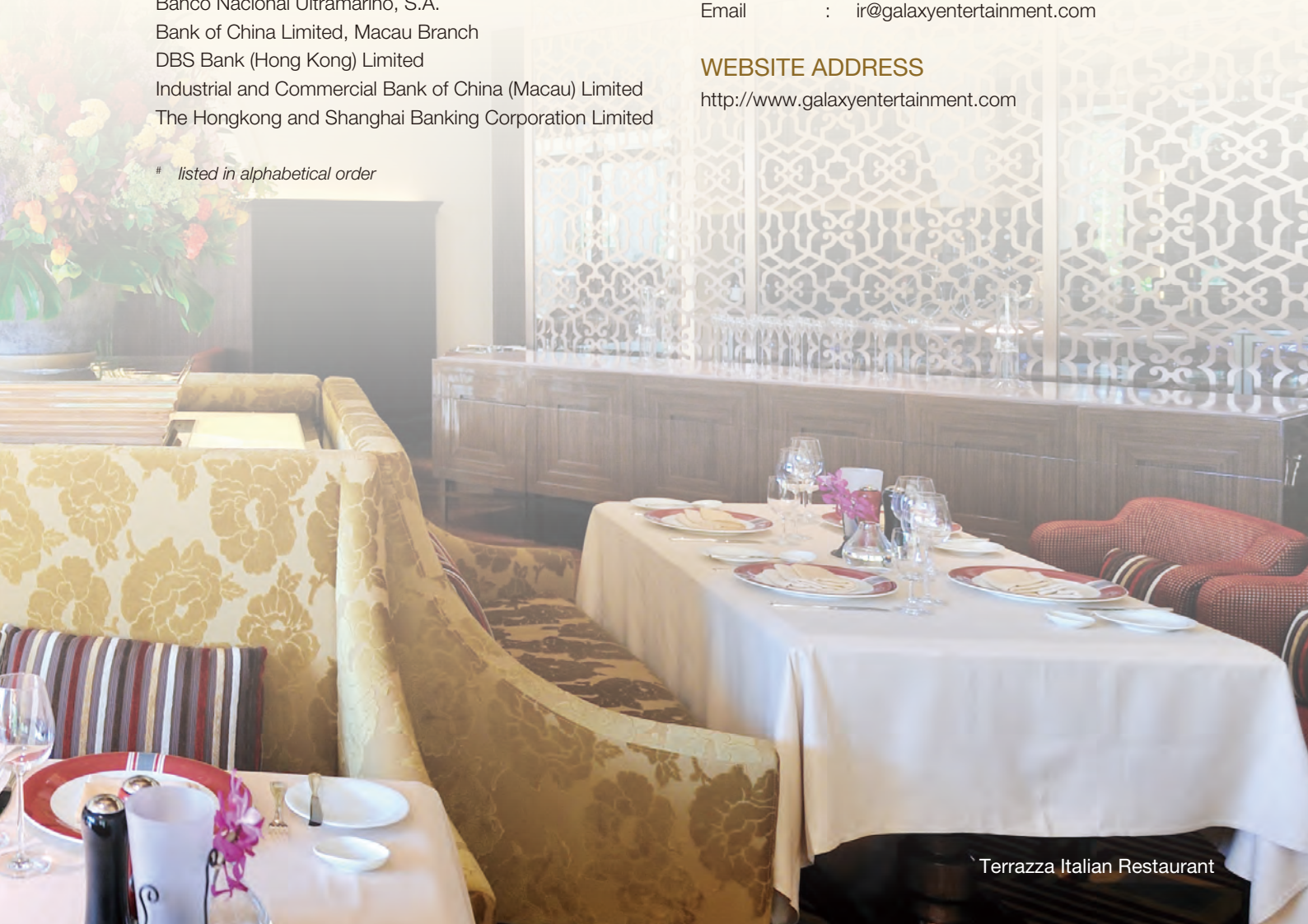
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CORPORATE PROFILE

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 Hotel, an award-winning world-class five-star luxury hotel.

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
 - As the dining destination in Asia, Galaxy Macau™ offers a wide variety of gastronomic delights, exquisite experiences and ingredients of the finest quality with over 120 dining options from Michelin dining to authentic delicacies. Guests can explore the finest of 18 Chinese provincial cuisines and 13 international cuisines, with amazing culinary discoveries at every turn
 - The Grand Resort Deck spanning 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 – Galaxy Cinemas which equipped with 3D technology and a groundbreaking 4K laser projection system for an ultimate movie experience



CORPORATE PROFILE

STARWORLD HOTEL

- Opened in 2006 as the Group's first five-star hotel
- Located in the heart of the Macau Peninsula
- Multi award-winning world-class luxury hotel
- Offers over 500 luxury rooms and suites
- With sensational live performances and dazzling entertainment offerings, StarWorld Hotel is the destination to embark on a prestigious star experience of refined luxury



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

CORPORATE PROFILE

The Group has the largest development pipeline of any casino operator 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.

In early 2022, Galaxy Macau™ will welcome the legendary Raffles brand with the opening of an exclusive, all-suite luxury tower – Raffles at Galaxy Macau – a stunning new architectural landmark. The integrated resort is also unveiling a brand new chapter with the highly anticipated openings of the Galaxy International Convention Center (GICC), a 16,000-seat Galaxy Arena and the 700-room and suite Andaz Macau.

RAFFLES AT GALAXY MACAU

Raffles at Galaxy Macau, featuring approximately 450 suites, will soon introduce a new level of sophistication and refinement to Macau. The design of each suite draws inspiration from a modern palazzo. Our VIP valet service staff, much like the famed Raffles butlers, renowned for their thoughtful and discreet service, will personally deliver a level of enlightened hospitality that is both gracious and intuitive for every guest.

In a world first, Raffles at Galaxy Macau will turn its guestrooms into a multi-usage canvas – with Samsung The Frame Hospitality in every suite, creating customized experiences and a personalized ambience. Guests are also invited to step back in time to enjoy Raffles' legendary signature afternoon tea experience in the Raffles Lounge & Terrace. For breakfast or poolside refreshments, guests may escape to the privacy of the Glass House to enjoy the outdoors, in an indoor environment. Set amidst a Mediterranean-inspired garden within a few steps of the Raffles' private infinity edge pool on level 6, the Glass House is designed exclusively for distinguished guests of the hotel to enjoy made-to-order breakfast favourites. Details on Raffles' iconic Long Bar – provenance of the Singapore Sling and soon home to the *Macau Sling*; a specialty restaurant to be helmed by a multi-Michelin-starred Japanese chef, and a luxury Spa – are still under wraps.

GALAXY INTERNATIONAL CONVENTION CENTER (GICC)

Seamlessly situated within Galaxy Macau™ precinct, Galaxy International Convention Center (GICC) is a new event facility developed by the Group and the latest addition to the Group's ever-expanding integrated resort precinct in Macau.

GICC, Asia's most iconic and advanced MICE destination, is a world class event venue with a total MICE space of 40,000m², featuring a 10,000m² pillar-less exhibition hall; an Auditorium seating 650 guests; a banquet hall seating 2,400 guests; a 4,000m² conference hall; a ballroom catering for over 1,000 guests; a diverse selection of dining options and a luxury lifestyle hotel with over 700 rooms – Andaz Macau.

Additionally, the 16,000-seat Galaxy Arena set within GICC, is set to become the most technologically advanced event and entertainment facility in Asia.

GALAXY ARENA

The 16,000-seat Galaxy Arena is the place where spectacular events come to life – from world concert tours to thrilling fight nights. The venue offers a multi configuration of center-stage, end-stage or boxing ring set-ups, all of which are customizable for events. With unobstructed views and high-definition broadcasting enabled by advanced technical infrastructure, every guest will enjoy amazing 360° views and high quality surround sound. The arena also features 8 Hospitality Suites for guests to relax and network in luxuriously private surrounds.

CORPORATE PROFILE

ANDAZ MACAU

Andaz Macau, a vibrant luxury lifestyle hotel, will feature a dedicated check-in lounge catering to large MICE groups, over 700 rooms and suites, an Andaz lounge, a bar and restaurant, a state-of-the-art fitness center and an indoor pool.

The new hotel will bring the distinctive Andaz style to Macau, immersing business and leisure guests in a stimulating environment inspired by the city's colorful heritage that is a blend of Chinese and Portuguese cultures. This includes the vibrant interior design, local tastes and aromas with a twist.

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 focuses on educating and empowering the young people of Macau and Mainland China.

FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

- Net Revenue of HK\$10,661 million, up 71% year-on-year
- Adjusted EBITDA of HK\$1,991 million, up 283% year-on-year
- Net Profit Attributable to Shareholders of HK\$947 million, up 133% year-on-year
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$243 million in 1H 2021. Normalized Adjusted EBITDA was HK\$1,748 million, up 249% year-on-year
- As of 30 June 2021, balance sheet remains healthy and liquid with cash and liquid investments of HK\$43.0 billion and net cash (including bank deposits and liquid investments) of HK\$31.6 billion
- Given the ongoing impact of COVID-19, the Board of Directors decided not to declare a dividend



GALAXY MACAU™

- Net Revenue of HK\$7,226 million, up 88% year-on-year
- Adjusted EBITDA of HK\$1,688 million, up 299% year-on-year
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$213 million in 1H 2021. Normalized Adjusted EBITDA was HK\$1,475 million, up 258% year-on-year
- Hotel occupancy for 1H 2021 across the five hotels was 48%
- Non-gaming revenue of HK\$1,272 million, up 121% year-on-year



STARWORLD MACAU

- Net Revenue of HK\$1,945 million, up 80% year-on-year
- Adjusted EBITDA of HK\$305 million, up 251% year-on-year
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$30 million in 1H 2021. Normalized Adjusted EBITDA was HK\$275 million, up 234% year-on-year
- Hotel occupancy for 1H 2021 was 69%
- Non-gaming revenue of HK\$88 million, up 42% year-on-year



BROADWAY MACAU™

- Net Revenue of HK\$29 million versus HK\$65 million in 1H 2020
- Adjusted EBITDA of HK\$(43) million versus HK\$(97) million in 1H 2020
- There was no luck impact on Adjusted EBITDA 1H 2021. Normalized Adjusted EBITDA was HK\$(43) million versus HK\$(96) million in 1H 2020
- Hotel occupancy for 1H 2021 was 9%
- Non-gaming revenue of HK\$29 million, down 31% year-on-year



FINANCIAL & OPERATIONAL HIGHLIGHTS

DEVELOPMENT UPDATE

- 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
- Target to open Raffles at Galaxy Macau, an exclusive 450 all-suite tower, as part of Cotai Phase 3 in early 2022, followed by the opening of Galaxy International Convention Center and Andaz Macau, and proceeding with the construction of Phase 4
- Greater Bay Area & Hengqin – Continue to pursue our Hengqin project as well as expand our focus by exploring potential opportunities within the rapidly expanding Greater Bay Area
- International – Continuously exploring opportunities in overseas markets, including Japan



FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

Key Financial Data

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

Gaming Statistics¹

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

Key Financial Metrics

	1H 2020	1H 2021
Net (Loss)/Profit Attributable To Shareholders (HK\$m)	(2,856)	947
(Loss)/Earnings Per Share (HK cents)	(65.9)	21.8
Total Assets (HK\$m)	93,660	91,806
Cash and Liquid Investments (HK\$m)	49,838	42,980
Debt (HK\$m)	6,175	11,412
Share Price on 30 June (HK\$)	52.75	62.15
Market Capitalization (HK\$m)	228,708	270,495

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 2020	1H 2021
Revenues:		
Net Gaming	3,260	5,954
Hotel/F&B/Others	373	557
Mall	202	715
Total Net Revenue	3,835	7,226
Adjusted EBITDA	(848)	1,688
Adjusted EBITDA Margin	NEG ⁵	23%

Gaming Statistics⁶

(HK\$'m)	1H 2020	1H 2021
Rolling Chip Volume ⁷	52,882	57,194
Win Rate %	4.2%	4.6%
Win	2,208	2,632
Mass Table Drop ⁸	6,786	15,100
Win Rate %	29.0%	28.1%
Win	1,966	4,238
Electronic Gaming Volume	4,945	6,680
Win Rate %	3.9%	4.1%
Win	192	276
Total GGR Win	4,366	7,146

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 2020	1H 2021
Revenues:		
Net Gaming	1,021	1,857
Hotel/F&B/Others	54	74
Mall	8	14
Total Net Revenue	1,083	1,945
Adjusted EBITDA	(202)	305
Adjusted EBITDA Margin	NEG ⁹	16%

星際酒店
StarWorld Hotel

Gaming Statistics¹⁰

(HK\$m)	1H 2020	1H 2021
Rolling Chip Volume ¹¹	19,725	25,809
Win Rate %	2.6%	3.2%
Win	511	833
Mass Table Drop ¹²	3,898	7,854
Win Rate %	19.5%	18.2%
Win	762	1,429
Electronic Gaming Volume	1,360	1,184
Win Rate %	2.2%	2.9%
Win	30	34
Total GGR Win	1,303	2,296

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 2020	1H 2021
Revenues:		
Net Gaming	23	0
Hotel/F&B/Others	32	16
Mall	10	13
Total Net Revenue	65	29
Adjusted EBITDA	(97)	(43)
Adjusted EBITDA Margin	NEG ¹³	NEG ¹³

Gaming Statistics¹⁴

(HK\$'m)	1H 2020	1H 2021
Mass Table Drop ¹⁵	114	NIL*
Win Rate %	17.9%	NIL*
Win	20	NIL*
Electronic Gaming Volume	294	16
Win Rate %	2.1%	4.0%
Win	6	1
Total GGR Win	26	1

* NIL represents tables closed during the period.

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 am pleased to take this opportunity to update you on the status of GEG's most recent financial results during the first half of 2021.

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

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

Chairman

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA



LETTER FROM THE CHAIRMAN

Moving onto our Q2 2021 performance, Group Net Revenue of HK\$5.6 billion improved relative to HK\$1.2 billion in Q2 2020 and HK\$5.1 billion in Q1 2021. Group Adjusted EBITDA of HK\$1.1 billion also grew versus the HK\$1.4 billion loss in Q2 2020 and was up 32% quarter-on-quarter. We are also pleased to report that our non-gaming performance improved in Q2 2021 due to a strong performance in retail which bodes well for the overall recovery prospects for Macau. Further, our performance was also supported by continued effective cost controls measures across the Group. Our balance sheet remains liquid and healthy. As of 30 June 2021, cash and liquid investments were HK\$43.0 billion and net cash was HK\$31.6 billion. Total debt was HK\$11.4 billion on 30 June 2021, including HK\$10.9 billion associated with our treasury yield enhancement program and HK\$0.5 billion of core debt. This provides us with valuable flexibility in managing operations and supporting our development initiatives. Given the ongoing impact of COVID-19, the Board of Directors has decided not to declare a dividend.

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

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

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

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

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

Dr. Lui Che Woo

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

Hong Kong, 12 August 2021

SELECTED MAJOR AWARDS

Award	Presenter
<p>GEG ESG Recognitions Ceremony 2021 – ESG Care Label 2021–2022</p>	<p>SocietyNext Foundation, UNESCO Hong Kong Association Glocal Peace Centre and Rotary Action Group for Peace Hong Kong & Macao Chapter</p>
<hr/>	
<p>GALAXY MACAU™ Michelin One-star – 8½ Otto e Mezzo BOMBANA – Lai Heen Michelin Plate – The Ritz-Carlton Café – Terrazza Italian Restaurant – Yamazato 2021 Particularly Pleasant Luxury Hotel – The Ritz-Carlton, Macau – Banyan Tree Macau 2021 Particularly Pleasant Top Class Comfort Hotel – Hotel Okura Macau</p>	<p>Michelin Guide Hong Kong and Macau 2021</p>
<hr/>	
<p>2021 Forbes Travel Guide Five-star Hotel – The Ritz-Carlton, Macau – Banyan Tree Macau 2021 Forbes Travel Guide Five-star Spa – The Ritz-Carlton Spa, Macau – Banyan Tree Spa Macau 2021 Forbes Travel Guide Five-star Restaurant – Lai Heen – Belon 2021 Forbes Travel Guide – Health Security VERIFIED™ – The Ritz-Carlton, Macau – Banyan Tree Macau – Hotel Okura Macau – Galaxy Hotel™</p>	<p>Forbes Travel Guide</p>

SELECTED MAJOR AWARDS

Award	Presenter
SCMP 100 Top Tables 2021 – 8½ Otto e Mezzo BOMBANA – Lai Heen – Yamazato	South China Morning Post
Nominated Restaurant – Terrazza Italian Restaurant – Café de Paris Monte-Carlo	Black Pearl Restaurant Guide 2021
Energy Saving Concept Award (Hotel Group) Hotel Group B (Excellence Award)	Macau Energy Saving Activity 2020
Best of the Best Awards Top 25 Hotels – China – The Ritz-Carlton, Macau (Rank 1) – Hotel Okura Macau (Rank 7) Best of the Best Awards Top 25 Hotels – World – The Ritz-Carlton, Macau (Rank 14) Travelers' Choice Winner 2021 – Banyan Tree Macau – JW Marriott Hotel Macau – Galaxy Hotel™	Tripadvisor
Quality Tourism Services Accreditation Scheme – First Class Restaurant – 8½ Otto e Mezzo BOMBANA – CHA BEI – Gosto – Fook Lam Moon – Lugang Café – Passion. by Gérard Dubois – Pak Loh Chiu Chow Restaurant – Terrazza Italian Restaurant – Tastes of Asia	Macau Tourism Board

SELECTED MAJOR AWARDS

Award	Presenter
Loved by Guests Award 2021 – The Ritz-Carlton, Macau – Banyan Tree Macau – Hotel Okura Macau – Galaxy Hotel™ – JW Marriott Hotel Macau	Hotels.com
Macao Green Hotel Award – Silver Award – Galaxy Hotel™	Environmental Protection Bureau (DSPA)
Green Key Award – Galaxy Hotel™	The Foundation for Environmental Education
Favorite Hotel and Resort (Macau) – Galaxy Macau™	GOtrip Travel Awards 2021
STARWORLD MACAU	
Michelin Two-star – Feng Wei Ju Top Class Comfort Hotel	Michelin Guide Hong Kong and Macau 2021
SCMP 100 Top Tables 2021 – Feng Wei Ju	South China Morning Post
One-diamond Restaurant	Black Pearl Restaurant Guide 2021
BROADWAY MACAU™	
Michelin Plate – Wong Kun Sio Kung	Michelin Guide Hong Kong and Macau 2021
Hotel Group B (Excellence Award)	Macau Energy Saving Activity 2020
Loved by Guests Award 2021	Hotels.com
Quality Tourism Services Accreditation Scheme – First Class Restaurant – Tsui Wah Restaurant at Broadway Macau™ – Ba Shan Spicy Noodles – Broadway Kitchen – Dragon Portuguese Cuisine – Du Hsiao Yueh – Fong Seng Lai Kei – Huo Gong Dian – Katong Corner – Tim Ho Wan, The Dim-Sum Specialists – Ving Kei Tao Fu Min Sek – Hang Heong Un – Wong Kun Sio Kung – Songhuahu Dumplings – 33 Xiao Long Bao – Lo Yau Gei Mei Sek	Macau Tourism Board

SELECTED MAJOR AWARDS

Award	Presenter
CONSTRUCTION MATERIALS DIVISION	
The 19th Hong Kong Occupational Safety & Health Award – Safety Performance Award (Other Industries) – Outstanding	Occupational Safety and Health Council
The 19th Hong Kong Occupational Safety & Health Award – Safety Management System Award (Other Industries) – Merit	
The 19th Hong Kong Occupational Safety & Health Award – Safety Management System Award – Best Workplace Infection Control Measures Award (Other Industries) – Merit	
Construction Industry Volunteer Award Scheme 2021 – Merit Award for Participation	Construction Industry Sports and Volunteering Programme
Top 20 of National Green High Quality Development Mines (K. Wah Materials (Huidong) Ltd.)	Zhongguancun Green Mine Industry Alliance Green Mine Science & Technology Awarding Office

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

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

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

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

REVIEW OF OPERATIONS

Group Financial Results

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

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

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



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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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Balance Sheet and Dividend

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

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

Group Key Financial Data

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

Gaming Statistics² (HK\$m)	1H 2020	1H 2021
Rolling Chip Volume ³	74,873	83,943
Win Rate %	3.7%	4.2%
Win	2,790	3,506
Mass Table Drop ⁴	11,971	24,465
Win Rate %	24.7%	24.2%
Win	2,953	5,910
Electronic Gaming Volume	8,485	8,996
Win Rate %	3.1%	3.7%
Win	263	333
Total GGR Win ⁵	6,006	9,749

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 2021 was \$7.2 billion, up 88% year-on-year. Adjusted EBITDA was \$1.7 billion versus \$(848) million in 1H 2020.

