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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 2021

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 2021. Macau like the rest of the world continued to experience the impact of COVID-19 throughout 2021, with sporadic outbreaks in Mainland China and the subsequent travel and quarantine restrictions impacting visitor arrivals.

I would like to acknowledge the Macau Government for acting decisively and effectively controlling the pandemic. As a socially responsible corporation, GEG continues to support the Macau Government’s epidemic preventive work. GEG’s team members overall COVID-19 vaccination rate has reached 94%.

Moving onto our full year performance, the Group’s Net Revenue, Adjusted EBITDA and net profit attributable to shareholders (“NPAS”) all improved in 2021 relative to 2020. Our balance sheet also remained healthy and we are well positioned to navigate through the pandemic. Further, we announced a special dividend of HK\$0.30 per share to be paid on or about 29 April 2022. This attests to our confidence in Macau, our financial strength and our future earnings potential.

We were encouraged by the performance over the recent Chinese New Year holiday. Even though visitor arrivals were less than anticipated due to travel restrictions, gaming revenue was solid, driven by premium mass, hotel occupancy was higher and retails sales were strong. This is evidence of strong pent up demand for tourism and leisure in Macau.

During this economically challenging period, GEG continued to invest in the advancement of Macau’s economy with our Cotai Phases 3 and 4 developments and renovating and upgrading our existing resort facilities where we intend to align the openings with the prevailing market conditions. We continue to pursue our project in Hengqin and are expanding our focus beyond Hengqin and Macau to potentially include opportunities within greater China including the rapidly developing Greater Bay Area.

In January 2022, the Macau Legislative Assembly passed its first reading of the “Legal Framework for the Exploitation of Games of Chance in Casino” and the Legislative Assembly Standing Committee is now going through a committee discussion. GEG fully supports the proposed legislation including that national and Macau security should be put as the top priority and the economic diversification and sustainable development should be a primary consideration.

Finally, I would again like to acknowledge and thank the health and emergency personnel who have worked so hard to ensure the safety of Macau. I would also like to thank our staff, management team and Board of Directors who voluntarily contributed to the various cost savings programs and for being so supportive of our Company during this period of time. Thank you.

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA

Chairman

ANNUAL RESULTS

The Board of Directors of GEG is pleased to announce the results of GEG and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021 as follows:

Q4 & FULL YEAR 2021 RESULTS HIGHLIGHTS

GEG: Continues to be Impacted by COVID-19 and Travel Restrictions

- Full Year Group Net Revenue of HK\$19.7 billion, up 53% year-on-year
- Full Year Group Adjusted EBITDA of HK\$3.5 billion versus HK\$(1.0) billion in 2020
- Full Year Group NPAS of HK\$1.3 billion versus HK\$(4.0) billion in 2020 including HK\$283 million of non-recurring and other charges in 2021
- Full year Adjusted NPAS of HK\$1.6 billion after adjusting for non-recurring and other charges
- Q4 Group Net Revenue of HK\$4.8 billion, down 7% year-on-year and up 11% quarter-on-quarter
- Q4 Group Adjusted EBITDA of HK\$1.0 billion, up 3% year-on-year and up 107% quarter-on-quarter
- Q4 Group Adjusted EBITDA included a one-off expense reversal benefit of HK\$0.2 billion and played lucky which increased Adjusted EBITDA by approximately HK\$57 million, normalized exclude luck factor (“Normalized”) Q4 Adjusted EBITDA of HK\$818 million, down 16% year-on-year and up 49% quarter-on-quarter

Galaxy Macau™: Continues to be Impacted by COVID-19 and Travel Restrictions

- Full Year Net Revenue of HK\$13.3 billion, up 71% year-on-year
- Full Year Adjusted EBITDA of HK\$2.9 billion versus HK\$(0.9) billion in 2020
- Q4 Net Revenue of HK\$3.2 billion, down 3% year-on-year and up 13% quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$763 million, up 4% year-on-year and up 68% quarter-on-quarter
- Played lucky in Q4 which increased Adjusted EBITDA by approximately HK\$25 million, Normalized Q4 Adjusted EBITDA of HK\$738 million, up 5% year-on-year and up 52% quarter-on-quarter
- Hotel occupancy for Q4 across the five hotels was 39%

StarWorld Macau: Continues to be Impacted by COVID-19 and Travel Restrictions

- Full Year Net Revenue of HK\$3.3 billion, up 47% year-on-year
- Full Year Adjusted EBITDA of HK\$0.4 billion versus HK\$(0.3) billion in 2020
- Q4 Net Revenue of HK\$669 million, down 30% year-on-year and up 1% quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$44 million, down 71% year-on-year and up 76% quarter-on-quarter
- Played lucky in Q4 which increased Adjusted EBITDA by approximately HK\$32 million, Normalized Q4 Adjusted EBITDA of HK\$12 million, down 92% year-on-year and down 71% quarter-on-quarter
- Hotel occupancy for Q4 was 55%

