



銀娛GEG

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

Stock Code: 27

# 2021

## ANNUAL REPORT



# OUR VISION

Galaxy's vision is to be:

**Globally recognized as Asia's leading gaming and entertainment corporation. This vision will be achieved through adhering to our proven business philosophy.**

## **GALAXY'S BUSINESS PHILOSOPHY**

### **LOCAL MARKET INSIGHTS**

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

### **PROVEN EXPERTISE**

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

### **WELL POSITIONED**

Position Galaxy as a leading operator of integrated gaming, leisure and entertainment facilities

### **DEMAND DRIVEN STRATEGY**

Monitor the market's developments and expand prudently in a timely manner



# CONTENTS

02	Corporate Information
04	Corporate Profile
08	Financial & Operational Highlights
14	Chairman's Statement
16	Financial Calendar for Special Dividend and 2022 AGM
17	Selected Major Awards
24	Management Discussion and Analysis
37	Environmental, Social and Governance Report
75	Biographical Information of Directors
79	Gaming and Hospitality Expertise
81	Corporate Governance Report
93	Report of the Directors
108	Five-Year Summary
109	Independent Auditor's Report
114	Consolidated Income Statement
115	Consolidated Statement of Comprehensive Income
116	Consolidated Balance Sheet
118	Consolidated Cash Flow Statement
119	Consolidated Statement of Changes in Equity
120	Notes to the Consolidated Financial Statements

## CORPORATE INFORMATION

### CHAIRMAN

Dr. Lui Che Woo, *GBM, MBE, JP, LLD, DSSc, DBA*

### DEPUTY CHAIRMAN

Mr. Francis Lui Yiu Tung

### EXECUTIVE DIRECTORS

Mr. Joseph Chee Ying Keung

Mrs. Paddy Tang Lui Wai Yu, *BBS, JP*

### NON-EXECUTIVE DIRECTORS

Dr. Charles Cheung Wai Bun, *JP*

Mr. Michael Victor Mecca

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. James Ross Ancell

Dr. William Yip Shue Lam, *LLD*

Professor Patrick Wong Lung Tak, *BBS, JP*

### EXECUTIVE BOARD

Dr. Lui Che Woo, *GBM, MBE, JP, LLD, DSSc, DBA*

Mr. Francis Lui Yiu Tung

Mr. Joseph Chee Ying Keung

Mrs. Paddy Tang Lui Wai Yu, *BBS, JP*

### AUDIT COMMITTEE

Mr. James Ross Ancell (*Chairman*)

Dr. William Yip Shue Lam, *LLD*

Professor Patrick Wong Lung Tak, *BBS, JP*

Dr. Charles Cheung Wai Bun, *JP*

### REMUNERATION COMMITTEE

Dr. William Yip Shue Lam, *LLD (Chairman)*

Mr. Francis Lui Yiu Tung

Professor Patrick Wong Lung Tak, *BBS, JP*

### NOMINATION COMMITTEE

Dr. William Yip Shue Lam, *LLD (Chairman)*

Mr. Francis Lui Yiu Tung

Professor Patrick Wong Lung Tak, *BBS, JP*

### CORPORATE GOVERNANCE COMMITTEE

Mr. Francis Lui Yiu Tung (*Chairman*)

Mr. James Ross Ancell

Professor Patrick Wong Lung Tak, *BBS, JP*

Dr. Charles Cheung Wai Bun, *JP*

### COMPANY SECRETARY

Ms. Wong Chui Lai



CHA BEI

## CORPORATE INFORMATION

**INDEPENDENT AUDITOR**

PricewaterhouseCoopers  
 Certified Public Accountant and  
 Registered Public Interest Entity Auditor

**REGISTERED OFFICE**

22nd Floor  
 Wing On Centre  
 111 Connaught Road Central  
 Hong Kong

**SHARE REGISTRAR**

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

**PRINCIPAL BANKERS#**

Banco Nacional Ultramarino, S.A.  
 Bank of China Limited, Macau Branch  
 DBS Bank (Hong Kong) Limited  
 Industrial and Commercial Bank of China (Macau) Limited  
 The Hongkong and Shanghai Banking Corporation Limited

# listed in alphabetical order

**SOLICITORS\***

Jorge Neto Valente, Escritório de Advogados e Notários  
 Linklaters

\* listed in alphabetical order

**SHARE LISTING**

The Stock Exchange of Hong Kong Limited ("SEHK")

**STOCK CODE**

SEHK : 27  
 Bloomberg : 27 HK  
 Reuters : 0027.HK

**INVESTOR RELATIONS CONTACT**

Please direct enquiries to:

Investor Relations Department

Tel : (852) 3150 1111  
 Fax : (852) 3150 1100  
 Email : [ir@galaxyentertainment.com](mailto:ir@galaxyentertainment.com)

**WEBSITE ADDRESS**

<http://www.galaxyentertainment.com>



## CORPORATE PROFILE

Galaxy Entertainment Group (“GEG”, the “Company” or “the Group”) is one of the world’s leading resorts, hospitality and gaming companies. The Group primarily develops and operates a large portfolio of integrated resort, retail, dining, hotel and gaming facilities in Macau. The Group is listed on the Hong Kong Stock Exchange and is a constituent stock of the Hang Seng Index.