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

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

Galaxy Macau™ Key Financial Data

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

Gaming Statistics⁷					
(HK\$'m)	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Rolling Chip Volume ⁸	5,040	32,612	24,582	52,882	57,194
Win Rate %	4.9%	4.0%	5.4%	4.2%	4.6%
Win	246	1,301	1,331	2,208	2,632
Mass Table Drop ⁹	267	7,128	7,972	6,786	15,100
Win Rate %	25.6%	28.3%	27.8%	29.0%	28.1%
Win	69	2,019	2,219	1,966	4,238
Electronic Gaming Volume	463	3,167	3,513	4,945	6,680
Win Rate %	2.9%	3.2%	4.9%	3.9%	4.1%
Win	14	102	174	192	276
Total GGR Win	329	3,422	3,724	4,366	7,146

⁶ NEG represents negative margin.

⁷ Gaming statistics are presented before deducting commission and incentives.

⁸ Reflects junket rolling chip volume only.

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

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

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

Hotel occupancy was 69% for 1H 2021.

StarWorld Macau Key Financial Data

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

Gaming Statistics¹¹					
(HK\$m)	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Rolling Chip Volume ¹²	1,216	13,683	12,126	19,725	25,809
Win Rate %	4.9%	3.4%	3.0%	2.6%	3.2%
Win	60	470	363	511	833
Mass Table Drop ¹³	314	3,790	4,064	3,898	7,854
Win Rate %	11.9%	19.2%	17.3%	19.5%	18.2%
Win	37	727	702	762	1,429
Electronic Gaming Volume	211	520	664	1,360	1,184
Win Rate %	2.6%	3.5%	2.5%	2.2%	2.9%
Win	6	18	16	30	34
Total GGR Win	103	1,215	1,081	1,303	2,296

¹⁰ NEG represents negative margin.

¹¹ Gaming statistics are presented before deducting commission and incentives.

¹² Reflects junket rolling chip volume only.

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

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

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

Hotel occupancy was 9% for 1H 2021.

Broadway Macau™ Key Financial Data

(HK\$m)	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Revenues:					
Net Gaming	1	0	0	23	0
Hotel/F&B/Others	7	9	7	32	16
Mall	4	6	7	10	13
Total Net Revenue	12	15	14	65	29
Adjusted EBITDA	(52)	(23)	(20)	(97)	(43)
Adjusted EBITDA Margin	NEG ¹⁴	NEG ¹⁴	NEG ¹⁴	NEG ¹⁴	NEG¹⁴

Gaming Statistics¹⁵

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

* NIL represents tables closed during the period.

¹⁴ NEG represents negative margin.

¹⁵ Gaming statistics are presented before deducting commission and incentives.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

City Clubs

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

City Clubs Key Financial Data

(HK\$'m)	Q2 2020	Q1 2021	Q2 2021	1H 2020	1H 2021
Adjusted EBITDA	2	10	20	18	30

Gaming Statistics¹⁷

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

* NIL represents tables closed during the period.

CONSTRUCTION MATERIALS DIVISION

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

Hong Kong and Macau

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

Mainland China

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

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

¹⁷ Gaming statistics are presented before deducting commission and incentives.

¹⁸ Reflects junket rolling chip volume only.

¹⁹ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

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. We are proceeding with the development of Phases 3 & 4 and continue to review and refine plans to ensure a world-class optimal development. We see the premium market evolving with this segment preferring higher quality and more spacious rooms. Phases 3 & 4 combined will have approximately 3,000 high end and family rooms and villas, 400,000 square feet of MICE space, a 500,000 square feet 16,000-seat multi-purpose arena, F&B, retail and casinos, among others. We will try to maintain our development targets, however due to COVID-19, development timelines may be impacted. At this point we cannot quantify the impact but we will endeavor to maintain our schedule.

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

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



The latest photograph of Raffles at Galaxy Macau



Unveiling upgraded Crystal Lobby at Galaxy Macau™ adjacent to Raffles at Galaxy Macau



Galaxy International Convention Center, Galaxy Arena and Andaz Hotel towers

MANAGEMENT DISCUSSION AND ANALYSIS

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

Greater Bay Area/Hengqin

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

International

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

GROUP OUTLOOK

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

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

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

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

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

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

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in low risk fixed deposits as well as high quality debt securities issued by large financial institutions and corporations to generate low risk interest income for the Group. As at 30 June 2021, the debt securities were predominately denominated in the U.S. dollar with weighted average tenor of approximately 2 years and significant majority in investment grade rating. Debt securities investments are closely monitored by designated team with the help of international leading banks. The debt securities were classified as financial assets at amortized cost and their carrying amounts as at 30 June 2021 approximated their fair values. These debt securities were considered to be of low credit risk and the expected credit loss was minimal. As at 30 June 2021, none of the debt securities in any individual investee company held by the Group equaled or exceeded 5 per cent of the Group's total assets.

As at 30 June 2021, the Group invested \$18,994 million (\$21,226 million as at 31 December 2020) in debt securities and \$4,937 million in listed investment of Wynn Resorts, Limited ("Wynn Resorts") (\$4,549 million as at 31 December 2020). As at 30 June 2021, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.5% (4.8% as at 31 December 2020) of the issued share capital of Wynn Resorts. Investment cost was \$7,142 million. Principal businesses of Wynn Resorts are to develop and operate high end hotels and casinos and its shares are listed on the Nasdaq Stock Exchange (stock code: WYNN). This listed investment is denominated in the U.S. dollar. The directors of the Group considered that the closing price as at 30 June 2021 was the fair value of this listed investment. As of 30 June 2021, fair value of our investment in Wynn Resorts was \$4,937 million, representing 5.4% of the Group's total assets of \$91,806 million. The market value of Wynn Resorts as of 30 June 2021 and 31 December 2020, and the performance of the investment during the period ended 30 June 2021 and 30 June 2020 are as follows:

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

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

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

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

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

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, the U.S. dollar, Renminbi or in the local currencies of the operating subsidiaries. Forward foreign exchange contracts are utilized and borrowings in foreign currencies are arranged when suitable opportunities arise and when considered appropriate, to hedge against foreign exchange exposure, which are considered necessary for the Group's treasury management activities.

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

CHARGES ON GROUP ASSETS

No property, plant and equipment, leasehold land and land use rights was pledged to secure banking facilities (31 December 2020: nil). Bank deposits of \$352 million (31 December 2020: \$410 million) have been pledged to secure banking facilities.

GUARANTEES

GEG has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to \$6,970 million (31 December 2020: \$6,970 million). At 30 June 2021, facilities utilized by a subsidiary amounted to \$300 million (31 December 2020: HK\$300 million).

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group, excluding associated companies and joint ventures, employed approximately 18,000²⁰ employees in Hong Kong, Macau and Mainland China. Employee costs, excluding Directors' emoluments, amounted to \$3,070 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 integrated resorts, hospitality and gaming companies, GEG is committed to being a responsible and proactive member of the communities where we operate. Upholding our philosophy of "what is taken from the community is to be used for the good of the community", GEG makes a difference by fulfilling our corporate social responsibility and supporting the Macau Special Administrative Region ("SAR") Government on diversifying Macau's economy through the nurturing of Macau's future talents, promoting the horizontal and upward mobility of our team members, promoting responsible gaming, fostering social harmony, contributing to Macau's development of its arts, sports and cultural industries, and building an environmental friendly and sustainable Macau for our future generation.

To fulfill our mission to provide exceptional experiences to our guests, instill pride in our employees and to delight our stakeholders, in the first half of 2021, GEG supported and took part in various community, charity and volunteering activities.

CONTINUING TO FIGHT COVID-19

Since the start of the outbreak of COVID-19, GEG has been working relentlessly with the Macau SAR Government and the surrounding region on preventing the spread of the coronavirus. With the global rollout of vaccines and gradual return to life as normal, during the first half of this year, GEG continued to emphasize on COVID-19 prevention by continuing to abide by the Hong Kong and Macau SAR Governments' health policies and guidelines and supporting the Hong Kong and Macau SAR Governments' call to encourage GEG team members and their family members to get vaccinated by granting GEG team members a Special Vaccine Leave of up to two days for vaccines taken between 1 June and 30 September 2021 and collaborating with the Health Bureau of the Macau SAR Government on delivering COVID-19 Vaccine Information Seminars to our Macau team members in June and July 2021 so that they can make an informed decision. In addition, we also worked with the Health Bureau of the Macau SAR Government on the set-up of a COVID-19 Vaccination Point inside our Galaxy Macau™ property in June and July 2021, to provide GEG team members and their family members added convenience in taking their vaccinations. As well, GEG set up on-site nucleic acid testing facilities at Broadway Macau™ and StarWorld Macau since October 2020 and January 2021 respectively for Macau residents and tourists to take nucleic acid testing.

Meanwhile, GEG also continues to observe the pandemic prevention and control measures laid out by the Hong Kong and Macau SAR Governments, and shall remain committed to working with the wider community on continuing the fight against COVID-19 by taking all of the necessary precautions to protect our team members and customers, and encouraging more people to get vaccinated.

Last year, we also launched a number of initiatives to support the fight against COVID-19. These include donations totaling MOP100 million to support the various pandemic prevention and control works in Mainland China and Macau. In addition, GEG made a subscription of HK\$100 million of the SMEs themed COVID-19 Impact Alleviation Social Bonds. Furthermore, we also donated one million face masks, financially contributed to the deep cleaning of 35 schools in Macau, provided numerous food and hygiene hampers to the needy, and provided support to the broader community, among others.

TEAM MEMBER ENGAGEMENT

Determined to be the employer of choice, GEG strives to create an engaging and comfortable workplace for our team members. Paying attention to the needs and aspirations of our team members, GEG provides many career development opportunities and organizes a variety of recreational activities to enhance our team members' work-life balance.

In May 2021, GEG celebrated the tenth anniversary of Galaxy Macau™ by launching a series of activities to celebrate with our team members. Aside from inviting our team members' family members for a family tour to introduce the operations and working environments of the back-of-house areas of Galaxy Macau™, GEG organized a series of photo competitions, appreciation events, anniversary feasts, and games for our team members and their family members to enjoy.

CORPORATE SOCIAL RESPONSIBILITY

Acknowledging that a key to our success lies in the contribution, dedication and loyalty of our team members, GEG also thanked our team members for their valuable contributions by hosting multiple “Long Service Awards Presentation” ceremonies where 10 Years’ and 15 Years’ certificates, decorative pins, and appreciation gifts were presented to close to 5,000 team members who have been with GEG for ten years or more.

Continuing to promote team building and family bonding, in the first half of 2021, the Group’s Team Member Services and the GEG Staff Social Club organized various sports and recreational activities that attracted close to 60,200 participations by GEG team members and their family members.



GEG organized family tours to introduce the back-of-house operations of Galaxy Macau™ to team members’ families, which were participated by more than 200 team members and their family members.



GEG hosted “Long Service Awards Presentation” ceremonies for almost 5,000 team members who have been working at GEG for ten years or more.

