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## **GALAXY ENTERTAINMENT GROUP LIMITED**

**銀河娛樂集團有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 27)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **LETTER FROM THE CHAIRMAN OF GALAXY ENTERTAINMENT GROUP LIMITED (“GEG” or the “Company”)**

I would like to take this opportunity to provide you with a broad market overview and to review the financial performance of GEG in 2022. Macau like the rest of the world continued to experience the impact of COVID-19 throughout 2022, with sporadic outbreaks in Mainland China, Macau and Hong Kong and the subsequent travel and quarantine restrictions impacting visitor arrivals. I am pleased to report that in early 2023 all the travel restrictions were lifted and Macau is well positioned to welcome Mainland and international visitors in 2023.

We are pleased with the reopening of borders in early 2023. Macau has experienced solid demand and associated revenue and we were particularly encouraged by the performance over the Chinese New Year Golden Week. We are hopeful for a sustainable recovery and remain cautiously optimistic.

Additionally, we are delighted to have been awarded a new Gaming Concession by the Macau Government which will be valid to 31 December 2032. Over the next 10 years, GEG will invest nearly MOP28.4 billion to enhance the facilities and services of its integrated resorts, of which over 96% of the total investment will be used for non-gaming projects and exploring overseas customer markets. We are confident in the future outlook for Macau and we look forward to working with all the stakeholders over the next 10 years and supporting the growth of Macau with a particular focus on non-gaming.

Moving onto our financial performance, in Q4 2022 Group Net Revenue was HK\$2.9 billion, down 39% year-on-year and up 43% quarter-on-quarter. Group Adjusted EBITDA was HK\$(0.2) billion, versus HK\$1.0 billion in Q4 2021 and HK\$(0.6) billion in Q3 2022. For 2022 full year Group Net Revenue was HK\$11.5 billion, down 42% year-on-year. Group Adjusted EBITDA was HK\$(0.6) billion, versus HK\$3.5 billion in 2021. Full year Group net profit attributable to shareholders (“NPAS”) was HK\$(3.4) billion, versus HK\$1.3 billion in 2021.

Our balance sheet remained healthy and liquid. As of 31 December 2022, cash and liquid investments were HK\$26.4 billion and net cash was HK\$18.9 billion. Debt of HK\$7.5 billion primarily reflects our ongoing treasury yield management initiatives.

We are pleased to confirm that Cotai Phase 3 is effectively completed and we continue with the development of Phase 4. We are scheduled to progressively open Phase 3 Galaxy International Convention Center (“GICC”), Galaxy Arena and Raffles at Galaxy Macau in Q2 2023, with our first MICE event being held in April 2023. This will be followed by world-class concerts K-Pop TREASURE and the highly popular BLACKPINK’s world tour to be held in our state-of-the-art Galaxy Arena. We will continue to monitor market conditions and when appropriate we will open Andaz Macau.

GEG is committed to invest in Macau’s economic diversification and support the Macau Government’s vision of becoming a World Centre of Tourism and Leisure by hosting a variety of world class shows and performances. We will bring known proven events into Macau to support the Governments non-gaming drive. Additionally, we will introduce new and innovative events to further diversify Macau’s economy and attract international tourists.

Finally, I would like to extend my sincere appreciation to all of our committed team members whom without their commitment we would not have been able to navigate through the pandemic. Our team members continue to deliver exceptional customer experiences and ‘World Class, Asian Heart’ service each and every day. Thank you.

**Dr. Lui Che Woo**

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

## ANNUAL RESULTS

The Board of Directors of GEG hereby announces the results of GEG and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2022 as follows:

### **Q4 & FULL YEAR 2022 RESULTS HIGHLIGHTS**

#### **GEG: Well Positioned for Future Growth**

- Full Year Group Net Revenue of HK\$11.5 billion, down 42% year-on-year
- Full Year Group Adjusted EBITDA of HK\$(0.6) billion versus HK\$3.5 billion in 2021
- Full Year Group NPAS of HK\$(3.4) billion versus HK\$1.3 billion in 2021
- Full year Adjusted NPAS of HK\$(2.3) billion after adjusting for non-recurring and other charges
- Q4 Group Net Revenue of HK\$2.9 billion, down 39% year-on-year and up 43% quarter-on-quarter
- Q4 Group Adjusted EBITDA of HK\$(0.2) billion, versus HK\$1.0 billion in Q4 2021 and HK\$(0.6) billion in Q3 2022
- Played unlucky which decreased Adjusted EBITDA by approximately HK\$40 million, normalized exclude luck factor (“Normalized”) Q4 Adjusted EBITDA of HK\$(0.1) billion, versus HK\$0.9 billion in Q4 2021 and HK\$(0.6) billion in Q3 2022

#### **Galaxy Macau™: Well Positioned for Future Growth**

- Full Year Net Revenue of HK\$7.4 billion, down 44% year-on-year
- Full Year Adjusted EBITDA of HK\$0.3 billion, down 90% year-on-year
- Q4 Net Revenue of HK\$1.8 billion, down 43% year-on-year and up 71% quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$58 million, versus HK\$763 million in Q4 2021 and HK\$(299) million in Q3 2022
- Played unlucky in Q4 which decreased Adjusted EBITDA by approximately HK\$40 million, Normalized Q4 Adjusted EBITDA of HK\$98 million, down 88% year-on-year and up 135% quarter-on-quarter
- Hotel occupancy for Q4 across the five hotels was 33%

#### **StarWorld Macau: Well Positioned for Future Growth**

- Full Year Net Revenue of HK\$1.0 billion, down 68% year-on-year
- Full Year Adjusted EBITDA of HK\$(0.5) billion versus HK\$0.4 billion in 2021
- Q4 Net Revenue of HK\$0.2 billion, down 63% year-on-year and up 56% quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$(142) million, versus HK\$44 million in Q4 2021 and HK\$(169) million in Q3 2022
- There was no luck impact on Q4 Adjusted EBITDA
- Hotel occupancy for Q4 was 45%

