

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **GALAXY ENTERTAINMENT GROUP LIMITED**

**銀河娛樂集團有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 27)**

### **INSIDE INFORMATION**

#### **EXECUTION OF NEW GAMING CONCESSION CONTRACT IN MACAU**

This announcement is issued pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 16 December 2022 the Macau Government and GCSA, the subsidiary of GEG that currently holds a gaming concession for gaming in Macau, executed the new Gaming Concession Contract.

This announcement is issued pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Further to its announcement on 28 November 2022 of the provisional award of a gaming concession, the Board is pleased to announce that on 16 December 2022 the Macau Government and GCSA, the subsidiary of GEG that currently holds a gaming concession for gaming in Macau expiring on 31 December 2022, executed the Gaming Concession Contract for a term of 10 years.

## THE GAMING CONCESSION CONTRACT

A copy of the Gaming Concession Contract is available for review at this Macau Government website:-

[https://bo.io.gov.mo/bo/ii/2022/50/extractos\\_cn.asp#dsf2](https://bo.io.gov.mo/bo/ii/2022/50/extractos_cn.asp#dsf2)

Date : 16 December 2022

Parties : (i) Macau Government; and  
(ii) GCSA

Key relevant terms of the Gaming Concession Contract, the related tender and the Gaming Law include:

*Term:* 1 January 2023 to 31 December 2032 subject to prior termination in certain circumstances, including:

- From the eighth year of the Gaming Concession Contract, the Macau Government may terminate it on at least one year's notice. If it does so GCSA will be entitled to compensation.
- The Macau Government may unilaterally rescind the Gaming Concession Contract without compensation at any time in the public interest or upon the occurrence of certain events of default.

*Annual premium:* GCSA must pay an annual premium to the Macau Government during the term of the Gaming Concession Contract, composed of a fixed portion of MOP30 million (approximately HK\$29.1 million) per year and an annual sum of MOP300,000 (approximately HK\$291,000) per designated gaming table and MOP150,000 (approximately HK\$146,000) per non-designated gaming table and MOP1,000 (approximately HK\$971) per gaming machine. The variable premium payable shall not be less than that for 500 gaming tables and 1,000 gaming machines. A special premium will be payable if the annual gaming revenue generated from each gaming table and gaming machine is less than MOP7 million (approximately HK\$6.8 million) and MOP300,000 (approximately HK\$291,000), respectively.

GCSA has been notified by the Macau Government that GCSA is permitted to operate 1,000 gaming tables and 1,700 gaming machines under the Concession Gaming Contract.

Bank Guarantee: GCSA must maintain a bank guarantee in the amount of MOP1 billion (approximately HK\$970.87 million) issued by a bank in favour of the Macau Government to guarantee, amongst other things, GCSA's obligations under the Gaming Concession Contract, payment of the premium and the fulfilment of employment obligations of GCSA, until 180 days after the termination of the Gaming Concession Contract (the "Bank Guarantee"). GCSA has provided the Bank Guarantee to the Macau Government to satisfy this requirement.

Share capital of GCSA: GCSA is required under the Gaming Concession Contract to (a) have not less than MOP5 billion (approximately HK\$4.85 billion) paid-up capital and (b) maintain not less than MOP5 billion (approximately HK\$4.85 billion) of net asset value. New shares were subscribed and issued to increase the share capital of GCSA to MOP5 billion (approximately HK\$4.85 billion) in the satisfaction of this requirement.

Investment: GCSA is committed to invest MOP28.35 billion (approximately HK\$27.52 billion) which includes MOP27.45 billion (approximately HK\$26.65 billion) on non-gaming and MOP0.9 billion (approximately HK\$0.87 billion) on gaming, primarily investments in the tourism and entertainment sectors that will be spent, over the span of the Gaming Concession Contract, to support the Macau Government's objectives to further develop and diversify Macau's economy and increase overseas visitors.

Reversion of Gaming Assets: Upon the expiry of the Gaming Concession Contract and pursuant to Article 40 of the Gaming Law No. 16/2001, all casinos and related assets for gaming business shall revert to the Macau Government without compensation, free and clear of any liabilities and encumbrances.