TALENT MANAGEMENT

GEG fully supports our team members in their development and sees it as a differentiating factor in helping us attract, retain and prepare our team members for their personal and professional success. To help our team members reach their full potential, we work closely with different business units and leading educational institutions on designing development and training initiatives that engage our team members and supports GEG on promoting our mission, vision and core values.

To facilitate team members’ upward and horizontal mobility, this year, GEG launched the voluntary IR-LEAD Career Diversification Program to help expand the skills-set of our gaming team members and provide them with cross-departmental working experiences. Through the combination of training and on-the-job practices, the participants received intensive training in areas such as hospitality, food and beverage, housekeeping, transportation, and environmental services. As well, the participants will also receive GEG’s sponsorship on their enrollment to professional certificate programs offered by the Macao Institute for Tourism Studies and was guided by department heads or experienced team members who acted as their mentors. Through this program, GEG hopes to cultivate more in-house talents for our new development projects in Cotai, equip our gaming team members with added skills needed to excel in the integrated resort industry, and provide gaming team members with additional opportunities to explore their talents and career interests.

In the first half of 2021, GEG organized 636 training programs and delivered over 413,300 hours of in-class, online, and on-the-job training to over 17,300 team members.

CORPORATE SOCIAL RESPONSIBILITY



Multi-day roadshows were held in the back-of-house areas of Galaxy Macau™ and StarWorld Macau to introduce team members to IR-LEAD.



As part of the IR-LEAD open day, team members visited different departments to learn about their work environments and daily operations.

SOCIAL RESPONSIBILITY

Responsible Gaming

GEG was the first gaming concessionaire in Macau to establish a dedicated responsible gaming team, and continues to promote 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 Studies of Commercial Gaming of University of Macau, the Centre for Gaming and Tourism Studies of Macao Polytechnic Institute, other local gaming operators in Macau and various non-government associations on instilling the concept of rational gambling among team members and the community. In the first half of 2021, GEG:

- Co-organized a “Know More About Festive Gambling Myth” Roadshow and “Chinese New Year Parent-Child Lantern Festival Activity” with The Youth Volunteer Association of Macao (“AJVM”) to promote responsible gaming to GEG team members and the community respectively, during the Chinese New Year;
- Co-organized the “Relaxation Workshop for Working Women” in collaboration with the Macao Catholic Family Advisory Council and AJVM to share stress management tips with GEG’s female team members;
- Sponsored the “Discover the Mystery” puzzle-escape room exercise organized by the Bosco Youth Service Network to teach teenagers responsible behavioral concepts related to responsible gaming;
- Delivered the annual Responsible Gaming Committee Training Program with the Institute for the Studies of Commercial Gaming of University of Macau and Sheng Kung Hui Macau Social Services Coordination Office; and
- Sponsored the “Stay Rational When Having Fun” campaign organized by the Macao Gaming Industry Employees Home Integrated Services Centre during the UEFA European Championship during which a series of activities with themed comics were introduced in roadshows, social media promotions and outreach activities aimed at raising team members and public awareness on the myths of soccer betting.

CORPORATE SOCIAL RESPONSIBILITY

In addition, GEG continues to remain committed to maintaining a properly regulated environment for our customers to enjoy legalized gambling as a recreational activity while minimizing their gambling-related damages. To uphold our principle of responsible gaming at every major customer experience touch point, GEG:

- Erects signage with entry restrictions and other related regulations at all GEG casino entrances;
- Prohibits persons under the age of 21 from entering all GEG casinos;
- Provides responsible gaming pamphlets at all GEG casinos;
- Places stickers on all slot machines to promote responsible gaming and hotline information;
- Displays the 24-hour Gambling Counseling Hotline on the screensavers of all ATMs at all GEG properties;
- Includes responsible gaming messages in all gaming-related promotional pamphlets;
- Provides casino exclusion application forms on all GEG casino floors;
- Installs a Responsible Gaming Kiosk or Station at every GEG casino; and
- Plays a responsible gaming promotional video in all smoking rooms within GEG casinos.



GEG launched a series of responsible gaming promotional activities in collaboration with local non-governmental associations as well as offered trainings with academic professionals to deepen responsible gaming awareness among GEG team members and the community.

CORPORATE SOCIAL RESPONSIBILITY

Galaxy Entertainment Group Foundation

Through its corporate social responsibilities initiatives, GEG believes in helping to develop and grow the community for the betterment of our next generation. In April 2015, GEG established the Galaxy Entertainment Group Foundation (“the Foundation”) to give back 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.

Continuing with the GEG Parenting Education Scheme that was initiated by the Foundation back in 2018, parenting skills training for GEG team members continued to be held for the third consecutive year. The scheme was further expanded this year with a newly-launched training module developed for parents of adolescents between the ages of 10 and 14. This new course enabled participants to learn how to enhance parenting skills needed to communicate and manage adolescent behaviors and strengthen their family bonds.

The GEG Chinese Music Promotion Scheme brought a selection of musical performances by the Macao Chinese Orchestra to the community during the first half of 2021. As a “Special Art Partner” for the orchestra’s 2020–2021 season, the family musical theatre concert “Musical Magic Wand Prequel” was performed at the Broadway Theatre in June 2021, introducing Chinese music to a young audience, and for them to learn more about Chinese musical instruments. The Foundation also participated in the 31st Macao Arts Festival as venue sponsor for the “Dialogue Between the East and the West” concert in May 2021, also at the Broadway Theatre. As a special extension programme to the concert, the Foundation invited more than 200 young musicians from seven local Chinese school orchestras to attend a rare “behind-the-scenes” rehearsal session the day before the concert. Separately, the Foundation co-organized a talk on Cantonese Naamyam, as an extension programme of the Naamyam concert by the Macao Chinese Orchestra at the Mandarin’s House in April 2021, joining the orchestra in our continuing efforts to promote Macau’s intangible cultural heritage.

Due to the success of the pilot project which started in 2016, the GEG Chinese Literacy Development Scheme had begun its second phase in 2020 for another three years, aimed at supporting children, parents and schools on Chinese language development for kindergarten-aged children. Collaborating with the University of Saint Joseph’s Bishop Domingos Lam Centre for Research in Education, basic teacher trainings and the first of several advanced training were successfully held at the University of Saint Joseph in the first half year of 2021 for teachers from participating kindergartens to learn about small group interventions. Over 100 teachers were also taught the screening process to identify kindergarten students who may be at risk of a delay in Chinese language acquisition; children identified through the process will then be invited to participate in small group intervention. Additionally, the project team held parents’ seminars for parents of children attending the six participating kindergartens, introducing them to the appropriate developmental language level expected for their children’s age, as well as methods on how parents, in everyday life, can also be involved in helping their child grasp language concepts and improve their language skills.

The GEG Sign Bilingualism Co-enrolment Pilot Scheme is welcoming its first graduating class of kindergarten in summer 2021. Launched in 2018, the scheme enrolls hearing-impaired children at one nursery and one kindergarten in Macau, in inclusive classrooms taught by a teacher and a deaf teaching assistant, enabling hearing-impaired and hearing children to learn together with both spoken and sign languages. In the academic year of 2020/2021, 17 hearing-impaired children were enrolled in the scheme, two in the nursery and 15 in the kindergarten (five children each in K1, K2 and K3). The five hearing-impaired children who first enrolled in the scheme in 2018 will be completing kindergarten in July 2021, marking a milestone for both the children and the pilot scheme.

CORPORATE SOCIAL RESPONSIBILITY

The Foundation launched the GEG Cultural & Academic Fund in March 2021 to support the Instituto Português do Oriente (Portuguese Institute of the Orient, or “IPOR”) in organizing activities to promote Portuguese language and culture in Macau. The scheme aims to deepen the cultural exchanges between Macau and Portuguese-speaking countries, cultivate talents for the related fields, highlight Macau’s unique advantage as the bridge between China and Portuguese-speaking countries, and to better align Macau with the overall development plans of the nation. “Letras & Companhia”, or “Alphabets and Friends”, was the first programme launched under the fund. Taken place in April 2021, the festival, under the direction of IPOR, attracted more than 5,000 participants and through the many activities, promoted the Portuguese language, culture and literature to children and people of all age groups, and helped promote the integration of Macau’s Chinese and Portuguese communities.



“Alphabets & Friends’ – Feet on Earth and Head in the Air” literary and cultural festival, was the first initiative under the GEG Cultural & Academic Fund.



Young musicians attended a rare “behind-the-scenes” rehearsal session the day before “Dialogue Between the East and the West” concert.

COMMUNITY ACTIVITIES

Following the philosophy of “what is taken from the community is to be used for the good of the community”, GEG believes that we can make a difference by making a commitment to serve our community. As a platform for our team members to remain active in the community, build friendships, strengthen team spirits and reinforce their parent-child relationships, the GEG Volunteer Team organizes many activities to promote volunteerism, educate children on the value of community involvement, and build a more inclusive and harmonious society.

To help our volunteers better serve the community and understand the needs of different people, we launched the GEG Volunteer Team “Empathy in Action Training Program” this year to provide our volunteers with a series of training and simulation activities so that they can experience the difficulties faced by people with different special needs and be inspired to help them. As a kick-off event, a blindfold lunch was held in March 2021 during which our volunteers enjoyed a blindfolded meal under the guidance of staff from the Rehabilitation Centre for the Blind of the Macau Holy House of Mercy, followed by knowledge sharing on the daily challenges faced by people with visual impairments, tools to assist visually impaired persons, and information regarding the Convention on the Rights of Persons with Disabilities of the United Nations.

During the first half of 2021, GEG provided more than 330 GEG team members and their family members with the opportunity to participate in volunteering activities that extended help to more than 1,800 underprivileged individuals and families in need.

CORPORATE SOCIAL RESPONSIBILITY



GEG volunteers took part in a blindness simulation activity as part of the new GEG Volunteer Team “Empathy in Action Training Program”.



GEG volunteers joined families from the Macau Down Syndrome Association for a nature walk at the Hac Sa Reservoir Fitness Trail.

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.

Under the coordination of the Liaison Office of the Central People’s Government in the Macau SAR, on 21 July 2021, GEG announced the donation of MOP10 million to Henan Province through the Foundation to help support the emergency response and relief efforts in Henan Province, which was heavily flooded by record-breaking rainfall. Through this donation, GEG hopes to express our sympathy to the people affected by the disaster, pay tribute to the rescue workers and frontline staff, and support the people in Henan Province on the recovery.



Mr. Philip Cheng, Director of Galaxy Casino, S.A. (3rd from right), presented a MOP300,000 cheque to Macau Holy House of Mercy in support of the charity’s Welfare Shop Program. This is the 9th consecutive year that GEG supports the program.