#### **Broadway Macau™, City Clubs and Construction Materials Division**

- Broadway Macau™: Full Year Adjusted EBITDA of HK\$(62) million, versus HK\$(84) million in 2021. In Q4 2022 Adjusted EBITDA was HK\$(10) million, versus HK\$(22) million in Q4 2021 and HK\$(16) million in Q3 2022
- City Clubs: Full Year Adjusted EBITDA of HK\$(21) million, versus HK\$62 million in 2021. In Q4 2022 Adjusted EBITDA was HK\$(14) million, versus HK\$25 million in Q4 2021 and HK\$(26) million in Q3 2022
- Construction Materials Division: Full Year Adjusted EBITDA of HK\$566 million, down 42% year-on-year. In Q4 2022, Adjusted EBITDA was HK\$160 million, down 45% year-on-year and up 37% quarter-on-quarter

#### **Balance Sheet: Healthy and Liquid Balance Sheet**

- As at 31 December 2022, cash and liquid investments were HK\$26.4 billion and net cash was HK\$18.9 billion
- As at 31 December 2022, debt of HK\$7.5 billion primarily reflects ongoing treasury yield management initiatives with minimal core debt of HK\$0.4 billion

#### **Development Update: Progressively Opening Phase 3 in Q2 2023 and Continue Making Progress on Phase 4**

- Cotai Phase 3 – Scheduled to open GICC, Galaxy Arena and Raffles at Galaxy Macau in Q2 2023
- Cotai Phase 4 – Our efforts are firmly focused on the development of Phase 4. Phase 4 has a strong focus on non-gaming, primarily targeting Meetings, Incentives, Conferences and Events (MICE), entertainment, family facilities and also includes gaming

**CONSOLIDATED INCOME STATEMENT**  
**For The Year Ended 31 December 2022**

	Note	2022 HK\$'000	2021 HK\$'000
Revenue (Note)	3	11,473,793	19,695,530
Other income/gains, net		285,362	1,101,301
Special gaming tax and other related taxes to the Macau Government		(3,072,455)	(6,742,753)
Raw materials and consumables used		(1,362,098)	(1,488,489)
Amortisation and depreciation		(2,088,338)	(2,264,113)
Employee benefit expenses		(5,730,219)	(5,765,754)
Other operating expenses		(2,662,257)	(3,329,344)
Finance costs		(106,436)	(67,963)
Share of profits less losses of:			
Joint ventures		(89,806)	382,666
Associated companies		164	(29)
(Loss)/profit before taxation	5	(3,352,290)	1,521,052
Taxation charge	6	(95,887)	(88,694)
(Loss)/profit for the year		<u>(3,448,177)</u>	<u>1,432,358</u>
Attributable to:			
Equity holders of the Company		(3,433,770)	1,326,231
Non-controlling interests		(14,407)	106,127
		<u>(3,448,177)</u>	<u>1,432,358</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share	8		
Basic		(78.7)	30.5
Diluted		(78.7)	30.4
		<u>(78.7)</u>	<u>30.4</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b><u>Note: Analysis of revenue</u></b>			
Gross revenue from gaming operations		7,345,002	16,805,415
Commission and incentives		(778,390)	(2,794,917)
Net revenue from gaming operations		6,566,612	14,010,498
Revenue from hotel, mall operations and others		2,020,493	2,662,546
Sales of construction materials		2,886,688	3,022,486
		<u>11,473,793</u>	<u>19,695,530</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The Year Ended 31 December 2022**

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year	<b>(3,448,177)</b>	1,432,358
Other comprehensive 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	<b>30,082</b>	(1,137,012)
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	<b>(108,004)</b>	30,793
Share of translation differences of joint ventures	<b>(153,508)</b>	36,924
	<u><b>(231,430)</b></u>	<u>(1,069,295)</u>
Other comprehensive loss for the year, net of tax		
	<u><b>(231,430)</b></u>	<u>(1,069,295)</u>
Total comprehensive (loss)/income for the year	<u><b>(3,679,607)</b></u>	<u>363,063</u>
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	<b>(3,623,733)</b>	247,097
Non-controlling interests	<b>(55,874)</b>	115,966
	<u><b>(3,679,607)</b></u>	<u>363,063</u>

**CONSOLIDATED BALANCE SHEET****As at 31 December 2022**

	Note	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		45,542,295	41,781,428
Right-of-use assets		4,787,811	4,885,646
Intangible assets		32,949	152,858
Joint ventures		1,396,078	1,993,905
Associated companies		2,444	2,280
Financial assets at amortised cost		6,694,557	8,518,439
Financial assets at fair value through other comprehensive income		4,214,239	4,202,038
Financial asset at fair value through profit or loss		272,104	-
Other non-current assets		106,666	144,138
		<u>63,049,143</u>	<u>61,680,732</u>
<b>Current assets</b>			
Inventories		208,995	203,922
Debtors and prepayments	9	1,152,535	1,691,356
Amounts due from joint ventures		174,210	161,839
Taxation recoverable		29,193	68,713
Current portion of financial assets at amortised cost		2,324,512	3,062,039
Cash and cash equivalents and other bank deposits		14,022,744	18,374,824
		<u>17,912,189</u>	<u>23,562,693</u>
<b>Total assets</b>		<u>80,961,332</u>	<u>85,243,425</u>
<b>EQUITY</b>			
Share capital and shares held for share award scheme		23,968,153	23,598,057
Reserves		39,945,783	44,826,622
Equity attributable to owners of the Company		<u>63,913,936</u>	<u>68,424,679</u>
Non-controlling interests		551,429	651,061
<b>Total equity</b>		<u>64,465,365</u>	<u>69,075,740</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation liabilities		167,312	205,414
Lease liabilities		433,063	433,638
Retention payable		429,012	456,980
Non-current deposits and other payables		167,597	205,156
		<u>1,196,984</u>	<u>1,301,188</u>
<b>Current liabilities</b>			
Creditors and accruals	10	7,689,593	8,349,548
Amounts due to joint ventures		6,216	31,412
Current portion of lease liabilities		49,922	49,235
Borrowings		7,505,246	6,386,231
Provision for tax		48,006	50,071
		<u>15,298,983</u>	<u>14,866,497</u>
<b>Total liabilities</b>		<u>16,495,967</u>	<u>16,167,685</u>
<b>Total equity and liabilities</b>		<u>80,961,332</u>	<u>85,243,425</u>
<b>Net current assets</b>		<u>2,613,206</u>	<u>8,696,196</u>
<b>Total assets less current liabilities</b>		<u>65,662,349</u>	<u>70,376,928</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Macau gaming concession

