

Full Galaxy Entertainment Group Fiscal Year 2022 overview

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Goals and objectives of the research

Research Objective: To study Galaxy Entertainment's publicly available financial information, determine the company's development strategy, and compile an overview of its annual financial reports.

Research Tasks:

- Find the company's comprehensive financial and corporate information;
- Analyze the gathered information;
- Draw conclusions based on the analyzed data.

Disclaimers

The information collected in this report reflects data from the company's public reports and is not questioned or verified via other sources. In other words, information from the company's public reports is taken and used as is.

If additional information from other sources is used or if the data used is reflective of the researcher's personal opinion, this will be labeled accordingly.

Document markup

- Galaxy Entertainment's report period is from January 1, 2022, to December 31, 2022;
- The specified financial year coincides with the calendar year.
- YoY - Year-to-Year;
- FY - Fiscal Year;
- GEG - Galaxy Entertainment Group;
- This report uses the American number format: a period is used as the decimal separator, while commas separate thousands;
- Year-over-year (YoY) calculations of relative values were not performed in cases where last year's profit changed to a loss in the current year and vice versa within the scope of the current report.

Conclusions

General information

Parameter	Galaxy Entertainment
Website	galaxyentertainment.com
Country (location)	China
Country (issuer)	China (Hong Kong)
Year of foundation	1987
Chairman	Lui Che Woo
Sector	Consumer Discretionary
Type	Public
Listing Date	1991
Stock market	The Stock Exchange of Hong Kong Limited (SEHK)
Ticker	00027

Members of the board and Managers

Board of Directors ¹		
Name	Title	Since
Dr. Lui Che Woo	Executive Director	1991
Francis Lui Yiu Tung	Executive Director	1987
Joseph Chee Ying Keung	Executive Director	2004
Paddy Tang Lui Wai Yu	Executive Director	1991
Charles Cheung Wai Bun	Non-executive Director	2015
James Ross Ancell	Independent Non-executive Directors	2004
William Yip Shue Lam	Independent Non-executive Directors	2004
Patrick Wong Lung Tak	Independent Non-executive Directors	2008
Michael Victor Mecca	Independent Non-executive Directors	2018

¹ [GEG website, Board of Directors](#)

Management ²		
Name	Title	Since
Lui Che Woo	Chairman	1991
Philip Cheng Yee Sing	Director	-
Kevin Kelley	Chief Operating Officer – Macau	-
Roland To Chi Kay	Senior Director – Strategic Planning	2004
Raymond Kwok Mun Sang	Senior Director – Legal	2000
James Houghton	Senior Director – Information Systems & Technology	-
Francis Lui Yiu Tung	Deputy Chairman	1987
Eileen Lui Wai Ling	Group Director – Human Resources & Administration	-
Ted Chan Ying Tat	Chief Financial Officer	2018
Raymond Yap Yin Min	Senior Director – Integrated Resort Services	-
Richard Longhurst	Senior Director – Gaming	-
Edmond Ting Kwang Yuan	Director – Project Development	-

Employees

Parameter	Number of employees
Number of Employees as of June 30, 2022	17,500 ³
Number of Employees as of June 30, 2021	18,000 ⁴

² [GEG website, Management](#)

³ [GEG, Interim Report 2022, p. 27](#)

⁴ [GEG, Interim Report 2021, p. 29](#)

Shareholders

Shareholders structure

Ownership Breakdown ⁵		
Owner Type	Number of Shares	Ownership Percentage
Individual Insiders	96,969,845	2.20%
General Public	1,132,786,041	25.90%
Institutions	1,464,733,180	33.50%
Private Companies	1,677,987,493	38.40%
Total Shares	4,372,476,559	100%