In June 2021, GEG’s flagship property, StarWorld Macau donated over 1,200 kilograms of food and groceries to Caritas Macau to alleviate the basic food needs of underprivileged people affected by the pandemic. Ms. Eileen Lui, Group Director of Human Resources and Administration of GEG (right); and Mr. Andy Lee, Deputy Director of Operations of StarWorld Macau (left) represented StarWorld Macau in donating the collected food supplies to Mr. Paul Pun, Secretary-general of Caritas Macau (middle).

CORPORATE SOCIAL RESPONSIBILITY

SPORTS DEVELOPMENT

Sharing our responsibility in helping Macau become a “World Centre of Tourism and Leisure”, GEG works closely with the Macau SAR Government and Macau’s community on enhancing the scale and quality of Macau’s sports and community events.

Since COVID-19 is still affecting many countries globally, this year’s “FIVB Women’s Volleyball Nations League – Macau” remained cancelled. Locally however, the Sports Bureau of the Macau SAR Government and the Dragon Boat Association of Macao, China was able to organize the “2021 Macau International Dragon Boat Races”, of which GEG proactively supported by sending four dragon boat teams to take part in.



In celebration of International Women’s Day, GEG’s female team members took part in the “2021 Macao Women Sports Carnival” co-organized by The Women’s General Association of Macau and the Sports Bureau of the Macau SAR Government.



To promote diversity, inclusion and social harmony, the GEG Soccer Team participated in the “2021 Charity Soccer Tournament” organized by the Macao Special Olympics and took home the champion title.

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 2021, GEG:

- Recruited 33 students, including six students from special education needs institutes, to the GEG Internship Program;
- Title-sponsored the GEG Macau Cup – Youth National Education Competition for the 13th consecutive year with over 100,000 participants attracted so far;
- Arranged team members for a visit to two exhibitions celebrating the 100th Anniversary of the Founding of the Communist Party of China;
- Arranged team members for a visit to the National Security Education Exhibition at the Complex of Commerce and Trade Co-operation Platform for China and Portuguese-speaking Countries;
- Hosted a sharing session on “Two Sessions” and invited Macau delegates of the National People’s Congress and the Chinese People’s Political Consultative Conference to share their insights of the “Two Sessions” with a total of 200 GEG senior executives; and
- Invited GEG team members and GEG Youth Achievement Program participants for a visit to the “Base of the Education of Love for the Motherland and for Macau for Young People”.

CORPORATE SOCIAL RESPONSIBILITY



Believing that “education engenders a strong country”, GEG took participants of the GEG Youth Achievement Program to the “Base of the Education of Love for the Motherland and for Macau for Young People” in hopes of deepening their understanding of China’s history and culture and China and Macau’s development.



To give students insight into the daily operations and developments of large-scale integrated resorts, in May 2021, GEG invited students from the Lui Che Woo College of the University of Macau and students from the Faculty of International Tourism and Management of City University of Macau for a tour of our Galaxy Macau™ property.

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Committed to our duty to protect the environment and build a greener world for future generations to enjoy, GEG continues to conduct our business in an environmentally responsible manner by constantly monitoring our environmental performance and reviewing the measures that we implement to reduce our environmental impacts. In the first half of 2021, GEG:

- Obtained the Green Key award for Galaxy Hotel™;
- Obtained “Macao Green Hotel Award – Silver Award” for Galaxy Hotel™;
- Joined WWF’s “Earth Hour” for the 13th consecutive year, and the monthly “Lights Out” activity on the first Tuesday of each month;
- Participated in the “Red Packet Recycling Campaign” organized by the Environmental Protection Bureau of the Macau SAR Government; and
- Celebrated “World Water Day” by organizing a “Fruit Planting Workshop” for team members at the back-of-house at Galaxy Macau™ and inviting team members for a visit to the Taipa Sewage Treatment Plant.

In addition, the Group continued to strive for improvements to our energy and water efficiency, conserve resources and to reduce waste by:

- Beginning the recycling of coffee capsules at Galaxy Macau™ and Broadway Macau™;
- Launching an Environmental Assessment Program at Galaxy Macau™ and Broadway Macau™ to help identify additional waste reduction and recycling opportunities in our hotels;
- Initiating enhancement works on the green walls in the front-of-house areas at Galaxy Macau™ and StarWorld Macau;

CORPORATE SOCIAL RESPONSIBILITY

- Organizing an ISO 50001 and ISO 14001 Energy and Environmental Management System Internal Auditor Training to help relevant team members build on their skillset and awareness for energy and environmental matters;
- Optimizing the smoking room exhaust systems and production kitchen exhaust systems at Galaxy Macau™ and Broadway Macau™;
- Recommissioning the central air system at Galaxy Hotel™;
- Optimizing the central air system at Hotel Okura Macau and Banyan Tree Hotel Macau;
- Performing analytics on the chiller plant system at Galaxy Macau™ and Broadway Macau™ to further optimize chiller sequencing;
- Continuing to work on strengthening the recycling and food waste management program across all properties;
- Continuing to work with Macau Coca-Cola Beverage Co., Ltd on the recycled PET (rPET) water bottle recycling program;
- Replacing LED lights in hotel guest rooms across all properties;
- Reducing lighting levels on external signage across all properties;
- Installing motion sensors on lighting in multiple back-of-house offices and underground car parks across all properties;
- Recycling grey water from the swimming pool at StarWorld Macau for basement carpark cleaning;
- Replacing the chiller plant with new high efficiency variable speed drive chillers at StarWorld Macau;
- Replacing the façade blue cold cathode tubes with energy saving LED RGB lights at StarWorld Macau;
- Continuing to raise internal awareness by sending monthly Environmental and Energy Conservation Ideas and Reminders and quarterly Sustainability Newsletters to team members; and
- Continuing to build upon existing initiatives including using water flow restrictors, placing signage to encourage team members and guests to conserve and use less water by reducing the frequency of linen and towel changes, among others.

GEG has a comprehensive recycling program in place at all our properties. Aside from having to suspend the food waste recycling and decomposing program at Galaxy Macau™ and StarWorld Macau since early 2020 as a preventive measure against COVID-19, during the first half of 2021, GEG continued to recycle approximately 340.6 tons of cardboard and paper materials, 19.6 tons of plastics, 9.2 tons of metals, 20.4 tons of glass bottles, 23.7 tons of waste oil, and 0.9 tons of printer cartilages. Furthermore, when compared to the first half of 2016 baseline, GEG saved 30,891,720 kWh of energy and 708,171 m³ of water at our properties during the first half of this year.

CORPORATE SOCIAL RESPONSIBILITY

CONSTRUCTION MATERIALS DIVISION

Corporate Social Responsibility

The first half of 2021 remained a challenging period with COVID-19 pandemic not abating soon. Our Construction Materials Division ("CMD") continues to take preventive measures against the pandemic and spared no effort to support the community. Preventive measures such as mask-wearing, social distancing and vaccination remain our top priority to fight against the spread of COVID-19. CMD continues to donate anti-pandemic packs to the communities in need.

CMD continues to sponsor the 5-year education fund in Zhaotong, which aims to improve the learning environment for underprivileged undergraduates and secondary school students in Yunnan Province.



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

Health, Safety and Environmental Protection

CMD values harmonious and caring workplace and the well-being of its employees by organizing various caring activities. CMD's Social Club has organized a variety of activities such as Perfume & Leather Workshop, Plum Wine Workshop, Summer Ice Cream Day and celebrating various festivals such as Lunar New Year, Valentine's Day, Women's Day, Mother's Day, Father's Day and Dragon Boat Festival to cultivate an enjoyable working environment.

Mitigating CMD's carbon footprints and decarbonizing its operation are key priorities to fight climate change and reduce carbon footprints. To improve energy efficiency, CMD's Head Office has started to replace T5 fluorescent tubes by T5 LED tubes. In addition, CMD is decarbonizing its operation by switching to renewable energy sources or those of lower greenhouse gas emissions. In early 2021, CMD has installed 500 solar panels at its Hong Kong EcoPark site with capacity to generate 240,000 kWh of electricity per year. CMD's Qianan plant is switching from using coals to natural gas. Those are the measures CMD is taking to combat the climate change.



Solar panels at Hong Kong EcoPark site.

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 42 to 67, which comprises the condensed consolidated balance sheet of Galaxy Entertainment Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2021 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, 12 August 2021

PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong

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CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue (Note)	5	10,660,577	6,222,665
Other income/gains, net	7(a)	553,138	326,082
Special gaming tax and other related taxes to the Macau Government		(3,791,059)	(2,315,300)
Raw materials and consumables used		(718,976)	(500,915)
Amortisation and depreciation	7(b)	(1,158,093)	(1,597,503)
Employee benefit expenses		(3,114,558)	(3,681,118)
Other operating expenses	7(c)	(1,584,075)	(1,368,490)
Finance costs	8	(28,958)	(16,128)
Share of profits less losses of:			
Joint ventures		191,778	199,842
Associated companies		(13)	79
Profit/(loss) before taxation	7(b)	1,009,761	(2,730,786)
Taxation charge	9	(49,527)	(71,769)
Profit/(loss) for the period		960,234	(2,802,555)
Attributable to:			
Equity holders of the Company		947,133	(2,856,181)
Non-controlling interests		13,101	53,626
		960,234	(2,802,555)
Earnings/(loss) per share	11	HK cents	HK cents
Basic		21.8	(65.9)
Diluted		21.7	(65.9)
Note: Analysis of revenue		HK\$'000	HK\$'000
Gross revenue from gaming operations		9,476,185	5,714,749
Commission and incentives		(1,635,318)	(1,393,132)
Net revenue from gaming operations		7,840,867	4,321,617
Revenue from hotel, mall operations and others		1,388,589	678,841
Sales of construction materials		1,431,121	1,222,207
		10,660,577	6,222,665

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2021

	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) for the period	960,234	(2,802,555)
Other comprehensive income/(loss)		
Items that will not be subsequently reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	448,343	(2,646,798)
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	5,191	(47,187)
Share of translation differences of joint ventures	20,386	(26,293)
Other comprehensive income/(loss) for the period, net of tax	473,920	(2,720,278)
Total comprehensive income/(loss) for the period	1,434,154	(5,522,833)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	1,416,565	(5,572,472)
Non-controlling interests	17,589	49,639
	1,434,154	(5,522,833)

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2021

	Note	30 June 2021 HK\$'000	31 December 2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	38,527,031	36,209,638
Right-of-use assets	12	4,776,502	4,838,991
Intangible assets	12	259,379	357,204
Joint ventures		2,115,463	1,954,136
Associated companies		2,297	2,310
Financial assets at amortised cost	13	14,087,186	18,753,138
Financial assets at fair value through other comprehensive income	14	5,801,049	5,371,458
Long-term bank deposits		–	4,450,079
Other non-current assets	15	107,051	329,745
		65,675,958	72,266,699
Current assets			
Inventories		196,212	201,716
Debtors and prepayments	16	1,657,185	1,740,568
Amounts due from joint ventures		177,240	162,720
Taxation recoverable		40,328	41,476
Current portion of financial assets at amortised cost	13	4,907,287	2,473,234
Cash and cash equivalents and other bank deposits		19,152,040	15,840,366
		26,130,292	20,460,080
Total assets		91,806,250	92,726,779