Broadway Macau™: A Unique Family Friendly Resort, Strongly Supported by Macau SMEs

- Full Year Net Revenue of HK\$57 million, down 39% year-on-year
- Full Year Adjusted EBITDA of HK\$(84) million, versus HK\$(162) million in 2020
- Q4 Net Revenue of HK\$14 million, down 13% year-on-year, flat quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$(22) million, versus HK\$(19) million in Q3 2021 and HK\$(28) million in Q4 2020
- There was no luck impact on Q4 Adjusted EBITDA
- Hotel occupancy for Q4 was 3%

Balance Sheet: Healthy and Liquid Balance Sheet

- As at 31 December 2021, cash and liquid investments were HK\$33.4 billion and net cash was HK\$27.0 billion
- As at 31 December 2021, debt of HK\$6.4 billion primarily reflects ongoing treasury yield management initiatives with minimal core debt
- Announced a special dividend of HK\$0.30 per share payable on or about 29 April 2022

Development Update: Continue Making Progress on Cotai Phases 3 & 4

- Continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests
- Cotai Phases 3 & 4 – Phase 3 is effectively completed and our efforts are firmly focused on the development of Phase 4. Phases 3 & 4 have a strong focus on non-gaming, primarily targeting Meetings, Incentives, Conferences and Events (MICE), entertainment, family facilities and also include gaming
- Will align the opening of Raffles at Galaxy Macau with prevailing market conditions, followed by the opening of Galaxy International Convention Center and Andaz Macau, and proceeding with the construction of remaining phases
- Future development opportunities – Continue to pursue our Hengqin project as well as expanding our focus into Mainland China with a particular emphasis on the Greater Bay Area
- International – Continuously exploring opportunities in overseas markets

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2021

	Note	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue (Note)	2	19,695,530	12,876,099
Other income/gains, net		1,101,301	979,237
Special gaming tax and other related taxes to the Macau Government		(6,742,753)	(4,484,995)
Raw materials and consumables used		(1,488,489)	(1,171,549)
Amortisation and depreciation		(2,264,113)	(2,816,740)
Employee benefit expenses		(5,765,754)	(6,710,777)
Other operating expenses		(3,329,344)	(2,848,597)
Finance costs		(67,963)	(38,057)
Share of profits less losses of:			
Joint ventures		382,666	452,691
Associated companies		(29)	73
Profit/(loss) before taxation	4	1,521,052	(3,762,615)
Taxation charge	5	(88,694)	(150,628)
Profit/(loss) for the year		1,432,358	(3,913,243)
Attributable to:			
Equity holders of the Company		1,326,231	(3,973,078)
Non-controlling interests		106,127	59,835
		1,432,358	(3,913,243)
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share	7		
Basic		30.5	(91.6)
Diluted		30.4	(91.6)
		<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Note: Analysis of revenue</u>			
Gross revenue from gaming operations		16,805,415	11,017,024
Commission and incentives		(2,794,917)	(2,451,298)
Net revenue from gaming operations		14,010,498	8,565,726
Revenue from hotel, mall operations and others		2,662,546	1,571,157
Sales of construction materials		3,022,486	2,739,216
		19,695,530	12,876,099

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2021

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year	1,432,358	(3,913,243)
Other comprehensive (loss)/income		
Items that will not be subsequently reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	(1,137,012)	(912,670)
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	30,793	106,694
Share of translation differences of joint ventures	36,924	121,097
	<u>(1,069,295)</u>	<u>(684,879)</u>
Other comprehensive loss for the year, net of tax		
Total comprehensive income/(loss) for the year	<u>363,063</u>	<u>(4,598,122)</u>
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	247,097	(4,697,583)
Non-controlling interests	115,966	99,461
	<u>363,063</u>	<u>(4,598,122)</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		41,781,428	36,209,638
Right-of-use assets		4,885,646	4,838,991
Intangible assets		152,858	357,204
Joint ventures		1,993,905	1,954,136
Associated companies		2,280	2,310
Financial assets at amortised cost		8,518,439	18,753,138
Financial assets at fair value through other comprehensive income		4,202,038	5,371,458
Long-term bank deposits		-	4,450,079
Other non-current assets		144,138	329,745
		<u>61,680,732</u>	<u>72,266,699</u>
Current assets			
Inventories		203,922	201,716
Debtors and prepayments	8	1,691,356	1,740,568
Amounts due from joint ventures		161,839	162,720
Taxation recoverable		68,713	41,476
Current portion of financial assets at amortised cost		3,062,039	2,473,234
Cash and cash equivalents and other bank deposits		18,374,824	15,840,366
		<u>23,562,693</u>	<u>20,460,080</u>
Total assets		<u>85,243,425</u>	<u>92,726,779</u>
EQUITY			
Share capital and shares held for share award scheme		23,598,057	22,808,468
Reserves		44,826,622	44,615,313
Equity attributable to owners of the Company		<u>68,424,679</u>	<u>67,423,781</u>
Non-controlling interests		651,061	613,401
Total equity		<u>69,075,740</u>	<u>68,037,182</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		205,414	207,953
Lease liabilities		433,638	296,773
Retention payable		456,980	181,092
Non-current deposits and other payables		205,156	116,424
		<u>1,301,188</u>	<u>802,242</u>
Current liabilities			
Creditors and accruals	9	8,349,548	14,542,294
Amounts due to joint ventures		31,412	625
Current portion of lease liabilities		49,235	48,116
Borrowings		6,386,231	9,233,014
Provision for tax		50,071	63,306
		<u>14,866,497</u>	<u>23,887,355</u>
Total liabilities		<u>16,167,685</u>	<u>24,689,597</u>
Total equity and liabilities		<u>85,243,425</u>	<u>92,726,779</u>
Net current assets/(liabilities)		<u>8,696,196</u>	<u>(3,427,275)</u>
Total assets less current liabilities		<u>70,376,928</u>	<u>68,839,424</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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 2021 and 2020 included in this preliminary announcement of annual results 2021 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 2020 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 2021 in due course.