Total Shares Outstanding - 4,373,572,713 (as at September 7, 2023)⁶

Top 10 Shareholders ⁷				
Name	Number of Shares	Current Value, bill HKD	Last Reported Holding Date	Ownership Percentage
Lui Family Trust	1,281,837,394	64.70	Dec 31, 2022	29.32%
Capital Research and Management Company	346,282,971	17.50	Mar 22, 2023	7.92%
Lui Che Woo Foundation Limited, Endowment Arm	295,421,000	14.90	Jun 17, 2023	6.76%
Top Notch Opportunities Limited	171,916,021	8.70	Jun 17, 2023	3.93%
Kentlake International Investments Ltd.	121,138,039	6.10	Jun 17, 2023	2.77%
Recurrent Profits Limited	103,096,039	5.20	Jun 17, 2023	2.36%
HSBC Global Asset Management (UK) Limited	81,163,097	4.10	Dec 31, 2022	1.86%
The Vanguard Group, Inc.	80,000,837	4.00	Jul 31, 2023	1.83%
Lui Che Woo Prize Limited, Endowment Arm	68,000,000	3.40	Jun 17, 2023	1.56%

⁵ [SimplyWell, GEG Ownership](#)

⁶ [HKEX, Galaxy Entertainment](#)

⁷ [SimplyWell, GEG Top Shareholders](#)

Fidelity International Ltd	67,868,542	3.40	Dec 31, 2022	1.55%
Total Top 10	2,616,723,940	13.20	-	59.86%

Number of shares (including underlying shares) held ⁸		
Name	Equities	Share, %
Francis Lui Yiu Tung	1,811,867,509	41.47%
Lui Che Woo	1,768,420,254	40.48%
Paddy Tang Lui Wai Yu	1,376,414,778	31.50%
Joseph Chee Ying Keung	1,521,051	0.03%
Michael Victor Mecca	1,275,612	0.03%
William Yip Shue Lam	250,000	0.01%
James Ross Ancell	250,000	0.01%
Total Top 7	4,959,999,204	113.53%
Total Shares	4,368,911,944	100%
Underlying Shares⁹	591,087,260	13.53%

Notes:

- 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;
- 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;
- 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.

⁸ [GEG Annual Report 2022, p. 98](#)

⁹ More detail in [Appendix #1 Complication in amount of total shares](#)

Top 10 Fund Holders ¹⁰			
Name	Capacity	Number of shares/underlying shares in long position (L)/short position (S) held	Percentage of shares in issue ^{IV} , %
City Lion Profits Corp.	Beneficial owner	973,282,206 (L)	22.28%
CWL Assets (PTC) Limited	Trustee	1,362,225,231 (L)	31.18%
HSBC International Trustee Limited	Trustee	1,363,000,491 ^I (L)	31.20%
Super Focus Company Limited	Beneficial owner	274,494,154 (L)	6.28%
Lui Che Woo Foundation Limited	Beneficial owner	295,421,000 (L)	6.76%
The Capital Group Companies, Inc.	Interests of controlled corporations	392,691,426 (L)	8.99%
JPMorgan Chase & Co. ("JPMC")	Interests of controlled corporations, Investment manager, Person having a security interest in shares, Trustee, Approved lending agent	225,218,880 ^{II} (L)	5.16%
JPMorgan Chase & Co. ("JPMC")	Interests of controlled corporations	41,230,985 ^{III} (S)	0.94%
Total Top 7 (L)	-	5,886,333,388 (L)	111.85 (L)
Total Top 7 (S)	-	41,230,985 (S)	0.94 (S)

Notes:

- Shares held in long position — (L)
- Shares held in short position — (S)

¹⁰ [GEG, Annual Report 2022, p.99](#)

Notes:

- I. 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;
- II. It included an aggregate interest in 4,207,855 underlying shares through JPMC's holding of certain listed derivatives (physically settled: 155,000 shares; cash settled: 169,400 shares) and unlisted derivatives (physically settled: 1,327,455 shares; cash settled: 2,556,000 shares);
- III. It included an aggregate interest in 27,830,436 underlying shares through JPMC's holding of certain listed derivatives (physically settled: 524,000 shares; cash settled: 187,000 shares) and unlisted derivatives (physically settled: 245,448 shares; cash settled: 26,873,988 shares);
- IV. Approximate percentages were calculated based on 4,368,911,944 shares of the Company in issue as of December 31, 2022 (rounded down to two decimal places).