GEG is one of the three original concessionaires in Macau with a successful track record of delivering innovative, spectacular and award-winning properties, products and services, underpinned by a “World Class, Asian Heart” service philosophy, that has enabled it to consistently outperform and lead the market in Macau.

GEG operates three flagship destinations in Macau: on Cotai, Galaxy Macau™, one of the world’s largest integrated destination resorts, and the adjoining Broadway Macau™, a unique landmark entertainment and food street destination; and on the Peninsula, StarWorld Hotel, an award-winning world-class five-star luxury hotel.

### GALAXY MACAU™

- Opened in May 2011; significantly expanded in May 2015 with the opening of Phase 2
- Footprint of 1.1 million square meters
- Comprises five world-class hotels with approximately 3,600 rooms, suites and villas, including:
  - Banyan Tree Macau
  - Galaxy Hotel™
  - Hotel Okura Macau
  - JW Marriott Hotel Macau
  - The Ritz-Carlton, Macau
- Features an unprecedented range of retail, food & beverage, entertainment and leisure options, including:
  - The Promenade Shops at Galaxy Macau™ is an award winning luxury lifestyle shopping destination spread over 100,000 square meters. Luxury flagship stores, designer boutiques and high-street labels contribute to over 200 world-renowned luxury fashion and lifestyle brands. At The Promenade Shops, guests will find an exclusive range of “Be The First” shopping experiences
  - As the dining destination in Asia, Galaxy Macau™ offers a wide variety of gastronomic delights, exquisite experiences and ingredients of the finest quality with over 120 dining options from Michelin dining to authentic delicacies. Guests can explore the finest of 18 Chinese provincial cuisines and 13 international cuisines, with amazing culinary discoveries at every turn
  - Grand Resort Deck is the signature attraction of Galaxy Macau™. Sprawling across 75,000 square meters, it is the world’s largest skytop water park complete with best-in-class facilities – the world’s longest “Skytop Adventure Rapids” at 575 meters, the largest “Skytop Wave Pool” with waves up to 1.5 meters high and a 150-meter pristine white sand beach
  - Macau’s most luxurious 10-screen 3D Cineplex – Galaxy Cinemas which equipped with 3D technology and a groundbreaking 4K laser projection system for an ultimate movie experience



## CORPORATE PROFILE



## STARWORLD HOTEL

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

## BROADWAY MACAU™

- Opened in May 2015; just a bridge away from Galaxy Macau™, Broadway Macau™ is a popular dining and entertainment destination that offers the best of authentic Macau flavors and vibrant Asian experiences
- Broadway Hotel with 314 rooms and suites, is an exquisitely designed boutique hotel boasting 180-degree river views overlooking the Pearl River Delta
- Approximately 2,500 seat Broadway Theatre featuring the best in up-close-and-personal entertainment
- Over 40 popular dining options including authentic local dishes and Asian favorites served in restaurants and roadside hawker stalls



## CORPORATE PROFILE

The Group has the largest development pipeline of any casino operators in Macau. It plans to expand its Cotai footprint by a further one million square meters in the coming years with the addition of Cotai Phases 3 & 4.

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

### RAFFLES AT GALAXY MACAU

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

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

### GALAXY INTERNATIONAL CONVENTION CENTER (GICC)

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

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

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

## CORPORATE PROFILE

**GALAXY ARENA**

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

**ANDAZ MACAU**

Andaz Macau is scheduled to open alongside what is set to be Asia's most iconic and advanced MICE destination, GICC and the 16,000-seat Galaxy Arena. Andaz Macau will feature a dedicated check-in lounge catering to large MICE groups, over 700 rooms and suites, an Andaz lounge, a bar and restaurant, state-of-the-art fitness center and an indoor pool.

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

GEG continues to advance its conceptual plans to develop a world class destination resort on a 2.7 square kilometer land parcel on Hengqin. The low rise, low density resort will complement the Group's high energy properties in Macau.

In July 2015, GEG made a strategic investment in Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("Monte-Carlo SBM"), a world renowned owner and operator of iconic luxury hotels and resorts in the Principality of Monaco. GEG continues to explore a range of international development opportunities including in Japan.

GEG is committed to building a sustainable future for Macau and contributing to the local community. In July 2014, it launched the HK\$1.3 billion Galaxy Entertainment Group Foundation, which will focus on educating and empowering the young people of Macau and Mainland China.