The Company’s auditor has reported on the 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 2021, the Group adopted the following amended standards which are relevant to its operations.

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
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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
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The Group has assessed the impact of the adoption of these amended standards and considered that there was no significant impact on the Group’s results and financial position.

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

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

<u>New standard and amendments</u>	<u>Effective for accounting periods beginning on or after</u>
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 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
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 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 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.

2. Revenue

Revenue recognised during the year are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gaming operations		
Net gaming wins	16,734,672	10,986,101
Contributions from City Club Casinos (Note i)	52,129	17,138
Tips received and administrative fees	18,614	13,785
Gross revenue from gaming operations	16,805,415	11,017,024
Less: Commission and incentives	(2,794,917)	(2,451,298)
Net revenue from gaming operations	14,010,498	8,565,726
Revenue from hotel, mall operations and others (Note ii)	2,662,546	1,571,157
Sales of construction materials	3,022,486	2,739,216
	<u>19,695,530</u>	<u>12,876,099</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 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 consolidated financial statements.

During the year ended 31 December 2021, the Group is entitled to HK\$52,129,000 (2020: HK\$17,138,000), 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.

Note ii: Revenue from hotel, mall operations and others includes rental income amounted to approximately HK\$1,399 million (2020: HK\$614 million).

3. 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, gain/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.

3. 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. During the year, the Group reclassified its certain cash and cash equivalents and other bank deposits under corporate and treasury management segment to better reflect the nature of the transactions. The comparative figures in the respective segments have been reclassified to conform with the presentation.

The reportable segments derive their revenue from the 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.

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

	Gaming and entertainment	Construction materials	Corporate and treasury management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<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 2				
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>	3,537,274
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>

3. 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 2020				
Reportable segment revenue	10,595,917	2,739,216	-	13,335,133
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	(486,222)	-	-	(486,222)
Contributions	17,138	-	-	17,138
Others	10,050	-	-	10,050
Revenue recognised under HKFRS	<u>10,136,883</u>	<u>2,739,216</u>	<u>-</u>	<u>12,876,099</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>(1,992,734)</u>	<u>1,118,386</u>	<u>(145,157)</u>	<u>(1,019,505)</u>
Interest income, dividend income from listed investments and gross earnings on finance lease				1,184,021
Amortisation and depreciation				(2,816,740)
Finance costs				(38,057)
Taxation charge				(150,628)
Adjusted items:				
Taxation of joint ventures and associated companies				(141,927)
Pre-opening expenses				(238,693)
Loss on disposal and write-off of certain property, plant and equipment				(190,449)
Share option expenses				(175,220)
Share award expenses				(122,591)
Donation and sponsorship				(7,530)
Foreign exchange loss				(172,281)
Others				(23,643)
Loss for the year				<u>(3,913,243)</u>
Share of results of joint ventures and associated companies	<u>(5,788)</u>	<u>458,552</u>	<u>-</u>	<u>452,764</u>