Mergers, acquisitions and subsidiaries¹¹

Name	Date	Price, mill \$
K.Wah Asphalt	Aug 11, 2006	-
Galaxy Casino	Jul 22, 2005	-

Note: This section may not fully represent all the company's transactions, but, within the scope of this current report, presents the maximum amount of information available via open sources.

¹¹ [Crunchbase, Galaxy Entertainment Group](#)

Company Strategy^{12 13}

Galaxy Entertainment's vision is to be globally recognized as Asia's leading gaming and entertainment corporation. This vision is to be achieved through the business philosophy stated in the inside front cover of the company's annual report. The company sets mission, values, and strategies to achieve on its way towards sustainable growth. The board's role is to ensure that these aspects are aligned with the company's culture.

The vision will be achieved through adhering to proven business philosophy:

- Local market insights;

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

- Proven expertise;

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

- Well positioned;

Positioning Galaxy Entertainment as a leading operator of integrated gaming, leisure, and entertainment facilities.

- Demand driven strategy.

Monitoring the market's developments and expanding prudently in a timely manner

¹² [Galaxy Entertainment website. Mission. Vision. Values](#)

¹³ [GEG Annual Report 2022, p. 2](#)

Divisions

The company's activities are divided into:

- iGambling;
- Non-igaming.

GEG Ltd owns and operates:

iGambling structure	
Casino network	Casinos within the network
City Club	<ul style="list-style-type: none">• Casino Waldo, Macau• Casino Rio (closed June 16, 2022)• Casino President (closed June 16, 2022)• Casino Grand Waldo, Cotai
Non-igaming structure	
Hotel/Resort name	Hotels within the resort
StarWorld Hotel ¹⁴	
Galaxy Macau ¹⁵	<ul style="list-style-type: none">• Banyan Tree Macau• Hotel Okura Macau• Galaxy Hotel• JW Marriott Macau• The Ritz-Carlton, Macau• Galaxy International Convention Center• Andaz Macau• Galaxy Arena• Raffles At Galaxy Macau
Broadway Macau ¹⁶	<ul style="list-style-type: none">• Broadway Hotel

Other divisions

Construction Materials Division

- [K. Wah Construction Materials](#) (KWCM), a wholly owned subsidiary of GEG, is a vertically integrated resource company supplying aggregates, ground granulated blast furnace slag (GGBS), cement, and other downstream building materials.

¹⁴ [GEG, StarWorld Hotel](#)