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

On 23 June 2022, the Macau Government and GCSA entered into the Concession Amendment Contract pursuant to which the gaming concession of GCSA, which was due to expire on 26 June 2022, was extended for a further period up to 31 December 2022. In addition, undertaking letters were signed by the Group in connection with effecting the transfer to the Macau Government without compensation of relevant casinos and related assets upon the expiry of the Gaming Concession Contract as required by Gaming Concession Contract and pursuant to Article 40 of the Gaming Law No. 16/2001. Under the terms of the Concession Amendment Contract, GCSA was required to pay the Macau Government MOP47 million (equivalent to approximately HK\$45.63 million) upon the date of signing of the Concession Amendment Contract as a premium for such extension. GCSA was also required to provide a bank guarantee in an amount of not less than MOP1.63 billion (equivalent to approximately HK\$1.58 billion) to the Macau Government to guarantee fulfillment of potential labour liabilities after the expiry of the extended Gaming Concession Contract. In September 2022, GCSA provided such bank guarantee in the amount of MOP1.63 billion (equivalent to approximately HK\$1.58 billion) to the Macau Government to satisfy this requirement. The bank guarantee was permitted for release by the Macau Government in January 2023.

On 16 December 2022, the Macau Government and GCSA entered into a new Gaming Concession Contract for a term of 10 years, from 1 January 2023 to 31 December 2032. In addition, separate contracts for the reversion to the Macau Government of casinos and related assets for gaming business (the “Reversion of Property Contract”) were signed by the Group on 30 December 2022, pursuant to which, casino areas of Galaxy Macau, StarWorld and Broadway held by subsidiaries of GEG, together with the revertible gaming assets held by GCSA were to be reverted to the Macau Government without compensation and the Macau Government temporarily handed over to the Group for its continuing use in gaming operations during the 10-year term (commencing from 1 January 2023) of the new Gaming Concession Contract. As the control and the economic benefits of these casino areas and gaming assets will be continuously retained by the Group and with the assumption of the subsequent successful retention and tendering of the gaming concession, GCSA will continue to recognise these casino areas and gaming assets as right-of-use assets and property, plant and equipment and depreciate over their estimated remaining useful lives. Under the terms of the new Gaming Concession Contract and the Reversion of Property Contract, GCSA was required to pay the Macau Government fixed and variable annual premium during the 10-year term upon 1 January 2023. GCSA 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 new Gaming Concession Contract, to support the Macau Government’s objectives to further develop and diversify Macau’s economy and increase overseas visitors. GCSA was also required to maintain a bank guarantee in an amount of MOP1 billion (equivalent to approximately HK\$0.97 billion) in favour of the Macau Government to guarantee, amongst other things, GCSA’s obligations under the new Gaming Concession Contract, payment of the premium and the fulfillment of employment obligations of GCSA, until 180 days after the termination of the new Gaming Concession Contract. In December 2022, GCSA had provided such bank guarantee in the amount of MOP1 billion (equivalent to approximately HK\$0.97 billion) to the Macau Government to satisfy this requirement.

## 2. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) 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 financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results 2022 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2022 in due course.

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

### (a) The adoption of amended standards

In 2022, the Group adopted the following amended standards which are relevant to its operations.

HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts - Cost of Fulfilling a Contract
HKFRS 3 (Amendment)	Reference to the Conceptual Framework
Annual Improvements to HKFRSs 2018 – 2020 Cycle	

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.



## 2. Basis of preparation and accounting policies (Cont'd)

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

<u>New standard and amendments</u>		<u>Effective for accounting periods beginning on or after</u>
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1 January 2024
HKAS 1 and HKFRS Practice Statement 2 (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
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HKFRS 17 and HKFRS 17 (Amendments)	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 2024

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.

### 3. Revenue

Revenue recognised during the year are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gaming operations		
Net gaming wins	7,319,848	16,734,672
Contributions from City Club Casinos (Note i)	17,358	52,129
Tips received and administrative fees	7,796	18,614
Gross revenue from gaming operations	7,345,002	16,805,415
Less: Commission and incentives	(778,390)	(2,794,917)
Net revenue from gaming operations	6,566,612	14,010,498
Revenue from hotel, mall operations and others (Note ii)	2,020,493	2,662,546
Sales of construction materials	2,886,688	3,022,486
	<u>11,473,793</u>	<u>19,695,530</u>

Note i: 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 Macau Government up to 26 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 consolidated financial statements.

During the year ended 31 December 2022, the Group is entitled to HK\$17,358,000 (2021: HK\$52,129,000), 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 consolidated financial statements.

Upon expiration of the Agreements, the Group continued operation of Waldo Casino only and entered into a new agreement for the period from 27 June 2022 to 31 December 2025. According to the new agreement, the Group maintains the control of the gaming operation and therefore recognise the gaming revenue and relevant expenses including special gaming tax, other related taxes to the Macau Government in the financial information.

Note ii: Revenue from hotel, mall operations and others includes rental income amounted to approximately HK\$1,114 million (2021: HK\$1,399 million).

### 4. Segment information

The Board of Directors is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, based on a measurement of adjusted (loss)/earnings before interest, tax, depreciation, amortisation and certain items (the “Adjusted EBITDA”). This measurement basis of Adjusted EBITDA excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, donation and sponsorship, foreign exchange gain or loss, fair value change on financial assets at fair value through profit or loss, gain or loss on disposal and write-off of certain property, plant and equipment, and intangible assets, and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes taxation of joint ventures and associated companies, the effects of share option expenses and share award expenses.