3. 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>
As at 31 December 2021				
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>
As at 31 December 2020				
Total assets	<u>78,471,290</u>	<u>5,489,243</u>	<u>8,766,246</u>	<u>92,726,779</u>
Total assets include:				
Joint ventures	84,625	1,869,511	-	1,954,136
Associated companies	<u>-</u>	<u>2,310</u>	<u>-</u>	<u>2,310</u>
Total liabilities	<u>14,234,591</u>	<u>1,500,290</u>	<u>8,954,716</u>	<u>24,689,597</u>
Year ended 31 December 2021				
Additions to non-current assets	<u>7,668,945</u>	<u>223,730</u>	<u>-</u>	<u>7,892,675</u>
Year ended 31 December 2020				
Additions to non-current assets	<u>5,957,401</u>	<u>126,602</u>	<u>1,339</u>	<u>6,085,342</u>
Geographical analysis				
		2021		2020
Year ended 31 December		<i>HK\$'000</i>		<i>HK\$'000</i>
Revenue				
Macau		17,162,336		10,445,825
Hong Kong		1,832,452		1,512,758
Mainland China		<u>700,742</u>		<u>917,516</u>
		<u>19,695,530</u>		<u>12,876,099</u>
		As at		As at
		31 December		31 December
		2021		2020
Non-current assets		<i>HK\$'000</i>		<i>HK\$'000</i>
Macau		57,959,848		68,738,261
Hong Kong		640,059		513,328
Mainland China		<u>3,080,825</u>		<u>3,015,110</u>
		<u>61,680,732</u>		<u>72,266,699</u>

4. Profit/(loss) before taxation

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) before taxation is arrived at after crediting:		
Interest income	953,400	1,155,348
Dividend income from listed investments	-	28,225
Dividend income from unlisted investments	-	2,500
	<u> </u>	<u> </u>
and after charging:		
Depreciation		
Property, plant and equipment	1,902,020	2,452,492
Right-of-use assets	133,314	139,936
Amortisation		
Gaming licence	106,337	106,631
Computer software	32,938	27,515
Reacquired right	87,925	87,926
Quarry site development	1,579	2,240
Loss on disposal and write-off of property, plant and equipment	237,402	194,974
	<u> </u>	<u> </u>

5. Taxation charge

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	29,559	28,631
Mainland China income tax and withholding tax	35,087	68,941
Macau complementary tax	14,493	8,608
Net (over)/under provision in prior years	(24,314)	1,305
Lump sum in lieu of Macau complementary tax on dividend	36,408	36,408
Deferred taxation	(2,539)	6,735
	<u> </u>	<u> </u>
Taxation charge	<u>88,694</u>	<u>150,628</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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% (2020: 12% to 25%). The weighted average applicable tax rate was 12% (2020: 12%).

6. Dividends

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Special dividend paid of HK\$ nil (2020: HK\$0.45) per ordinary share	<u>-</u>	<u>1,950,596</u>

The Board of Directors does not declare any final dividend for the year ended 31 December 2021 (2020: nil).

Details of the special dividend declared subsequent to the year ended 31 December 2021 are given in note 10.

7. 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 year.

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. The Company has two categories of dilutive potential ordinary shares: share options and share awards. For the year ended 31 December 2021, a calculation for the share options 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 year ended 31 December 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 year is based on the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) attributable to equity holders of the Company	<u>1,326,231</u>	<u>(3,973,078)</u>
	Number of shares	
	2021	2020
Weighted average number of shares for calculating basic earnings/(loss) per share	4,352,120,295	4,337,820,915
Effect of dilutive potential ordinary shares		
Share options	8,670,460	-
Share awards	<u>591,138</u>	<u>-</u>
Weighted average number of shares for calculating diluted earnings/(loss) per share	<u>4,361,381,893</u>	<u>4,337,820,915</u>

8. Debtors and prepayments

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors, net of loss allowance	589,889	494,581
Other debtors and deposit paid, net of loss allowance	862,734	992,615
Contract assets	75,747	102,886
Prepayments	146,307	132,798
Current portion of finance lease receivable	16,679	17,688
	<u>1,691,356</u>	<u>1,740,568</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 (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:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one month	323,212	291,041
Two to three months	229,207	180,447
Four to six months	30,599	10,007
Over six months	6,871	13,086
	<u>589,889</u>	<u>494,581</u>

9. Creditors and accruals

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors	2,768,918	3,048,087
Other creditors	3,492,571	2,911,552
Chips issued	418,016	6,193,272
Loans from non-controlling interests	97,840	84,026
Accruals and provision	1,572,203	2,305,357
	<u>8,349,548</u>	<u>14,542,294</u>

9. Creditors and accruals (Cont'd)

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within one month	2,511,158	2,656,411
Two to three months	59,184	58,077
Four to six months	7,268	108,841
Over six months	191,308	224,758
	<u>2,768,918</u>	<u>3,048,087</u>

10. Post Balance Sheet Event

On 23 February 2022, the Board of Directors declared a special dividend of HK\$0.30 per share, payable to shareholders of the Company whose names appear on the register of members of the Company on 31 March 2022. The total amount of the special dividend to be distributed is estimated to be approximately HK\$1,310 million and will be paid on or about 29 April 2022.