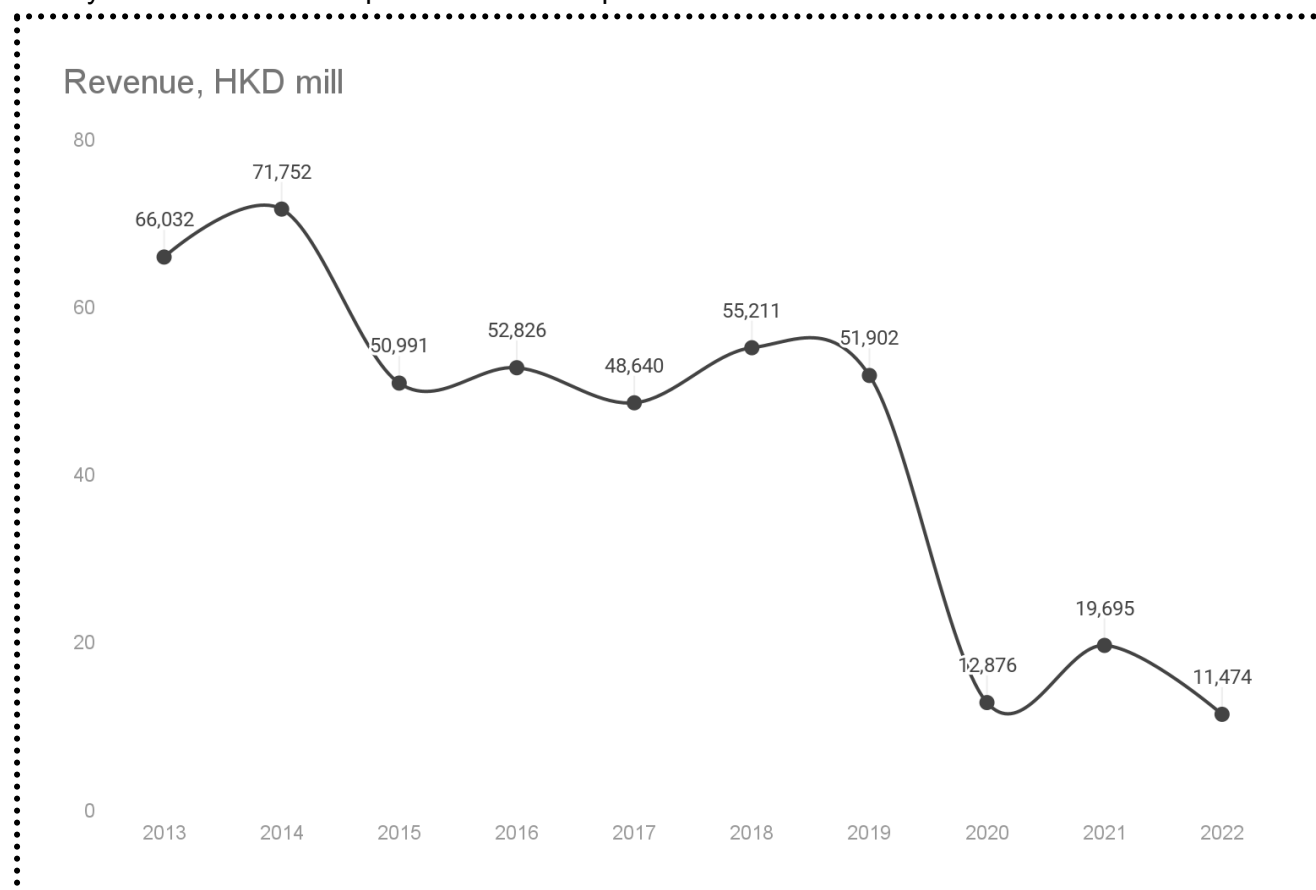
¹⁵ [GEG, Galaxy Macau](#)

¹⁶ [GEG, Broadway Macau](#)

Financial Statements for 2022 Fiscal Year Revenue Retrospective

Revenue Retrospective

Galaxy Entertainment Group Revenue Retrospective for 2013-2022^{17 18 19 20 21}



¹⁷ [GEG, Annual Report 2014, p. 8](#)

¹⁸ [GEG, Annual Report 2016, p. 8](#)

¹⁹ [GEG, Annual Report 2018, p. 8](#)

²⁰ [GEG, Annual Report 2020, p. 8](#)

²¹ [GEG, Annual Report 2022, p. 9](#)

Sales per Business

Net Revenue Structure^{22 23 24}

Parameter/Revenue, HKD mill	2022	YoY, %	2021	YoY, %	2020
Galaxy Macau™	7,418	-44.12%	13,276	70.66%	7,779
Starworld Macau	1,048	-68.03%	3,278	46.53%	2,237
Broadway Macau™	60	5.26%	57	-39.36%	94
Sales of construction materials	2,887	-4.50%	3,022	10.33%	2,739
City Clubs	61	-1.61%	62	129.63%	27
Total	11,474	-41.74%	19,695	52.96%	12,876

Net Revenue Structure Percentages 2022

Parameter	Percentage
Galaxy Macau™	64.65%
Sales of construction materials	25.16%
Starworld Macau	9.13%
City Clubs	0.53%
Broadway Macau	0.52%