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2021

	Note	30 June 2021 HK\$'000	31 December 2020 HK\$'000
EQUITY			
Share capital and shares held for share award scheme	17	23,301,360	22,808,468
Reserves		46,000,904	44,615,313
Equity attributable to owners of the Company		69,302,264	67,423,781
Non-controlling interests		623,490	613,401
Total equity		69,925,754	68,037,182
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		217,432	207,953
Lease liabilities		292,270	296,773
Retention payable		484,486	181,092
Non-current deposits and other payables		195,090	116,424
		1,189,278	802,242
Current liabilities			
Creditors and accruals	19	9,174,216	14,542,294
Amounts due to joint ventures		2,109	625
Current portion of lease liabilities		34,774	48,116
Borrowings	18	11,412,280	9,233,014
Provision for tax		67,839	63,306
		20,691,218	23,887,355
Total liabilities		21,880,496	24,689,597
Total equity and liabilities		91,806,250	92,726,779
Net current assets/(liabilities)		5,439,074	(3,427,275)
Total assets less current liabilities		71,115,032	68,839,424

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2021

	2021 HK\$'000	2020 HK\$'000
Net cash used in operating activities	(3,174,451)	(1,823,246)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,193,138)	(2,506,168)
Purchase of intangible assets	(15,042)	(17,899)
Proceeds from disposal of property, plant and equipment	4,312	3,413
Decrease/(increase) in advances to joint ventures	5,619	(21,669)
Decrease in deferred receivable	2,385	771
Decrease in finance lease receivable	12,775	9,431
Purchase of financial assets	(383,429)	(990,517)
Proceeds from redemption/disposal of financial assets	2,615,328	3,110,881
Interest received	389,942	542,933
Decrease in bank deposits with maturity over three months and short-term pledged bank deposits	575,153	3,865,068
Dividends received from joint ventures	50,817	277,955
Dividends received from listed and unlisted investments	-	30,725
Net cash from investing activities	64,722	4,304,924
Cash flows from financing activities		
Issue of new shares	385,482	62,683
New bank loans	7,650,000	7,185,405
Repayment of bank loans	(5,459,408)	(1,559,081)
Principal elements of lease payments	(26,402)	(24,194)
Dividends paid to non-controlling interests	(7,500)	(5,000)
Dividends paid to shareholders	-	(1,950,596)
Net cash from financing activities	2,542,172	3,709,217
Net (decrease)/increase in cash and cash equivalents from 1 January to 30 June	(567,557)	6,190,895
Cash and cash equivalents at 1 January	14,907,498	6,248,151
Translation differences	4,305	(2,707)
Cash and cash equivalents at 30 June	14,344,246	12,436,339
Analysis of cash and cash equivalents		
Cash and other bank deposits	19,048,781	16,988,279
Other cash equivalents	103,259	245
Cash and cash equivalents and other bank deposits	19,152,040	16,988,524
Less: short-term bank deposits with maturity over three months and short-term pledged bank deposits	(4,807,794)	(4,552,185)
Cash and cash equivalents at 30 June	14,344,246	12,436,339

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2021

	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 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
At 1 January 2021	22,808,488	(20)	44,615,313	67,423,781	613,401	68,037,182
Comprehensive income						
Profit for the period	-	-	947,133	947,133	13,101	960,234
Other comprehensive income						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	448,343	448,343	-	448,343
Translation differences of subsidiaries	-	-	3,456	3,456	1,735	5,191
Share of translation differences of joint ventures	-	-	17,633	17,633	2,753	20,386
Total other comprehensive income, net of tax	-	-	469,432	469,432	4,488	473,920
Total comprehensive income for the period	-	-	1,416,565	1,416,565	17,589	1,434,154
Transactions with equity holders						
Dividends paid to non-controlling interests	-	-	-	-	(7,500)	(7,500)
Shares vested pursuant to share award scheme	57	-	(57)	-	-	-
Issue of shares upon exercise of share options	492,835	-	(107,353)	385,482	-	385,482
Fair value of share options granted	-	-	47,533	47,533	-	47,533
Fair value of share awards granted	-	-	28,903	28,903	-	28,903
At 30 June 2021	23,301,380	(20)	46,000,904	69,302,264	623,490	69,925,754

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 2020 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2021 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

The interim financial information has been approved for issue by the Board of Directors on 12 August 2021.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities, which are carried at fair values. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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 2020, except as described below:

(a) The adoption of amended standards

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

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

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

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

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

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

New standard and amendments		Effective for accounting periods beginning on or after
AG5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 (Amendment)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendment)	Reference to the Conceptual Framework	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contracts	1 January 2023
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Annual Improvements to HKFRSs 2018 – 2020 Cycle		1 January 2022
HKAS 41 (Amendment)	Agriculture	
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards	
HKFRS 9 (Amendment)	Financial Instruments	
HKFRS 16 (Amendment)	Leases	

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

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 2020.

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 2020. There have been no changes in the financial risk management objectives and policies of the Group since 2020 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).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2021 and 31 December 2020.

	Level 1	Level 2	Level 3	Total
At 30 June 2021	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets				
Financial assets at fair value through other comprehensive income				
– Equity securities	5,783,687	–	17,362	5,801,049
Total	5,783,687	–	17,362	5,801,049

At 31 December 2020

Assets

Financial assets at fair value through other comprehensive income

– Equity securities	5,354,502	–	16,956	5,371,458
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Total	5,354,502	–	16,956	5,371,458
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NOTES TO THE INTERIM FINANCIAL INFORMATION

4. FINANCIAL RISK MANAGEMENT (Continued)**4.1 Fair value estimation (Continued)**

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.

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 2021 and 30 June 2020.

	Financial assets at fair value through other comprehensive income	
	2021 HK\$'000	2020 HK\$'000
At beginning of the period	16,956	23,315
Gain/(loss) recognised in other comprehensive income	406	(247)
At end of the period	17,362	23,068
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:

	2021 HK\$'000	2020 HK\$'000
Gaming operations		
Net gaming wins	9,442,543	5,695,066
Contributions from City Club Casinos (note a)	25,081	12,598
Tips received and administrative fees	8,561	7,085
Gross revenue from gaming operations	9,476,185	5,714,749
Less: Commission and incentives	(1,635,318)	(1,393,132)
Net revenue from gaming operations	7,840,867	4,321,617
Revenue from hotel, mall operations and others (note b)	1,388,589	678,841
Sales of construction materials	1,431,121	1,222,207
	10,660,577	6,222,665

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 2021, the Group is entitled to HK\$25,081,000 (2020: HK\$12,598,000), which is calculated by reference to various rates on the net gaming wins. Special gaming tax and other related taxes to the Macau Government, and all relevant operating and administrative expenses relating to the operations of the City Club Casinos are not recognised as expenses of the Group in the interim financial information.

- (b) Revenue from hotel, mall operations and others includes rental income amounted to approximately HK\$742 million (2020: HK\$220 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 earnings/(loss) before interest, tax, depreciation, amortisation and certain items (the "Adjusted EBITDA"). This measurement basis of Adjusted EBITDA excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, donation and sponsorship, loss on disposal and write-off of certain property, plant and equipment, and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes taxation of joint ventures and associated companies, the effects of share option expenses and share award expenses.

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

The reportable segments derive their revenue from the operations in casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials in Hong Kong, Macau and Mainland China.

There are no sales or trading transaction between the operating segments.

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 2021				
Reportable segment revenue	9,486,905	1,431,121	-	10,918,026
Adjusted for:				
City Club Casinos arrangement set out in note 5				
Revenue not recognised	(287,934)	-	-	(287,934)
Contributions	25,081	-	-	25,081
Others	5,404	-	-	5,404
Revenue recognised under HKFRS	9,229,456	1,431,121	-	10,660,577
Adjusted EBITDA including share of results of joint ventures and associated companies	1,610,587	445,223	(64,366)	1,991,444
Interest income and gross earnings on finance lease				452,287
Amortisation and depreciation				(1,158,093)
Finance costs				(28,958)
Taxation charge				(49,527)
Adjusted items:				
Taxation of joint ventures and associated companies				(53,645)
Pre-opening expenses				(88,687)
Loss on disposal and write-off of certain property, plant and equipment				(12,169)
Share option expenses				(47,533)
Share award expenses				(28,903)
Donation and sponsorship				(29,516)
Others				13,534
Profit for the period				960,234
Share of results of joint ventures and associated companies	4,819	186,946	-	191,765

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)
Foreign exchange loss				(205,380)
Others				4,199
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

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

	2021 HK\$'000	2020 HK\$'000
(a) Other income/gains, net		
Interest income		
Bank deposits	169,460	248,211
Loans to joint ventures	1,081	49
Deferred receivable	374	452
Financial assets at amortised cost	281,197	387,557
Dividend income from unlisted investments	–	2,500
Dividend income from listed investments	–	28,225
Gross earnings on finance lease	175	275
Loss on disposal and write-off of property, plant and equipment	(15,939)	(156,501)
Foreign exchange gain/(loss)	76,686	(205,380)
Others	40,104	20,694
	553,138	326,082
(b) Profit/(loss) before taxation is stated after charging		
Depreciation		
Property, plant and equipment	979,063	1,415,780
Right-of-use assets	65,387	70,471
Amortisation		
Gaming licence	52,732	53,023
Computer software	16,154	13,532
Reacquired right	43,963	43,963
Quarry site development	794	734
(c) Other operating expenses		
Utilities and rentals	334,021	358,247
Advertising and promotion	278,821	114,678
Repair and maintenance	213,309	226,298
Operating supplies and consumables	149,458	93,554
Food and beverage costs	84,351	49,654
Other support services	69,333	81,725
Distribution costs	115,247	83,981
Subcontracting charges	35,379	30,679
(Reversal of provision)/provision for loss allowance, net	(44,184)	113,145
Other expenses	348,340	216,529
	1,584,075	1,368,490

NOTES TO THE INTERIM FINANCIAL INFORMATION

8. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest expenses		
Bank loans and overdrafts	37,858	35,608
Lease liabilities	7,581	7,836
Other borrowing costs	1,800	2,030
	47,239	45,474
Amount capitalised in assets under construction	(18,281)	(29,346)
	28,958	16,128

9. TAXATION CHARGE

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

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the period after setting off available taxation losses brought forward. Taxation assessable on profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the areas in which those profits arose, and these rates range from 12% to 25% (2020: 12% to 25%). The weighted average applicable tax rate was 12% (2020: 12%).
- (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

	2021 HK\$'000	2020 HK\$'000
First special dividend paid of HK\$ nil (2020: HK\$0.45) per ordinary share	–	1,950,596

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

11. EARNINGS/(LOSS) PER SHARE

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

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the period ended 30 June 2021, the Company has two categories of dilutive potential ordinary shares: share options and share awards. For the share options, a calculation was done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below was compared with the number of shares that would have been issued from the share options and the share awards, the dilutive effect of the share award scheme was assumed if the awarded shares were issued by new shares, which was yet to be determined. For the period ended 30 June 2020, the diluted loss per share equals to the basic loss per share since the conversion of the outstanding share options and share awards would not have a dilutive effect on the loss per share.