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 2020 and 2021 Macau was impacted by COVID-19 and the associated travel restrictions. Based on DICJ reporting, Macau's gross gaming revenue ("GGR") for the full year 2021 was \$84.3 billion, up 44% year-on-year. GGR in Q4 2021 was \$18.5 billion, down 13% year-on-year and up 2% quarter-on-quarter.

During Q4 2021, in tune with the broad range of changes in the regulatory environment we suspended VIP gaming operations, we will continue to monitor the situation.

In reviewing visitor arrivals, Macau arrivals have increased during 2021, admittedly off a low base. In January 2021, visitor arrivals were approximately 18,000 per day. In December 2021, this had increased to approximately 26,000 per day. Throughout the year arrival numbers varied to reflect sporadic outbreaks in COVID-19 and the subsequent travel and quarantine restrictions. But importantly we are moving in the right direction. Whilst we are encouraged by the increase in visitor arrivals we do acknowledge they still remain well below pre-pandemic levels. We look forward to further improvement in 2022 with possibly the progressive reinstatement of E-Visas and the opening of the Hong Kong border.

In 2021, visitor arrivals to Macau were 7.7 million, up 31% year-on-year, although the figure was 80% lower than 2019. Overnight visitors and same-day visitors increased 31% and 30% year-on-year respectively. The average length of stay for overnight visitors increased by 0.2 day to 1.6 days. Mainland visitor arrivals to Macau were 7.0 million, up 48% year-on-year. For Q4 2021, visitor arrivals to Macau were 2.0 million, up 4% year-on-year and up 7% quarter-on-quarter. Mainland visitor arrivals to Macau were 1.8 million, up 4% year-on-year and up 8% quarter-on-quarter.

REVIEW OF OPERATIONS

Group Financial Results

The Group posted Net Revenue of \$19.7 billion, up 53% year-on-year. Adjusted EBITDA was \$3.5 billion versus \$(1.0) billion in 2020, which included a one-off expense reversal benefit of \$0.2 billion in Q4 2021. Net profit attributable to shareholders was \$1.3 billion versus \$(4.0) billion in 2020. Galaxy Macau™'s Adjusted EBITDA was \$2.9 billion versus \$(0.9) billion in 2020. StarWorld Macau's Adjusted EBITDA was \$374 million versus \$(275) million in 2020. Broadway Macau™'s Adjusted EBITDA was \$(84) million versus \$(162) million in 2020.

GEG played lucky in its gaming operation during 2021, which increased its Adjusted EBITDA by approximately \$253 million. In addition, the Group experienced a one-off expense reversal benefit of \$0.2 billion, normalized Adjusted EBITDA was \$3.1 billion versus \$(1.1) billion in 2020.

The Group's total GGR on a management basis¹ in 2021 was \$17.3 billion, up 51% year-on-year. Mass GGR was \$11.2 billion, up 83% year-on-year. VIP GGR was \$5.5 billion, up 11% year-on-year. Electronic GGR was \$642 million, up 35% year-on-year.

Summary Table of GEG Q4 and Full Year 2021 Adjusted EBITDA and Adjustments:

<i>in HK\$m</i>	Q4 2020	Q3 2021	Q4 2021	YoY	QoQ	FY 2020	FY 2021
Adjusted EBITDA	1,010	503	1,043	3%	107%	(1,020)	3,537
<i>Luck</i>	<i>(59)</i>	<i>(47)</i>	<i>57</i>			<i>25</i>	<i>253</i>
<i>COVID insurance claim</i>	<i>100</i>	<i>-</i>	<i>-</i>			<i>100</i>	<i>-</i>
<i>Expense reversal benefit</i>	<i>-</i>	<i>-</i>	<i>168</i>			<i>-</i>	<i>168</i>
Normalized Adjusted EBITDA	969	550	818	-16%	49%	(1,145)	3,116

Balance Sheet and Special Dividend

The Group's balance sheet remains liquid and healthy. As of 31 December 2021, cash and liquid investments were \$33.4 billion and net cash was \$27.0 billion. Total debt was \$6.4 billion which primarily reflects our ongoing treasury yield management initiatives where interest income on cash holdings exceeds corresponding borrowing costs. Core debt remained minimal. This provides us with valuable flexibility in managing our ongoing operations and allows us to continue investing in our longer term development plans. We announced a special dividend of \$0.30 per share to be paid on or about 29 April 2022. This attests to our confidence in Macau, our financial strength and our future earnings potential.

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.

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

<i>(HK\$'m)</i>	2020	2021
Revenues:		
Net Gaming	8,566	14,010
Non-gaming	1,571	2,663
Construction Materials	2,739	3,022
Total Net Revenue	12,876	19,695
Adjusted EBITDA	(1,020)	3,537

Gaming Statistics²		
<i>(HK\$'m)</i>	2020	2021
Rolling Chip Volume ³	130,584	129,088
Win Rate %	3.8%	4.2%
Win	4,910	5,453
Mass Table Drop ⁴	25,662	46,013
Win Rate %	23.9%	24.4%
Win	6,129	11,238
Electronic Gaming Volume	14,131	17,627
Win Rate %	3.4%	3.6%
Win	477	642
Total GGR Win ⁵	11,516	17,333

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.