#### 4. Segment information (Cont'd)

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

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

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

	<b>Gaming and entertainment</b> <i>HK\$'000</i>	<b>Construction materials</b> <i>HK\$'000</i>	<b>Corporate and treasury management</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 December 2022</b>				
Reportable segment revenue	8,762,440	2,886,688	-	11,649,128
Adjusted for:				
City Club Casinos arrangement set out in note 3				
Revenue not recognised	(197,513)	-	-	(197,513)
Contributions	17,358	-	-	17,358
Others	4,820	-	-	4,820
Revenue recognised under HKFRS	<u>8,587,105</u>	<u>2,886,688</u>	<u>-</u>	<u>11,473,793</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>(1,001,287)</u>	<u>566,208</u>	<u>(118,238)</u>	(553,317)
Interest income, dividend income from listed investments and gross earnings on finance lease				727,564
Amortisation and depreciation				(2,088,338)
Finance costs				(106,436)
Taxation charge				(95,887)
Adjusted items:				
Taxation of joint ventures and associated companies				(15,033)
Pre-opening expenses				(197,399)
Loss on disposal and write-off of certain property, plant and equipment and intangible assets				(105,816)
Share option expenses				(93,410)
Share award expenses				(87,780)
Donation and sponsorship				(38,336)
Foreign exchange loss				(280,614)
Non-recurring employee benefit expenses				(55,761)
Fair value change on financial assets at fair value through profit or loss				(205,173)
Impairment of property, plant and equipment included in the share of profits less losses of joint ventures				(173,567)
Others				(78,874)
Loss for the year				<u>(3,448,177)</u>
Share of results of joint ventures and associated companies	<u>(4,532)</u>	<u>(85,110)</u>	<u>-</u>	<u>(89,642)</u>

#### 4. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2021				
Reportable segment revenue	17,187,456	3,022,486	-	20,209,942
Adjusted for:				
City Club Casinos arrangement set out in note 3				
Revenue not recognised	(579,562)	-	-	(579,562)
Contributions	52,129	-	-	52,129
Others	13,021	-	-	13,021
Revenue recognised under HKFRS	<u>16,673,044</u>	<u>3,022,486</u>	<u>-</u>	<u>19,695,530</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>2,693,994</u>	<u>975,781</u>	<u>(132,501)</u>	<u>3,537,274</u>
Interest income and gross earnings on finance lease				953,735
Amortisation and depreciation				(2,264,113)
Finance costs				(67,963)
Taxation charge				(88,694)
Adjusted items:				
Taxation of joint ventures and associated companies				(110,321)
Pre-opening expenses				(164,090)
Loss on disposal and write-off of certain property, plant and equipment				(229,828)
Share option expenses				(125,592)
Share award expenses				(80,451)
Donation and sponsorship				(74,249)
Foreign exchange gain				264,319
Non-recurring employee benefit expenses				(127,249)
Others				<u>9,580</u>
Profit for the year				<u>1,432,358</u>
Share of results of joint ventures and associated companies	<u>1,657</u>	<u>380,980</u>	<u>-</u>	<u>382,637</u>

#### 4. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2022</b>				
Total assets	<u>68,596,495</u>	<u>4,903,211</u>	<u>7,461,626</u>	<u>80,961,332</u>
Total assets include:				
Joint ventures	41,424	1,354,654	-	1,396,078
Associated companies	<u>-</u>	<u>2,444</u>	<u>-</u>	<u>2,444</u>
Total liabilities	<u>11,877,672</u>	<u>1,243,833</u>	<u>3,374,462</u>	<u>16,495,967</u>
<b>As at 31 December 2021</b>				
Total assets	<u>69,790,956</u>	<u>5,552,153</u>	<u>9,900,316</u>	<u>85,243,425</u>
Total assets include:				
Joint ventures	59,791	1,934,114	-	1,993,905
Associated companies	<u>-</u>	<u>2,280</u>	<u>-</u>	<u>2,280</u>
Total liabilities	<u>8,846,411</u>	<u>1,430,401</u>	<u>5,890,873</u>	<u>16,167,685</u>
<b>Year ended 31 December 2022</b>				
Additions to non-current assets	<u>5,637,122</u>	<u>100,532</u>	<u>-</u>	<u>5,737,654</u>
<b>Year ended 31 December 2021</b>				
Additions to non-current assets	<u>7,668,945</u>	<u>223,730</u>	<u>-</u>	<u>7,892,675</u>
<b>Geographical analysis</b>				
		2022		2021
<b>Year ended 31 December</b>		<b><i>HK\$'000</i></b>		<b><i>HK\$'000</i></b>
<b>Revenue</b>				
Macau		9,152,339		17,162,336
Hong Kong		1,929,137		1,832,452
Mainland China		<u>392,317</u>		<u>700,742</u>
		<u>11,473,793</u>		<u>19,695,530</u>
		As at		As at
		31 December		31 December
		2022		2021
<b>Non-current assets</b>		<b><i>HK\$'000</i></b>		<b><i>HK\$'000</i></b>
Macau		59,756,591		57,959,848
Hong Kong		616,485		640,059
Mainland China		<u>2,676,067</u>		<u>3,080,825</u>
		<u>63,049,143</u>		<u>61,680,732</u>

As at 31 December 2022, the total of non-current assets, other than financial instruments, located in Macau was HK\$48,849 million (2021: HK\$45,240 million), Hong Kong was HK\$615 million (2021: HK\$639 million) and Mainland China was HK\$2,404 million (2021: HK\$3,081 million).