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

	2021 HK\$'000	2020 HK\$'000
Profit/(loss) attributable to equity holders of the Company	947,133	(2,856,181)

	Number of shares	
	2021	2020
Weighted average number of shares for calculating basic earnings/(loss) per share	4,349,893,221	4,335,195,676
Effect of dilutive potential ordinary shares		
Share options	13,365,669	–
Share awards	358,745	–
Weighted average number of shares for calculating diluted earnings/(loss) per share	4,363,617,635	4,335,195,676

NOTES TO THE INTERIM FINANCIAL INFORMATION

12. CAPITAL EXPENDITURE

For the six months ended 30 June 2021, the Group incurred HK\$3,314 million (2020: HK\$2,466 million) on property, plant and equipment, HK\$15 million (2020: HK\$18 million) on intangible assets, and HK\$3 million (2020: HK\$2 million) on right-of-use assets.

13. FINANCIAL ASSETS AT AMORTISED COST

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Listed debt securities in Hong Kong, at amortised cost (note b)	10,020,942	10,928,858
Listed debt securities in overseas, at amortised cost (note b)	8,958,018	10,282,025
Unlisted debt securities, at amortised cost (note b)	15,513	15,489
	18,994,473	21,226,372
Less: current portion of financial assets at amortised cost – listed debt securities in Hong Kong, at amortised cost (note b)	(4,907,287)	(2,473,234)
	14,087,186	18,753,138

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 2021 and 31 December 2020, the listed/unlisted debt securities were predominantly denominated in U.S. dollar with weighted average tenor of approximately 2 years and significant majority in investment grade rating.
- (c) As at 30 June 2021 and 31 December 2020, the carrying amounts of these listed/unlisted debt securities approximated their fair values. These financial assets were considered to be of low credit risk and the expected credit loss was minimal.
- (d) As at 30 June 2021 and 31 December 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.
- (e) The interest income generated from the above financial assets at amortised cost for the period ended 30 June 2021 amounted to HK\$281 million (2020: HK\$388 million) as disclosed in note 7(a).

NOTES TO THE INTERIM FINANCIAL INFORMATION

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Unlisted investments in overseas, at fair value (note a)	17,361	16,956
Listed investments in overseas, at fair value (note b)	5,783,688	5,354,502
	5,801,049	5,371,458

Notes:

- (a) Unlisted investments are mainly denominated in Macau Patacas and U.S. dollar.
- (b) As at 30 June 2021, the listed investments in overseas, at fair value included 5.2 million (2020: 5.2 million) shares of Wynn Resorts, Limited ("Wynn Resorts") which represented approximately 4.5% (2020: 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 2021 and 31 December 2020 was the fair value of this listed investment. As of 30 June 2021, fair value of our investment in Wynn Resorts was HK\$4.9 billion (2020: HK\$4.5 billion), representing 5.4% (2020: 4.9%) of the Group's total assets of HK\$91.8 billion (2020: HK\$92.7 billion). The market value of Wynn Resorts as of 30 June 2021 and 31 December 2020, and the performance of the investment during the period ended 30 June 2021 and 2020 are as follows:

	Market value		Unrealised gain/(loss) for the period ended 30 June		Dividend income for the period ended 30 June	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Wynn Resorts, Limited	4,936,957	4,548,662	388,295	(2,622,386)	-	28,225

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 2021 HK\$'000	31 December 2020 HK\$'000
Finance lease receivable	19,884	34,894
Interest receivable	–	232,127
Deposits paid for property, plant and equipment	35,241	28,435
Deferred expenditure – quarry site development	12,750	13,393
Advances to investee companies	17,010	17,010
Less: Provision for impairment	(17,010)	(17,010)
Others	39,176	20,896
	107,051	329,745

16. DEBTORS AND PREPAYMENTS

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

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 (2020: 30 to 60 days) for customers in Hong Kong and Macau and 30 to 60 days (2020: 30 to 60 days) for customers in Mainland China. These are subject to periodic reviews by management. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers.

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

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Within one month	270,204	291,041
Two to three months	254,734	180,447
Four to six months	9,681	10,007
Over six months	14,564	13,086
	549,183	494,581

- (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 shares capital HK\$'000	Shares held for share award scheme HK\$'000	Total HK\$'000
Ordinary shares, issued and fully paid:				
At 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 and 1 July 2020	4,335,696,672	22,515,352	(6)	22,515,346
Share award scheme – shares issued to the trustee	3,094,403	31	(31)	–
Share award scheme – shares purchased by the trustee	–	–	(36,800)	(36,800)
Shares vested pursuant to share award scheme	–	82,940	36,817	119,757
Issue of shares upon exercise of share options	5,286,798	210,165	–	210,165
At 31 December 2020 and 1 January 2021	4,344,077,873	22,808,488	(20)	22,808,468
Shares vested pursuant to share award scheme (note a)	–	57	–	57
Issue of shares upon exercise of share options (note b)	8,218,518	492,835	–	492,835
At 30 June 2021	4,352,296,391	23,301,380	(20)	23,301,360

Notes:

- (a) The Group operates a share award scheme 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.

The new share award scheme was adopted on 13 May 2021 (“Share Award Scheme 2021”) and the existing share award scheme adopted on 4 August 2014 (the “Share Award Scheme 2014”) was expired on 21 June 2021. Share awards outstanding under the Share Award Scheme 2014 remain valid until vested or lapsed or terminated in accordance with the terms of that scheme.

During the period, no share award (2020: nil) was granted, 79,370 share awards (2020: 113,249) were lapsed and 1,149 share awards (2020: 4,532) were vested under the Share Award Scheme 2014. 1,773,300 share awards were granted and 2,200 share awards were lapsed under the Share Award Scheme 2021. The number of share awards outstanding as at 30 June 2021 was 4,271,732 (2020: 4,997,652), all of which are unvested.

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

At the annual general meeting of the Company held on 13 May 2021, the shareholders of the Company approved the adoption of a new share option scheme (the “Share Option Scheme 2021”) and the existing share option scheme adopted on 22 June 2011 (the “Share Option Scheme 2011”) was expired on 21 June 2021. All the outstanding share options granted under the Share Option Scheme 2011 shall remain valid and unchanged and shall be treated in accordance with the terms under the Share Option Scheme 2011.

During the period, no new share option (2020: nil) was granted, 8,218,518 share options (2020: 1,876,665) were exercised and 432,786 share options (2020: 655,451) were lapsed under the Share Option Scheme 2011. 9,274,000 new share options were granted and 8,000 share options were lapsed under Share Option Scheme 2021. The number of share options outstanding at 30 June 2021 was 51,801,162 (2020: 55,875,756).

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. BORROWINGS

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Bank loans		
Secured (note a)	60,090	118,816
Unsecured	11,352,190	9,114,198
Total borrowings	11,412,280	9,233,014
Short-term bank loans	(11,412,280)	(9,233,014)
Non-current portion of borrowings	-	-

Note:

- (a) The bank loans of HK\$60 million (2020: HK\$119 million) are secured by bank deposits of HK\$60 million (2020: HK\$119 million).

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

	Carrying amount		Fair value	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Bank loans	11,412,280	9,233,014	11,412,280	9,233,014

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

Notes:

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

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

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

20. CAPITAL COMMITMENTS

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Contracted but not provided for – Property, plant and equipment	7,916,093	4,764,805

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\$1,081,000 (2020: HK\$49,000) are charged at prevailing market rate.
- (b) Management fee received from joint ventures and an associated company amounted to HK\$5,540,000 (2020: HK\$4,974,000) are charged at terms agreed among the parties.
- (c) Rental expenses of HK\$769,000 (2020: HK\$708,000) 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\$195,669,000 (2020: HK\$109,006,000) at terms agreed among the parties.
- (e) Interest expenses to joint ventures and non-controlling interests amounted to HK\$1,624,000 (2020: HK\$1,755,000) 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\$45,000,000 for the six months ended 30 June 2021 (2020: HK\$76,000,000).

OTHER INFORMATION

DIVIDEND

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

DIRECTORS’ INTERESTS IN SECURITIES AND UNDERLYING SHARES

As at 30 June 2021, 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 Part XV 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 (the “Model Code”) contained in Appendix 10 to 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) held				Total	Percentage of Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Lui Che Woo	40,420,444	2,181,518	363,726,401 ⁽¹⁾	1,362,225,231 ⁽²⁾	1,768,553,594	40.63
Francis Lui Yiu Tung	52,195,279	–	398,150,099 ⁽³⁾	1,362,225,231 ⁽²⁾	1,812,570,609	41.65
Joseph Chee Ying Keung	1,200,321	–	–	–	1,200,321	0.03
Paddy Tang Lui Wai Yu	14,210,207	–	–	1,362,225,231 ⁽²⁾	1,376,435,438	31.63
James Ross Ancell	250,000	–	–	–	250,000	0.01
William Yip Shue Lam	250,000	–	–	–	250,000	0.01
Patrick Wong Lung Tak	–	–	–	–	–	–
Charles Cheung Wai Bun	–	–	–	–	–	–
Michael Victor Mecca	1,275,612	–	–	–	1,275,612	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 and LUI Che Woo Prize Limited (“LUI Che Woo Prize”) respectively, all of which are controlled by Dr. Lui Che Woo. LUI Che Woo Prize is a charitable organization.
- (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 Mrs. 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.

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(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 2021, 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 2021, 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 Part XV of the SFO were as follows:

Name	Number of Shares Held (Long Position)	Percentage of Issued Share Capital
City Lion Profits Corp.	973,282,206	22.36
CWL Assets (PTC) Limited	1,362,225,231	31.30
HSBC International Trustee Limited	1,363,000,491 ⁽¹⁾	31.32
Super Focus Company Limited	274,494,154	6.31
Lui Che Woo Foundation Limited	295,421,000	6.79
The Capital Group Companies, Inc.	255,693,926	5.88

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, Mrs. 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 Limited and Dr. Lui Che Woo.

Save as disclosed above, as at 30 June 2021, 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 Part XV of the SFO.