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™

Financial and Operational Performance

Galaxy Macau™ is the primary contributor to Group revenue and earnings. In 2021, Net Revenue was up 71% year-on-year to \$13.3 billion. Adjusted EBITDA was \$2.9 billion versus \$(0.9) billion in 2020.

Galaxy Macau™ played lucky in its gaming operations which increased its Adjusted EBITDA by approximately \$207 million. Normalized 2021 Adjusted EBITDA was \$2.7 billion versus \$(1.0) billion in 2020, excluding the COVID-19 insurance claim and luck factor.

The combined five hotels occupancy rate was 47% for 2021.

Galaxy Macau™ Key Financial Data

(HK\$m)

	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
Revenues:					
Net Gaming	2,731	2,279	2,599	6,398	10,832
Hotel / F&B / Others	290	288	252	809	1,097
Mall	297	269	363	572	1,347
Total Net Revenue	3,318	2,836	3,214	7,779	13,276
Adjusted EBITDA	736	454	763	(900)	2,905
Adjusted EBITDA Margin	22%	16%	24%	NEG ⁶	22%

Gaming Statistics⁷

(HK\$m)

	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
Rolling Chip Volume ⁸	29,552	18,902	11,444	89,219	87,540
Win Rate %	3.9%	4.8%	4.7%	4.1%	4.7%
Win	1,156	907	542	3,673	4,081
Mass Table Drop ⁹	7,348	6,592	7,827	14,994	29,519
Win Rate %	27.3%	26.4%	29.5%	28.0%	28.1%
Win	2,009	1,743	2,306	4,198	8,287
Electronic Gaming Volume	3,064	2,947	3,109	8,755	12,736
Win Rate %	5.0%	4.1%	4.2%	4.2%	4.1%
Win	153	122	130	368	528
Total GGR Win	3,318	2,772	2,978	8,239	12,896

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.

StarWorld Macau

Financial and Operational Performance

In 2021, StarWorld Macau's Net Revenue was up 47% year-on-year to \$3.3 billion. Adjusted EBITDA was \$374 million versus \$(275) million in 2020.

StarWorld Macau played lucky in its gaming operations which increased its Adjusted EBITDA by approximately \$46 million. Normalized 2021 Adjusted EBITDA was \$328 million versus \$(283) million in 2020, excluding the COVID-19 insurance claim and luck factor.

Hotel occupancy was 65% for 2021.

StarWorld Macau Key Financial Data

(HK\$'m)

	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
Revenues:					
Net Gaming	914	627	632	2,119	3,116
Hotel / F&B / Others	35	30	31	99	135
Mall	6	7	6	19	27
Total Net Revenue	955	664	669	2,237	3,278
Adjusted EBITDA	150	25	44	(275)	374
Adjusted EBITDA Margin	16%	4%	7%	NEG ¹⁰	11%

Gaming Statistics¹¹

(HK\$'m)

	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
Rolling Chip Volume ¹²	13,280	8,925	5,874	37,434	40,608
Win Rate %	3.6%	3.7%	2.9%	3.0%	3.3%
Win	481	327	171	1,140	1,331
Mass Table Drop ¹³	3,957	2,825	2,798	8,474	13,477
Win Rate %	16.9%	16.0%	20.2%	18.1%	18.2%
Win	668	453	565	1,535	2,447
Electronic Gaming Volume	584	585	534	2,099	2,303
Win Rate %	2.1%	2.4%	2.2%	2.2%	2.6%
Win	11	14	12	45	60
Total GGR Win	1,160	794	748	2,720	3,838

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.

Broadway Macau™

Financial and Operational Performance

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs. In 2021, Broadway Macau™'s Net Revenue was \$57 million, down 39% year-on-year. Adjusted EBITDA was \$(84) million versus \$(162) million in 2020.

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

Hotel occupancy was 6% for 2021, this was due to the fact that the hotel's operations were suspended for the majority of the year.

Broadway Macau™ Key Financial Data

(HK\$'m)

	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
Revenues:					
Net Gaming	0	0	0	22	0
Hotel / F&B / Others	10	8	8	49	32
Mall	6	6	6	23	25
Total Net Revenue	16	14	14	94	57
Adjusted EBITDA	(28)	(19)	(22)	(162)	(84)
Adjusted EBITDA Margin	NEG ¹⁴	NEG ¹⁴	NEG¹⁴	NEG ¹⁴	NEG¹⁴

Gaming Statistics¹⁵

(HK\$'m)

	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
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	7	6	3	337	25
Win Rate %	1.5%	5.6%	0.7%	2.1%	4.1%
Win	0	0	0	7	1
Total GGR Win	0	0	0	27	1

* NIL represents tables not opened 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.