## 5. (Loss)/profit before taxation

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit before taxation is arrived at after crediting:		
Interest income	717,874	953,400
Dividend income from listed investments	<u>9,576</u>	<u>-</u>
and after charging:		
Depreciation		
Property, plant and equipment	1,783,897	1,902,020
Right-of-use assets	135,949	133,314
Amortisation		
Gaming licence	51,567	106,337
Computer software	25,554	32,938
Reacquired right	43,963	87,925
Quarry site development	1,777	1,579
Extension premium of gaming concession	45,631	-
Loss on disposal and write-off of property, plant and equipment	92,468	237,402
Loss on write-off of intangible assets	13,348	223
Impairment of property, plant and equipment included in the share of profits less losses of joint ventures	<u>173,567</u>	<u>-</u>

## 6. Taxation charge

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	30,615	29,559
Mainland China income tax and withholding tax	22,830	35,087
Macau complementary tax	19,603	14,493
Net under/(over) provision in prior years	24,533	(24,314)
Lump sum in lieu of Macau complementary tax on dividend	36,408	36,408
Deferred taxation	<u>(38,102)</u>	<u>(2,539)</u>
Taxation charge	<u>95,887</u>	<u>88,694</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year 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, these rates range from 12% to 25% (2021: 12% to 25%). The weighted average applicable tax rate was 12% (2021: 12%).

## 7. Dividends

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Special dividend paid of HK\$0.30 (2021: HK\$nil) per ordinary share	<u>1,307,566</u>	<u>-</u>

The Board of Directors does not declare any final dividend for the year ended 31 December 2022 (2021: nil).

## 8. (Loss)/earnings per share

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

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and share awards. For the share options, a calculation was done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The calculation of number of shares was compared with the number of shares that would have been issued from the share options and the share awards, the dilutive effect of the share award scheme was assumed if the awarded shares were issued by new shares, unless restricted under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). For the year ended 31 December 2022, the diluted loss per share equals to the basic loss per share since the conversion of the outstanding share options and share awards would not have a dilutive effect on the loss per share. For the year ended 31 December 2021, the Company had outstanding share options and share awards that would potentially dilute the earnings per share.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit attributable to equity holders of the Company	<u>(3,433,770)</u>	<u>1,326,231</u>
	Number of shares	
	2022	2021
Weighted average number of shares for calculating basic (loss)/earnings per share	4,362,354,183	4,352,120,295
Effect of dilutive potential ordinary shares		
Share options	-	8,670,460
Share awards	-	591,138
Weighted average number of shares for calculating diluted (loss)/earnings per share	<u>4,362,354,183</u>	<u>4,361,381,893</u>

## 9. Debtors and prepayments

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade debtors, net of loss allowance	<b>564,298</b>	589,889
Other debtors and deposit paid, net of loss allowance	<b>377,138</b>	862,734
Contract assets	<b>83,091</b>	75,747
Prepayments	<b>128,008</b>	146,307
Current portion of finance lease receivable	-	16,679
	<b><u>1,152,535</u></b>	<u>1,691,356</u>

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 (2021: 30 to 60 days) for customers in Hong Kong, Macau and Mainland China. These are subject to periodic reviews by management. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers.

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one month	<b>212,266</b>	323,212
Two to three months	<b>276,377</b>	229,207
Four to six months	<b>20,876</b>	30,599
Over six months	<b>54,779</b>	6,871
	<b><u>564,298</u></b>	<u>589,889</u>

## 10. Creditors and accruals

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade creditors	<b>2,263,124</b>	2,768,918
Other creditors	<b>3,791,511</b>	3,492,571
Chips issued	<b>273,151</b>	418,016
Loans from non-controlling interests	<b>76,699</b>	97,840
Accruals and provision	<b>1,285,108</b>	1,572,203
	<b><u>7,689,593</u></b>	<u>8,349,548</u>



## 10. Creditors and accruals (Cont'd)

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one month	2,033,906	2,511,158
Two to three months	53,070	59,184
Four to six months	31,860	7,268
Over six months	<u>144,288</u>	<u>191,308</u>
	<u>2,263,124</u>	<u>2,768,918</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### OVERVIEW OF MACAU GAMING MARKET

Basically for the whole of 2021 and 2022 Macau was impacted by COVID-19 and the associated travel restrictions. Based on DICJ reporting, Macau's Gross Gaming Revenue ("GGR") for 2022 was \$41.0 billion, down 51% year-on-year. GGR in Q4 2022 was \$10.1 billion, down 46% year-on-year and up 87% quarter-on-quarter.

In 2022, visitor arrivals to Macau were 5.7 million, down 26% year-on-year. Overnight visitors decreased 33% year-on-year. Mainland visitor arrivals to Macau were 5.1 million, down 28% year-on-year. For Q4 2022, visitor arrivals to Macau were 1.3 million, down 31% year-on-year and up 49% quarter-on-quarter, in which Mainland visitor arrivals were 1.2 million, down 35% year-on-year and up 47% quarter-on-quarter.

## REVIEW OF OPERATIONS

### Group Financial Results

The Group posted Net Revenue of \$11.5 billion, down 42% year-on-year. Adjusted EBITDA was \$(0.6) billion versus \$3.5 billion in 2021. NPAS was \$(3.4) billion versus \$1.3 billion in 2021. Galaxy Macau™'s Adjusted EBITDA was \$295 million, down 90% year-on-year. StarWorld Macau's Adjusted EBITDA was \$(527) million versus \$374 million in 2021. Broadway Macau™'s Adjusted EBITDA was \$(62) million versus \$(84) million in 2021.

In 2022, GEG played unlucky in its gaming operation which decreased its Adjusted EBITDA by approximately \$33 million. Normalized Adjusted EBITDA was \$(520) million versus \$3.2 billion in 2021.

The Group's total GGR on a management basis<sup>1</sup> in 2022 was \$7.5 billion, down 57% year-on-year. Mass GGR was \$6.2 billion, down 45% year-on-year. VIP GGR was \$923 million, down 83% year-on-year. Electronic GGR was \$405 million, down 37% year-on-year.