OTHER INFORMATION

SHARE OPTIONS

At the annual general meeting of the Company held on 13 May 2021, the shareholders of the Company approved the adoption of a new share option scheme (the “Share Option Scheme 2021”) and the existing share option scheme which was adopted on 22 June 2011 (the “Share Option Scheme 2011”) expired on 21 June 2021. All the outstanding share options granted under the Share Option Scheme 2011 shall remain valid and exercisable in accordance with the terms of issue and in all other respects the provisions of the Share Option Scheme 2011 shall remain in force and effect.

As at 30 June 2021, 9,274,000 options have been granted under the Share Option Scheme 2021 since its adoption. No options were granted under the Share Option Scheme 2011 during the period.

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 2011 and the Share Option Scheme 2021 during the six months ended 30 June 2021 were as follows:

Name	Date of grant	Number of Options					Held at 30 June 2021	Exercise price (HK\$)	Exercise period
		Held at 1 January 2021	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
	17 Jun 2021	-	1,477,000	-	-	-	1,477,000	62.19	17 Jun 2022 – 16 Jun 2027
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
	17 Jun 2021	-	2,089,000	-	-	-	2,089,000	62.19	17 Jun 2022 – 16 Jun 2027
Joseph Chee Ying Keung	24 Dec 2015	20,000	-	-	-	-	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
	29 Sep 2020	200,000	-	-	-	-	200,000	52.58	29 Sep 2021 – 28 Sep 2026

OTHER INFORMATION

Name	Date of grant	Number of Options					Held at 30 June 2021	Exercise price (HK\$)	Exercise period
		Held at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period	Re-classified during the period ^(d)			
Paddy Tang Lui Wai Yu	24 Dec 2015	100,000	-	-	-	-	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
	17 Jun 2021	-	78,000	-	-	-	78,000	62.19	17 Jun 2022 – 16 Jun 2027
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
Employees ^(b) (in aggregate)	24 Dec 2015	2,931,520	-	863,013 ^(c)	-	80,000	1,988,507	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	1,452,848	-	474,937 ^(c)	-	6,131	971,780	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	2,357,180	-	1,183,510 ^(c)	-	-	1,173,670	33.49	28 Dec 2017 – 27 Dec 2022
	26 Jul 2017	865,670	-	411,336 ^(c)	-	-	454,334	46.95	26 Jul 2018 – 25 Jul 2023
	27 Dec 2017	3,339,000	-	1,846,668 ^(c)	21,332	70,000	1,401,000	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	5,374,870	-	1,499,008 ^(c)	62,076	122,000	3,691,786	46.75	21 Nov 2019 – 20 Nov 2024
	28 Dec 2018	1,858,001	-	390,870 ^(c)	35,117	-	1,432,014	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	7,009,666	-	1,085,611 ^(c)	141,030	139,000	5,644,025	57.70	30 Dec 2020 – 29 Dec 2025
	29 Sep 2020	1,399,000	-	12,105 ^(c)	80,895	-	1,306,000	52.58	29 Sep 2021 – 28 Sep 2026
17 Jun 2021	-	5,630,000	-	8,000	-	5,622,000	62.19	17 Jun 2022 – 16 Jun 2027	
Others (in aggregate)	24 Dec 2015	-	-	-	-	80,000	80,000	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	-	-	1,098 ^(d)	-	6,131	5,033	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	43,030	-	43,030 ^(d)	-	-	-	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	123,000	-	193,000 ^(d)	-	70,000	-	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	185,668	-	158,666 ^(d)	73,002	122,000	76,000	46.75	21 Nov 2019 – 20 Nov 2024
	30 Dec 2019	29,000	-	55,666 ^(d)	19,334	139,000	93,000	57.70	30 Dec 2020 – 29 Dec 2025
Total		51,186,466	9,274,000	8,218,518	440,786	-	51,801,162		

OTHER INFORMATION

Notes:

- (a) Options were re-classified during the period from “Employees” to “Others”.
- (b) 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 2021
		Held at 1 January 2021	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
	17 Jun 2021	–	302,000	–	302,000
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
	17 Jun 2021	–	4,000	–	4,000

- (c) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$69.51.
- (d) The weighted average closing price of the shares immediately before the date on which the options were exercised during the period was HK\$65.74.

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 respective share option schemes adopted on 22 June 2011 and 13 May 2021. The consideration paid by each grantee for each grant of options was HK\$1.00.

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

OTHER INFORMATION

The fair values of the options granted during the period are estimated based on the Black-Scholes valuation model, and such fair values and significant inputs into the model are as follows:

	Fair value per option (HK\$)	Share price at date of grant (HK\$)	Exercise price (HK\$)	Standard deviation of expected share price return	Expected life of options	Expected dividend paid out rate	Annual risk-free interest rate
Granted on 17 June 2021 – 9,266,000 options outstanding as at 30 June 2021	16.29	62.00	62.19	39.40%	3.5 to 4.5 years	2%	0.404% to 0.659%

The volatility measured at the standard deviation of expected share price return is based on the historical share price movement of the Company in the relevant periods matching expected time to exercise prior to the date of grant. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing price of the Company's shares immediately before the date on which the share options were granted on 17 June 2021 was HK\$61.55.

SHARE AWARDS

The Company adopted a new share award scheme (the "Share Award Scheme 2021") on 13 May 2021 and the existing share award scheme (the "Share Award Scheme 2014") which was adopted on 4 August 2014 expired on 21 June 2021, share awards outstanding under the Share Award Scheme 2014 will remain valid until vested or lapsed or terminated in accordance with the terms of that scheme.

As at 30 June 2021, 1,773,300 share awards have been granted under the Share Award Scheme 2021 since its adoption. No share awards were granted under the Share Award Scheme 2014 during the period.

OTHER INFORMATION

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 2014 and the Share Award Scheme 2021 during the six months ended 30 June 2021 were as follows:

Name	Date of grant	Number of Share Awards					Held at 30 June 2021	Vesting Date	Closing price at date of grant (HK\$)
		Held at 1 January 2021	Granted during the period	Vested during the period	Lapsed during the period	Re-classified during the period ^(a)			
Lui Che Woo	28 Dec 2018	85,700	-	-	-	-	85,700	28 Dec 2021	48.55
	30 Dec 2019	76,233	-	-	-	-	76,233	30 Dec 2021	57.70
	30 Dec 2019	76,234	-	-	-	-	76,234	30 Dec 2022	57.70
	17 Jun 2021	-	56,966	-	-	-	56,966	17 Jun 2022	62.00
	17 Jun 2021	-	56,966	-	-	-	56,966	17 Jun 2023	62.00
	17 Jun 2021	-	56,968	-	-	-	56,968	17 Jun 2024	62.00
Francis Lui Yiu Tung	28 Dec 2018	121,200	-	-	-	-	121,200	28 Dec 2021	48.55
	30 Dec 2019	107,866	-	-	-	-	107,866	30 Dec 2021	57.70
	30 Dec 2019	107,868	-	-	-	-	107,868	30 Dec 2022	57.70
	17 Jun 2021	-	80,566	-	-	-	80,566	17 Jun 2022	62.00
	17 Jun 2021	-	80,566	-	-	-	80,566	17 Jun 2023	62.00
	17 Jun 2021	-	80,568	-	-	-	80,568	17 Jun 2024	62.00
Paddy Tang Lui Wai Yu	28 Dec 2018	4,534	-	-	-	-	4,534	28 Dec 2021	48.55
	30 Dec 2019	4,000	-	-	-	-	4,000	30 Dec 2021	57.70
	30 Dec 2019	4,000	-	-	-	-	4,000	30 Dec 2022	57.70
	17 Jun 2021	-	3,000	-	-	-	3,000	17 Jun 2022	62.00
	17 Jun 2021	-	3,000	-	-	-	3,000	17 Jun 2023	62.00
	17 Jun 2021	-	3,000	-	-	-	3,000	17 Jun 2024	62.00
Employees ^(b) (in aggregate)	21 Nov 2018	528,396	-	699	15,941	2,734	509,022	21 Nov 2021	46.75
	28 Dec 2018	37,742	-	-	334	-	37,408	28 Dec 2021	48.55
	30 Dec 2019	560,758	-	450	18,641	2,300	539,367	30 Dec 2021	57.70
	30 Dec 2019	841,284	-	-	19,118	2,300	819,866	30 Dec 2022	57.70
	17 Jun 2021	-	450,441	-	733	-	449,708	17 Jun 2022	62.00
	17 Jun 2021	-	450,441	-	733	-	449,708	17 Jun 2023	62.00
	17 Jun 2021	-	450,818	-	734	-	450,084	17 Jun 2024	62.00
Others (in aggregate)	21 Nov 2018	20,002	-	-	20,002	2,734	2,734	21 Nov 2021	46.75
	30 Dec 2019	2,666	-	-	2,666	2,300	2,300	30 Dec 2021	57.70
	30 Dec 2019	2,668	-	-	2,668	2,300	2,300	30 Dec 2022	57.70
Total		2,581,151	1,773,300	1,149	81,570	-	4,271,732		

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 Share Awards				Vesting Date
		Held at 1 January 2021	Granted during the period	Vested during the period	Held at 30 June 2021	
Eileen Lui Wai Ling	28 Dec 2018	16,734	–	–	16,734	28 Dec 2021
	30 Dec 2019	14,033	–	–	14,033	30 Dec 2021
	30 Dec 2019	14,034	–	–	14,034	30 Dec 2022
	17 Jun 2021	–	11,633	–	11,633	17 Jun 2022
	17 Jun 2021	–	11,633	–	11,633	17 Jun 2023
	17 Jun 2021	–	11,634	–	11,634	17 Jun 2024
Joanna Claudia Lui	28 Dec 2018	234	–	–	234	28 Dec 2021
	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 2021
	30 Dec 2019	168	–	–	168	30 Dec 2022
	17 Jun 2021	–	133	–	133	17 Jun 2022
	17 Jun 2021	–	133	–	133	17 Jun 2023
	17 Jun 2021	–	134	–	134	17 Jun 2024

Details of the share awards granted, vested or lapsed during the period are set out above. No share awards were 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 2021.

REVIEW OF INTERIM RESULTS

The Group’s interim results for the six months ended 30 June 2021 have been reviewed by the Audit Committee of 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 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 standards set out in the Model Code throughout the six months ended 30 June 2021.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2021, 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 date of the Annual Report 2020 is set out below:

Professor Patrick Wong Lung Tak

- Professor Wong has ceased to be an independent non-executive director of BAIC Motor Corporation Limited (a company listed on the Stock Exchange) with effect from the conclusion of the extraordinary general meeting of the company held on 24 March 2021.

By Order of the Board

Galaxy Entertainment Group Limited

Wong Chui Lai

Company Secretary

Hong Kong, 12 August 2021



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www.galaxyentertainment.com