City Clubs

In 2021, City Clubs contributed \$62 million of Adjusted EBITDA to the Group's earnings, up 130% year-on-year.

City Clubs Key Financial Data

(HK\$'m)

	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
Adjusted EBITDA	8	7	25	27	62

Gaming Statistics¹⁷

(HK\$'m)

	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
Rolling Chip Volume ¹⁸	1,078	NIL*	NIL*	3,931	940
Win Rate %	1.1%	NIL*	NIL*	2.5%	4.4%
Win	11	NIL*	NIL*	97	41
Mass Table Drop ¹⁹	732	682	824	2,080	3,017
Win Rate %	19.2%	15.4%	18.9%	18.1%	16.7%
Win	140	105	156	376	504
Electronic Gaming Volume	667	649	798	2,940	2,563
Win Rate %	1.9%	2.1%	2.1%	1.9%	2.1%
Win	14	14	17	57	53
Total GGR Win	165	119	173	530	598

* NIL represents tables not opened during the period.

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division ("CMD") contributed Adjusted EBITDA of \$976 million for the year, down 13% year-on-year, this was mainly due to increased competition in the cement segment and an increased in both energy and raw materials costs.

Hong Kong and Macau

Hong Kong and Macau preformed solidly in 2021 due to a resumption of infrastructure projects that have stimulated higher demand for ready-mixed concrete and precast materials.

In Hong Kong, a newly built ready-mixed concrete site plant was successfully commissioned in Q1 2021 for the Three-Runway System ("3RS") Projects of Hong Kong International Airport. Going forward, CMD will continue to leverage on its core competencies to explore more opportunities from the 3RS projects, Northern Metropolis Development and Greater Bay Area.

In Macau, the reclamation of Zone A commencing in 2022 is expected to increase the demand for construction materials.

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.

Mainland China

Demand for Ground Granulated Blast-furnace Slag (“GGBS”) in Eastern China gradually recovered as customers are catching up with delayed construction programs after heavy rainfall along Yangtze River in 2020. However, the production output of GGBS has been impacted by the power rationing under the strict implementation of Dual Control of Energy Consumption (“DCEC”) policy in China since September 2021.

Competition in Yunnan cement market has been intensifying due to large scale commissioning of new production capacities and the slowing down of infrastructure projects. Cement production also experienced an increase in both energy and raw materials cost.

Overall demand for construction materials has been suppressed since 2H 2021 as a result of weak property demand, delays in infrastructure projects and production control measures under DCEC. By and large, these will continue to impact the construction activities in 2022.

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. Phase 3 is effectively completed and we plan to align the opening with improving market conditions. 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. 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.

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 and will align the opening with prevailing market conditions.

We intend to follow this with the opening of the GICC and Andaz Macau in anticipation of the recovery of the MICE and entertainment markets. 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.

Future Development Opportunities

We continue to pursue our project in Hengqin and are expanding our focus beyond Hengqin and Macau to potentially include opportunities within Mainland China, with a particular focus on the rapidly developing Greater Bay Area. The Master Plan of the Development of the Guangdong-Macau Intensive Cooperation Zone in Hengqin was unveiled in early September 2021. The management committee of the cooperation zone will be jointly established by Guangdong and Macau and co-chaired by the Governor of Guangdong Province and the Chief Executive of Macau. The long-term goal of the cooperation zone is to establish a better collaboration mechanism between Hengqin and Macau by 2035, and basically achieve moderate economic diversification in Macau.

International

Given the pandemic's economic impact within the region, we have decided not to participate in the recent round of bidding. Shorter term we have reduced our presence in Japan, however, we continue to believe that Japan has significant longer term potential and we will continue to monitor the development of the market and the licensing process.

SUBSEQUENT EVENT

GEG announced a special dividend of \$0.30 per share payable on or about 29 April 2022.

GROUP OUTLOOK

As we enter the third year of the pandemic, we have focused on turning this crisis into an opportunity. We have become better at adapting to the 'new normal' through creative thinking and constantly striving for improvement. GEG team members have been working hard to do more with less and have been very supportive of the various company initiatives. As a socially responsible corporation, GEG continues to support the Macau Government's epidemic preventive work and the overall COVID-19 vaccination rate for GEG's team members has now reached 94%. We believe that the reoccurrence of COVID-19 cases will continue to impact Macau for the immediate future, which in turn could impact our financial results going forward. However, in the medium to longer term we continue to have great confidence in Macau and we are well positioned for future growth with our Phases 3 & 4 developments.

Mainland China and Macau continue to experience social distancing measures and travel restrictions which have been progressively easing. As visitor arrivals have increased through 2021, revenue has also improved, we hope this trend can continue. We look forward to the reinstatement of the E-visas and group travel in Mainland and the border reopening of Hong Kong and Macau which will further increase visitor arrivals and associated revenue. Whilst we are encouraged by the increase in visitor arrivals we do acknowledge they still remain well below pre-pandemic levels.