Summary Table of GEG Q4 and Full Year 2022 Adjusted EBITDA and Adjustments:

<i>in HK\$m</i>	<b>Q4 2021</b>	<b>Q3 2022</b>	<b>Q4 2022</b>	<b>YoY</b>	<b>QoQ</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Adjusted EBITDA</b>	<b>1,043</b>	<b>(581)</b>	<b>(163)</b>	<b>-116%</b>	<b>72%</b>	<b>3,537</b>	<b>(553)</b>
<i>Luck<sup>2</sup></i>	<i>(45)</i>	<i>(20)</i>	<i>(40)</i>	<i>-</i>	<i>-</i>	<i>164</i>	<i>(33)</i>
<i>Expense reversal benefit</i>	<i>168</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>168</i>	<i>-</i>
<b>Normalized Adjusted EBITDA</b>	<b>920</b>	<b>(561)</b>	<b>(123)</b>	<b>-113%</b>	<b>78%</b>	<b>3,205</b>	<b>(520)</b>

### Balance Sheet

The Group's balance sheet remains healthy and liquid. As of 31 December 2022, cash and liquid investments were \$26.4 billion and net cash was \$18.9 billion. Debt was \$7.5 billion which primarily reflects our ongoing treasury yield management initiatives. Core debt remained minimal at \$0.4 billion. This provides us with valuable flexibility in managing our ongoing operations and allows us to continue investing in our longer term development plans.

<sup>1</sup> 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.

<sup>2</sup> Reflects luck associated with our rolling chip program.

Set out below is the segmental analysis of the Group's operating results for 2022:

<i>(HK\$m)</i>	2021	2022
<b>Revenues:</b>		
Net Gaming	14,010	<b>6,566</b>
Non-gaming	2,663	<b>2,021</b>
Construction Materials	3,022	<b>2,887</b>
Total Net Revenue	19,695	<b>11,474</b>
<b>Adjusted EBITDA</b>	3,537	<b>(553)</b>

<b>Gaming Statistics<sup>3</sup></b>		
<i>(HK\$m)</i>	2021	2022
Rolling Chip Volume <sup>4</sup>	159,174	<b>31,157</b>
Win Rate %	3.4%	<b>3.0%</b>
Win	5,453	<b>923</b>
Mass Table Drop <sup>5</sup>	46,013	<b>23,685</b>
Win Rate %	24.4%	<b>26.1%</b>
Win	11,238	<b>6,188</b>
Electronic Gaming Volume	17,627	<b>11,679</b>
Win Rate %	3.6%	<b>3.5%</b>
Win	642	<b>405</b>
Total GGR Win <sup>6</sup>	17,333	<b>7,516</b>

<sup>3</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>4</sup> Reflects sum of junket VIP and inhouse premium direct.

<sup>5</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

<sup>6</sup> Total GGR win includes gaming win from City Clubs.

## GAMING AND ENTERTAINMENT DIVISION

### Galaxy Macau™

#### *Financial and Operational Performance*

Galaxy Macau™ is the primary contributor to Group revenue and earnings. In 2022, Net Revenue was \$7.4 billion, down 44% year-on-year. Adjusted EBITDA was \$295 million, down 90% year-on-year.

Galaxy Macau™ played unlucky in its gaming operations which decreased its Adjusted EBITDA by approximately \$33 million. Normalized 2022 Adjusted EBITDA was \$328 million, down 88% year-on-year.

The combined five hotels occupancy<sup>7</sup> was 31% for 2022.

#### *Galaxy Macau™ Key Financial Data*

(HK\$m)

	Q4 2021	Q3 2022	Q4 2022	FY2021	FY2022
<b>Revenues:</b>					
Net Gaming	2,599	663	<b>1,378</b>	10,832	<b>5,560</b>
Hotel / F&B / Others	252	171	<b>208</b>	1,097	<b>782</b>
Mall	363	238	<b>248</b>	1,347	<b>1,076</b>
Total Net Revenue	3,214	1,072	<b>1,834</b>	13,276	<b>7,418</b>
<b>Adjusted EBITDA</b>	763	(299)	<b>58</b>	2,905	<b>295</b>
<b>Adjusted EBITDA Margin</b>	24%	NEG <sup>8</sup>	<b>3%</b>	22%	<b>4%</b>

<b>Gaming Statistics<sup>9</sup></b> (HK\$m)	Q4 2021	Q3 2022	Q4 2022	FY2021	FY2022
Rolling Chip Volume <sup>10</sup>	19,908	2,782	<b>6,815</b>	117,626	<b>31,157</b>
Win Rate %	2.7%	2.0%	<b>2.2%</b>	3.5%	<b>3.0%</b>
Win	542	56	<b>148</b>	4,081	<b>923</b>
Mass Table Drop <sup>11</sup>	7,827	2,422	<b>4,916</b>	29,519	<b>17,282</b>
Win Rate %	29.5%	26.4%	<b>27.2%</b>	28.1%	<b>29.0%</b>
Win	2,306	641	<b>1,335</b>	8,287	<b>5,012</b>
Electronic Gaming Volume	3,109	1,021	<b>1,925</b>	12,736	<b>7,556</b>
Win Rate %	4.2%	5.1%	<b>4.2%</b>	4.1%	<b>4.3%</b>
Win	130	52	<b>81</b>	528	<b>323</b>
Total GGR Win	2,978	749	<b>1,564</b>	12,896	<b>6,258</b>

<sup>7</sup> Hotel occupancy is based upon available rooms.

<sup>8</sup> NEG represents negative margin.

<sup>9</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>10</sup> Reflects sum of junket VIP and inhouse premium direct.

<sup>11</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

## StarWorld Macau

### Financial and Operational Performance

In 2022, StarWorld Macau's Net Revenue was \$1.0 billion, down 68% year-on-year. Adjusted EBITDA was \$(527) million versus \$374 million in 2021.

There was no luck impact on StarWorld Macau's Adjusted EBITDA in 2022.

Hotel occupancy<sup>12</sup> was 38% for 2022.