Assignment of Rights/ Loans: Assignments of real estate rights and credit rights by GCSA that exceed MOP100 million (approximately HK\$97.09 million) and loan and similar agreements entered into by GCSA of MOP100 million (approximately HK\$97.09 million) or more require authorisation from the Secretary of Economy and Finance. The issue of debt securities by GCSA requires authorisation from the Chief Executive of Macau.

Tax and other payments: GCSA is required to make contributions in an annual amount of 2% of its gross gaming revenues to a public foundation for cultural, social, economic, educational, scientific, academic and philanthropic purposes, as well as contributions in an annual amount 3% of its gross gaming revenues to promote urban development, tourism promotion and social security. GCSA will also be required to pay the special gaming tax of 35% levied by the Macau Government. A tax reduction of up to 5% of the gross gaming revenue generated from overseas patrons can be granted to GCSA.

*Further investment:* GCSA will further invest an additional amount of MOP5.4 billion (approximately HK\$5.24 billion) for the remaining term of the Gaming Concession Contract commencing from the year following the year in which the aggregate gaming gross revenue of Macau reaches MOP180 billion (approximately HK\$174.76 billion) (the “Trigger Amount”) in or prior to 2027. Such additional investment amount shall be reduced successively by 20% per annum if the Trigger Amount is reached in 2028 or thereafter.

*Notice of certain financial initiatives:* GCSA must give at least 5 working days’ notice to the Macau Government of proposed financial decisions relating to internal transactions that exceed 50% of its share capital, financial decisions relating to salaries, remuneration and other employee benefits that exceed 10% of its share capital, and any other financial decisions that exceed 10% of GCSA’s share capital.

The terms of the Gaming Concession Contract were determined following arm’s length negotiations between the Macau Government and GCSA after a bidding process initiated by the Macau Government.

## **REASONS FOR AND BENEFITS OF THE GAMING CONCESSION CONTRACT**

The GEG Group’s core business is the development and operation of casinos and related facilities in Macau. The Gaming Concession Contract ensures that it will be permitted to run gaming businesses in Macau for the next decade. The Board considers that the terms of the Gaming Concession Contract are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

The Company is the holding company of GCSA, one of the six companies authorised to operate games of fortune and other games of chance in casinos by the Macau Government.

The Macau Government is the duly-appointed government of Macau. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Macau Government is independent of and not connected with the Company and its connected persons.

**Shareholders of GEG and potential investors are advised to exercise caution when dealing in the shares of GEG.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of GEG;
“Gaming Concession Contract”	the gaming concession contract pursuant to the Gaming Law for the operation of Games of Chance or other Games in casino in Macau entered into between the Macau Government and GCSA on 16 December 2022 which takes effect as from 1 January 2023;
“Gaming Law”	the Macau Gaming Laws being Law No. 16/2001 published on 24 September 2001 and Administrative Regulation No. 26/2001, published on 29 October 2001 as from time to time amended which, together with other separate laws, regulations and administrative orders, regulate gaming activity in Macau;
“GCSA”	Galaxy Casino S.A., a subsidiary of GEG incorporated in Macau with limited liability;
“GEG” or “Company”	Galaxy Entertainment Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited (stock code: 27.HK);
“GEG Group”	GEG and its subsidiaries;
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

“Macau” the Macau Special Administrative Region of the People’s Republic of China;

“Macau Government” the government of Macau; and

“MOP” Patacas, the lawful currency of Macau.

*For the purposes of this announcement, amounts in MOP are translated into HK\$ at the conversion rates of MOP 1.03 = HK\$1.00 for illustration only. No representation is made that any amounts in MOP were, could have been or could be converted to HK\$ at such rate or any other rates.*

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

Hong Kong, 19 December 2022

*At the date of this announcement, the executive Directors of GEG are Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Joseph Chee Ying Keung and Mrs. Paddy Tang Lui Wai Yu; the non-executive Directors of GEG are Dr. Charles Cheung Wai Bun and Mr. Michael Victor Mecca; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak.*

Website: [www.galaxyentertainment.com](http://www.galaxyentertainment.com)