Macau concessionaires are working with the Macao Government Tourism Office to actively promote Macau as a safe tourism destination and has hosted a series of roadshows and exhibitions in a numbers of Mainland cities. We will continue to actively support this important government initiative. In the medium to longer term, we have great confidence in the future of Macau. But in the shorter term, the reoccurrence of COVID-19 outbreaks may continue to impact visitor arrivals and associated revenues.

Given the continued contraction in the VIP business, we have been reallocating our resources and marketing efforts to the higher margin mass-oriented tourists whom appreciate Galaxy's extensive resort offerings, such as a wide range of hotel selections, extensive F&B choices, wide selection of retails and non-gaming amenities such as the resort deck.

We welcome the amendment of Gaming Law and it has been positively received by the community. Given our track record of introducing innovative non-gaming elements into our resorts, our strong operational history, significant investment into Macau's economy and our substantial CSR efforts including supporting SME's, we are well positioned to compete for one of Macau's forthcoming gaming concessions. We look forward for the approval from the Legislative Assembly and the completion of the concession bidding process.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 31 December 2021 increased to \$68,425 million, an increase of approximately 1% over that as at 31 December 2020 of \$67,424 million while the Group's total assets employed decreased to \$85,243 million as at 31 December 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 31 December 2021, the debt securities were predominantly 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 31 December 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 31 December 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 31 December 2021, the Group invested \$11,580 million (\$21,226 million as at 31 December 2020) in debt securities and \$3,449 million in listed investment of Wynn Resorts, Limited ("Wynn Resorts") (\$4,549 million as at 31 December 2020). As at 31 December 2021, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.5% of the issued share capital of Wynn Resorts (4.8% as at 31 December 2020). 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 2021 was the fair value of this listed investment. As of 31 December 2021, fair value of our investment in Wynn Resorts was \$3,449 million, representing 4.0% of the Group's total asset of \$85,243 million. The market value of Wynn Resorts as of 31 December 2020 and 31 December 2021, and the performance of the investment during the year ended 31 December 2020 and 2021 are as follows:

(HK\$m)	2020	2021
Market value	4,549	3,449
Unrealised loss for the year ended 31 December	(1,076)	(1,100)
Dividend income for the year ended 31 December	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 \$18,364 million as at 31 December 2021 compared to \$20,290 million as at 31 December 2020 while total borrowings were \$6,386 million as at 31 December 2021 as compared to \$9,233 million as at 31 December 2020. The Group was in a net cash position as at 31 December 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 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.

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 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 (2020: nil). Bank deposits of \$291 million (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 (2020: \$6,970 million). At 31 December 2021, facilities utilized by a subsidiary amounted to \$700 million (2020: \$300 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to \$46 million (2020: \$116 million). At 31 December 2021, \$20 million (2020: nil) had been utilized.

DEALINGS IN LISTED SECURITIES

During the year 2021, the trustee of the Share Award Scheme, pursuant to the terms of the Trust Deed, purchased on the Stock Exchange of Hong Kong Limited ("the Stock Exchange") a total of 439,866 shares of the Company for a total consideration of approximately HK\$19.03 million for satisfying the share awards granted to the connected persons (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")), who are also employees of the Company. All 439,866 shares were subsequently transferred to those 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 2021.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2021 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 2021 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 A.4.2.

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.

DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

No dividend was paid to shareholders of the Company for the year ended 31 December 2021 (2020: HK\$0.45 per share).

On 23 February 2022, the Board of Directors has resolved to declare the special dividend of HK\$0.30 per share totaling approximately HK\$1,310 million, payable to shareholders whose names appear on the register of members of the Company on 31 March 2022. This special dividend is expected to be paid on 29 April 2022.

CLOSURE OF REGISTER OF MEMBERS

SPECIAL DIVIDEND

For the purpose of ascertaining the shareholders who are entitled to the special dividend, the register of members of GEG will be closed from Tuesday, 29 March 2022 to Thursday, 31 March 2022, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed special dividend, all share certificates with completed transfer documents must be lodged with GEG's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 28 March 2022.

ENTITLEMENT TO ATTEND AND VOTE AT THE 2022 ANNUAL GENERAL MEETING

The 2022 Annual General Meeting of the shareholders of GEG will be held on Thursday, 12 May 2022. The register of members of GEG will be closed from Friday, 6 May 2022 to Thursday, 12 May 2022, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the 2022 Annual General Meeting, all share certificates with completed transfer documents must be lodged with the GEG's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 5 May 2022.

ANNUAL REPORT 2021

The Annual Report 2021 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
Wong Chui Lai
Company Secretary

Hong Kong, 23 February 2022

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