Sales by Business Segment

Sales Volume by Business Segment^{25 26}

Parameter/Revenue, HKD mill	2022	YoY, %	2021	YoY, %	2020
Net Gaming	6,566	-53.13%	14,010	63.55%	8,566
Non-gaming	2,021	-24.11%	2,663	69.51%	1,571
Construction Materials Division	2,887	-4.47%	3,022	10.33%	2,739
Total Consolidated Net Revenues	11,474	-41.74%	19,695	52.96%	12,876

²² [GEG, Annual Report 2020, p. 9-11, 98](#)

²³ [GEG, Annual Report 2022, p. 21-23, 148](#)

²⁴ [GEG, Annual Report 2021, p. 30](#)

²⁵ [GEG, Annual Report 2021, p. 10](#)

²⁶ [GEG, Annual Report 2022, p. 9](#)

Sales Volume by Business Segment Percentages 2022

Parameter	Percentage
Net Gaming	57.22%
Construction Materials Division	25.17%
Non-gaming	17.61%

Sales per Region

Sales by Region^{27 28}

Parameter/Revenue, HKD mill	2022	YoY, %	2021	YoY, %	2020
Macau	9,152	-46.67%	17,162	64.29%	10,446
Hong Kong	1,930	5.35%	1,832	21.08%	1,513
Mainland China	392	-44.08%	701	-23.64%	918
Total consolidated Net Revenues	11,474	-41.74%	19,695	52.96%	12,876

Sales by Region Percentages 2022

Parameter	Percentage
Macau	79.76%
Hong Kong	16.81%
Mainland China	3.42%

Dividend Information²⁹

Parameter	2022	YoY, %	2021	YoY, %	2020	YoY, %	2019
Per share, HKD (cents)	30.0	100%	-	-100%	45.0	-50.55%	91.0

²⁷ [GEG, Annual Report 2021, p. 149](#)

²⁸ [GEG, Annual Report 2022, p. 153](#)

²⁹ [GEG, Annual Report 2022, p. 112](#)

Balance Sheet^{30 31}

Parameter	2022	YoY, %	2021	YoY, %	2020
Assets					
Total Current Assets, HKD mill	17,912	-23.98%	23,562	15.16%	20,460
Total Non-current Assets, HKD mill	63,049	2.22%	61,680	-14.65%	72,266
Total Assets, HKD mill	80,961	-5.02%	85,243	-8.07%	92,726
Liabilities					
Total Current Liabilities, HKD mill	15,299	2.91%	14,866	-37.77%	23,887
Total Non-current Liabilities, HKD mill	1,197	-7.99%	1,301	62.22%	802
Total Liabilities, HKD mill	16,496	2.04%	16,167	-34.52%	24,689
Total Equity, HKD mill	64,465	-6.68%	69,076	1.53%	68,037

Income Statement^{32 33}

Parameter	2022	YoY, %	2021	YoY, %	2020
Revenue, HKD mill	11,474	-41.74%	19,695	52.96%	12,876
Net Income, HKD mill	(3,448)	-	1,432	-	(3,913)
EPS Basic, HKD (cents)	(78.7)	-	30.5	-	(91.6)
EPS Diluted, HKD (cents)	(78.7)	-	30.4	-	(91.6)

³⁰ [GEG, Annual Report 2022, p. 120-121](#)

³¹ [GEG, Annual Report 2021, p. 116-117](#)

³² [GEG, Annual Report 2020, p.98](#)

³³ [GEG, Annual Report 2022, p.118](#)

Cashflow Statement^{34 35}

Parameter	2022	YoY, %	2021	YoY, %	2020
Cash flows from operating activities, HKD mill	(3,091)	-11.36%	(3,487)	-54.30%	(7,631)
Cash flows from investing activities, HKD mill	3,035	-33.81%	4,585	-51.75%	9,502
Cash flows from financing activities, HKD mill	(43)	-98.22%	(2,410)	-	6,769

³⁴ [GEG, Annual Report 2022, p. 122](#)

³⁵ [GEG, Annual Report 2021, p. 118](#)

Criticism

Galaxy Entertainment Group (GEG) is one of the biggest multinational corporations that operates casino, entertainment, and hospitality-related operations in Hong Kong and Macau. Critics pointed out certain issues and controversies related to Galaxy Entertainment Group:

Labor issues. One of the biggest criticisms of GEG are its labor practices. The company has faced numerous employee strikes and protests over issues concerning pay, working conditions, and staff treatment. In 2014, thousands of casino workers in Macau, including those from GEG, went on strike demanding higher wages and better working conditions.³⁶

Sustainability concerns. Another criticism is related to environmental sustainability. Like many other companies in the entertainment and resort industry, GEG's business operations can have significant environmental impact. In recent years, there have been growing concerns about the company's efforts to address these issues. Investing in green technology and sustainable infrastructure can not only minimize Galaxy Entertainment's environmental footprint but also save costs in the long run and improve its reputation.

Corruption allegations. There have been allegations of corruption involving the company. For instance, there was a case of an alleged bribe offered by a former GEG executive to a former executive of Pacific Century Group.³⁷

Note that GEG has made efforts to address some of these criticisms, such as launching employee welfare and sustainable practice initiatives. However, the listed issues garnered significant criticism.

³⁶ [Scmp.com. Macau casino workers join protests for higher wages as labour unrest sweeps territory](#)

³⁷ [Reuters. Macau investigates former top prosecutor over corruption scandal](#)

Analyst's opinion

Galaxy Entertainment Group is one of the world's leading companies engaged in resorts, hotel business, and gambling. It runs cruise liners in Macau, China, and abroad. Galaxy Entertainment Group's mission is to become the leading Asian and international gaming and entertainment corporation.

The company is also developing in the following areas:

- Manufactures, sells, and distributes construction materials, including concrete pipes and piles, asphalt, ready-mixed concrete, concrete products, cement, aggregates, and slag in Macau, Hong Kong, and mainland China;
- Provides real estate investment, processing, quality assurance, project management, and security services as well as import, export, trade, and transportation of construction materials;
- Engaged in mining and storage of ships and aircraft.

The company's shares are traded on the Hong Kong Stock Exchange (HKEX).

In its 2022 financial report, the company reported a net profit of HKD 11.474 million, which is 12.22% less than in the previous year. The company's stock prices are currently higher compared to the prices of other companies in the industry.

In 2023, the company plans a return to the indicators it posted before COVID, followed by further increases in revenue.

Galaxy Entertainment Group is expanding beyond Macau and plans to build a \$500 million resort in the Philippines.

Sources List

- [Galaxy Entertainment website](#)
- [GuruFocus](#)
- [Crunchbase](#)
- [Casino.org](#)
- [Simply Wall St](#)
- [OpenCorporates](#)
- [HKEX](#)
- [Starworld Macau](#)
- [Galaxy Macau](#)
- [Broadway Macau](#)
- [K. Wah Construction Materials](#)
- [South China Morning Post](#)
- [Market Screener](#)
- [GEG, Interim Report 2021](#)
- [GEG, Interim Report 2022](#)
- [GEG, Annual Report 2022](#)
- [GEG, Annual Report 2021](#)
- [GEG, Annual Report 2020](#)
- [GEG, Annual Report 2018](#)
- [GEG, Annual Report 2016](#)
- [GEG, Annual Report 2014](#)

Appendix #1 Total Shares Amount Complications

Interest was calculated on the basis of **4,368,911,944** shares outstanding as of December 31, 2022 (rounded down to two decimal places).

Taking into account the underlying shares (options), the company has only **4,959,999,204** shares. The number of options is **591,087,260**, which is 13.53% of the total number of shares.

According to the authority limit, the total number of shares that can be issued upon the exercise of all options that will be granted under the 2021 Stock Options Scheme and any other company's schemes, in aggregate, should not exceed **435,219,856** shares, which is 10% of the number of shares outstanding as of May 13, 2021. However, according to the exceeding limit, the company may, by the ordinary decision of the shareholders, update the limit of powers specified in the paragraph above, provided that the company sends a circular to its shareholders before such approval is requested.³⁸

³⁸ [GEG, Annual Report 2022, p. 101](#)

META



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