### StarWorld Macau Key Financial Data

(HK\$'m)

	Q4 2021	Q3 2022	Q4 2022	FY2021	FY2022
<b>Revenues:</b>					
Net Gaming	632	139	<b>217</b>	3,116	<b>945</b>
Hotel / F&B / Others	31	17	<b>24</b>	135	<b>85</b>
Mall	6	2	<b>5</b>	27	<b>18</b>
Total Net Revenue	669	158	<b>246</b>	3,278	<b>1,048</b>
<b>Adjusted EBITDA</b>	44	(169)	<b>(142)</b>	374	<b>(527)</b>
<b>Adjusted EBITDA Margin</b>	7%	NEG <sup>13</sup>	<b>NEG<sup>13</sup></b>	11%	<b>NEG<sup>13</sup></b>

### Gaming Statistics<sup>14</sup>

(HK\$'m)

	Q4 2021	Q3 2022	Q4 2022	FY2021	FY2022
Rolling Chip Volume <sup>15</sup>	5,874	0	<b>0</b>	40,608	<b>0</b>
Win Rate %	2.9%	0	<b>0</b>	3.3%	<b>0</b>
Win	171	0	<b>0</b>	1,331	<b>0</b>
Mass Table Drop <sup>16</sup>	2,798	795	<b>1,320</b>	13,477	<b>5,280</b>
Win Rate %	20.2%	18.2%	<b>17.3%</b>	18.2%	<b>18.7%</b>
Win	565	144	<b>229</b>	2,447	<b>985</b>
Electronic Gaming Volume	534	228	<b>522</b>	2,303	<b>1,567</b>
Win Rate %	2.2%	2.6%	<b>2.4%</b>	2.6%	<b>2.4%</b>
Win	12	6	<b>12</b>	60	<b>37</b>
Total GGR Win	748	150	<b>241</b>	3,838	<b>1,022</b>

<sup>12</sup> Hotel occupancy is based upon available rooms.

<sup>13</sup> NEG represents negative margin.

<sup>14</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>15</sup> Reflects junket VIP.

<sup>16</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

## **Broadway Macau™**

### ***Financial and Operational Performance***

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs. In 2022, Broadway Macau™'s Net Revenue was \$60 million, up 5% year-on-year. Adjusted EBITDA was \$(62) million, versus \$(84) million in 2021.

There was no luck impact on Broadway Macau™'s Adjusted EBITDA in 2022.

### **City Clubs**

In 2022, City Clubs' Net Revenue was \$61 million, down 2% year-on-year<sup>17</sup>. Adjusted EBITDA was \$(21) million, versus \$62 million in 2021.

## **CONSTRUCTION MATERIALS DIVISION**

Construction Materials Division ("CMD") delivered Adjusted EBITDA of \$566 million for the year, down 42% year-on-year. This decrease was mainly due to disrupted business activities caused by city-wide COVID-19 lockdowns and followed by wide-spread COVID-19 waves across mainland China. The overall demand for construction materials was further suppressed by weak confidence in property market and lower local government spending for infrastructure projects.

### **Hong Kong and Macau**

Hong Kong and Macau continued to perform solidly in 2022 with strong demand for ready-mixed concrete and precast materials, due to the accelerated progress of Hong Kong International Airport's three-runway system project and ongoing infrastructure projects.

In Hong Kong, CMD will continue to leverage on its core competencies to explore more opportunities from the 3RS projects, Northern Metropolis Development, "three major road and three railway projects" and "Kau Yi Chau Artificial Islands".

In Macau, a ready-mixed concrete batching plant with 5-year's operation contract in the reclamation of Zone A will be commissioned in 1H 2023.

### **Mainland China**

Demand for Ground Granulated Blast-furnace Slag ("GGBS") was impacted by production restrictions in Northern China during the Winter Olympics and the Paralympic Winter Games in Q1 2022, followed by the intermittent production disruption due to COVID-19 which caused inventory build-up and imposed pressure on GGBS prices.

Persistent reduction of property development and infrastructure projects has significantly dragged down the cement demand in Yunnan. High coal prices also impacted profitability.

The Central Government's policy changed from COVID-19 control to economic growth in 2023, together with recent property sector pivot and the relaxation of COVID-19 restrictions, it is expected that the demand for construction materials will recover in 2023.

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<sup>17</sup> Effective in June 2022, we ceased operations at Rio Casino and President Casino with the aim to optimize the Company's operational scale.

## **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**

We are pleased to confirm that Cotai Phase 3 is effectively completed and we continue with the development of Phase 4. We are scheduled to progressively open Phase 3 GICC, Galaxy Arena and Raffles at Galaxy Macau in Q2 2023, with our first MICE event being held in April 2023. This will be followed by world-class concerts K-Pop TREASURE and the highly popular BLACKPINK's world tour to be held in our state-of-the-art Galaxy Arena. We will continue to monitor market conditions and when appropriate we will open Andaz Macau.

We are now firmly focused on the development of Phase 4, which is already well under way. We see the premium market evolving with this segment preferring higher quality and more spacious rooms. We continue to proceed with the construction of Cotai Phase 4, our next generation integrated resort, which will complete our ecosystem in Cotai.

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. As you can see, we remain highly confident about the future of Macau where Cotai Phases 3 & 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

## **GROUP OUTLOOK**

Following the reopening of borders, we experienced a surge in visitor arrivals and we are encouraged by the recovery momentum during Chinese New Year. We are hopeful for a sustainable recovery and remain cautiously optimistic. Our confidence in the future for Macau is evidenced by GEG substantial ongoing investment into the development of Macau.

We are well positioned for long term growth. We continue to make ongoing progressive enhancements, upgrading our existing properties and focusing on elevating service standards with continuous training, among others. We are scheduled to progressively open Phase 3 GICC, Galaxy Arena and Raffles at Galaxy Macau in Q2 2023 where new room capacity, MICE facilities and non-gaming elements will expand and broaden GEG's product offering in Macau. We will continue to monitor market conditions and when appropriate we will open Andaz Macau.

We are confident in and committed to the medium and longer term development of Macau as evidenced by our further MOP28.4 billion investment commitment into Macau, of which over 96% of the investment will be used for non-gaming projects and exploring overseas customer markets over the next decade. Our further investment will have a particular focus on themed amusements, entertainment and performances, MICE, sporting events, culture and art. We will work with the Macau Government, and are currently finalizing our investment plans which will be submitted to the Government by the end of March. We continue to review the Greater Bay Area and Hengqin for opportunities, but our current priority is focused on Macau. As you can see, we remain confident about the future of Macau where Cotai Phases 3 & 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

## LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 31 December 2022 decreased to \$63,914 million, a decrease of 7% over that as at 31 December 2021 of \$68,425 million while the Group's total assets employed decreased to \$80,961 million as at 31 December 2022 as compared to \$85,243 million as at 31 December 2021.

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in low risk fixed deposits as well as high quality listed debt securities issued by large financial institutions and corporations to generate low risk interest income for the Group. As at 31 December 2022, the listed debt securities were predominantly denominated in the U.S. dollar with weighted average tenor of approximately 2 years and majority in investment grade rating. Listed debt securities investments are closely monitored by designated team with the help of international leading banks. The listed debt securities were classified as financial assets at amortized cost and their carrying amounts as at 31 December 2022 approximated their fair values. These listed debt securities were considered to be of low credit risk and the expected credit loss was immaterial. As at 31 December 2022, none of the listed debt securities in any individual investee company held by the Group equaled or exceeded 5% of the Group's total assets.

As at 31 December 2022, the Group invested \$9,019 million (\$11,580 million as at 31 December 2021) in listed debt securities and \$3,349 million (\$3,449 million as at 31 December 2021) in listed investment of Wynn Resorts, Limited ("Wynn Resorts"). As at 31 December 2022, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.6% (4.5% as at 31 December 2021) 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 31 December 2022 was the fair value of this listed investment. As of 31 December 2022, fair value of our investment in Wynn Resorts was \$3,349 million, representing 4.1% of the Group's total asset of \$80,961 million. The market value of Wynn Resorts as of 31 December 2021 and 31 December 2022, and the performance of the investment during the year ended 31 December 2021 and 2022 are as follows:

(HK\$'m)	2021	2022
Market value	3,449	<b>3,349</b>
Unrealised loss for the year ended 31 December	(1,100)	<b>(100)</b>
Dividend income for the year ended 31 December	-	-

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 \$14,011 million as at 31 December 2022 compared to \$18,364 million as at 31 December 2021 while total borrowings were \$7,505 million as at 31 December 2022 as compared to \$6,386 million as at 31 December 2021. The Group was in a net cash position as at 31 December 2022 and 31 December 2021.



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

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

## **TREASURY POLICY**

The Group continues to adopt a conservative treasury policy in liquidity and financial management. Surplus cash is generally placed in fixed deposits and high-quality listed debt securities mostly denominated in Hong Kong dollar, Macau Patacas, 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, Macau Patacas, the U.S. dollar, Euro and Renminbi. Euro bank loan was utilized to fund and hedge the foreign exchange risk on the Euro-denominated Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco investment in August 2015.

## **CHARGES ON GROUP ASSETS**

No property, plant and equipment, leasehold land and land use rights was pledged to secure banking facilities (2021: nil). Bank deposits of \$299 million (2021: \$291 million) have been pledged to secure banking facilities.

## **GUARANTEES**

GEG has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to \$5,770 million (2021: \$6,970 million). At 31 December 2022, facilities utilized by a subsidiary amounted to \$4,228 million (2021: \$700 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to \$43 million (2021: \$46 million). At 31 December 2022, \$14 million (2021: \$20 million) had been utilized.

## **DEALINGS IN LISTED SECURITIES**

During the year 2022, the trustee of the Share Award Scheme, pursuant to the terms of the Trust Deed, purchased on the Stock Exchange of Hong Kong Limited a total of 362,037 shares of the Company for a total consideration of approximately HK\$16.86 million for satisfying the share awards granted to the connected persons (as defined under the Listing Rules), who are also employees of the Company. All 362,037 shares of the Company were subsequently transferred to the connected persons on the respective vesting dates of the share awards.

Save as disclosed, neither GEG nor any of its subsidiaries has purchased, sold or redeemed any of GEG's shares during the year ended 31 December 2022.

## **REVIEW OF ANNUAL RESULTS**

The Group's annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee of GEG. The figures in this preliminary announcement of the results of the Group for the year ended 31 December 2022 have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year by GEG's auditor, PricewaterhouseCoopers. The work of PricewaterhouseCoopers in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

## **CORPORATE GOVERNANCE**

Throughout the year under review, GEG has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except code provision B.2.2.

Given that the other Directors do retire by rotation in accordance with the Articles of Association of GEG, the Board considers that the Group is best served by not requiring the Chairman to retire by rotation as his continuity in office is of considerable benefit to and his leadership, vision and profound knowledge in the widespread geographical business of the Group is an asset of GEG.

## **DIVIDENDS**

A special dividend of HK\$0.30 per share for the year ended 31 December 2022 was paid to the shareholders of the Company on 29 April 2022.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil) or any special dividend.

Total dividend paid to shareholders of the Company for the year ended 31 December 2022 was HK\$0.30 per share (2021: nil).

## **2023 ANNUAL GENERAL MEETING**

The 2023 Annual General Meeting of GEG will be held on or before 30 June 2023. Notice of the 2023 Annual General Meeting, including details on closure of register of members for the purpose of determining the entitlement to attend and vote at the 2023 Annual General Meeting, will be published and dispatched to the shareholders of GEG in the manner as required by the Listing Rules in due course.

## **ANNUAL REPORT 2022**

The Annual Report 2022 of GEG containing all the information required by the Listing Rules will be available on the respective websites of Hong Kong Exchanges and Clearing Limited and GEG and dispatched to the shareholders in due course.

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

Hong Kong, 23 February 2023

*As at the date of this announcement, the executive Directors of GEG are Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Joseph Chee Ying Keung and Mrs. Paddy Tang Lui Wai Yu; the non-executive 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)