## FINANCIAL & OPERATIONAL HIGHLIGHTS

### GROUP

- Net Revenue of HK\$19.7 billion, increased 53% year-on-year
- Adjusted EBITDA of HK\$3.5 billion versus HK\$(1.0) billion in 2020
- Net profit attributable to shareholders (“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
- Adjusted NPAS of HK\$1.6 billion after adjusting for non-recurring and other charges
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$253 million in 2021. In addition, the Group experienced a one-off expense reversal benefit of HK\$0.2 billion, Normalized Adjusted EBITDA was HK\$3.1 billion versus HK\$(1.1) billion in 2020
- As of 31 December 2021, balance sheet remains liquid and healthy with cash and liquid investments of HK\$33.4 billion and net cash (including bank deposits and liquid investments) of HK\$27.0 billion. Total debt was HK\$6.4 billion primarily reflects ongoing treasury yield management initiatives where interest income on cash holdings exceeds corresponding borrowing costs



### GALAXY MACAU™

- Net Revenue of HK\$13.3 billion, increased 71% year-on-year
- Adjusted EBITDA of HK\$2.9 billion versus HK\$(0.9) billion in 2020
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$207 million in 2021. Normalized Adjusted EBITDA was HK\$2.7 billion versus HK\$(1.0) billion in 2020
- Hotel occupancy for 2021 across the five hotels was 47%
- Non-gaming revenue of HK\$2.4 billion, increased 77% year-on-year



### STARWORLD MACAU

- Net Revenue of HK\$3.3 billion, increased 47% year-on-year
- Adjusted EBITDA of HK\$374 million versus HK\$(275) million in 2020
- Played lucky in gaming operations which increased Adjusted EBITDA by approximately HK\$46 million in 2021. Normalized Adjusted EBITDA was HK\$328 million versus HK\$(283) million in 2020
- Hotel occupancy for 2021 was 65%
- Non-gaming revenue of HK\$162 million, increased 37% year-on-year



### BROADWAY MACAU™

- Net Revenue of HK\$57 million, decreased 39% year-on-year
- Adjusted EBITDA of HK\$(84) million versus HK\$(162) million in 2020
- There was no luck impact on Adjusted EBITDA in 2021
- Hotel occupancy for 2021 was 6% due to the fact that the hotel's operations were suspended for the majority of the year
- Non-gaming revenue of HK\$57 million, decreased 21% year-on-year



## FINANCIAL &amp; OPERATIONAL HIGHLIGHTS

**DEVELOPMENT UPDATE**

- Continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests
- Cotai Phases 3 & 4 – 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

Banyan Tree Macau



## FINANCIAL &amp; OPERATIONAL HIGHLIGHTS

## GROUP

## Key Financial Data

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

Gaming Statistics<sup>1</sup>

(HK\$'m)	2020	2021
Rolling Chip Volume <sup>2</sup>	130,584	<b>129,088</b>
Win Rate %	3.8%	<b>4.2%</b>
Win	4,910	<b>5,453</b>
Mass Table Drop <sup>3</sup>	25,662	<b>46,013</b>
Win Rate %	23.9%	<b>24.4%</b>
Win	6,129	<b>11,238</b>
Electronic Gaming Volume	14,131	<b>17,627</b>
Win Rate %	3.4%	<b>3.6%</b>
Win	477	<b>642</b>
Total GGR Win <sup>4</sup>	11,516	<b>17,333</b>

## Key Financial Metrics

	2020	2021
Net (Loss)/Profit Attributable To Shareholders (HK\$'m)	(3,973)	<b>1,326</b>
(Loss)/Earnings Per Share (HK cents)	(91.6)	<b>30.5</b>
Total Assets (HK\$'m)	92,727	<b>85,243</b>
Cash and Liquid Investments (HK\$'m)	46,065	<b>33,393</b>
Debt (HK\$'m)	9,233	<b>6,386</b>
Share Price on 31 December (HK\$)	60.25	<b>40.4</b>
Market Capitalization (HK\$'m)	261,731	<b>176,126</b>

<sup>1</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>2</sup> Reflects junket rolling chip volume only.

<sup>3</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

<sup>4</sup> Total GGR win includes gaming win from City Clubs.

## FINANCIAL &amp; OPERATIONAL HIGHLIGHTS

## GALAXY MACAU™

## Key Financial Data

(HK\$'m)	2020	2021
Revenues:		
Net Gaming	6,398	<b>10,832</b>
Hotel/F&B/Others	809	<b>1,097</b>
Mall	572	<b>1,347</b>
Total Net Revenue	7,779	<b>13,276</b>
Adjusted EBITDA	(900)	<b>2,905</b>
Adjusted EBITDA Margin	NEG <sup>5</sup>	<b>22%</b>

Gaming Statistics<sup>6</sup>

(HK\$'m)	2020	2021
Rolling Chip Volume <sup>7</sup>	89,219	<b>87,540</b>
Win Rate %	4.1%	<b>4.7%</b>
Win	3,673	<b>4,081</b>
Mass Table Drop <sup>8</sup>	14,994	<b>29,519</b>
Win Rate %	28.0%	<b>28.1%</b>
Win	4,198	<b>8,287</b>
Electronic Gaming Volume	8,755	<b>12,736</b>
Win Rate %	4.2%	<b>4.1%</b>
Win	368	<b>528</b>
Total GGR Win	8,239	<b>12,896</b>

<sup>5</sup> NEG represents negative margin.

<sup>6</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>7</sup> Reflects junket rolling chip volume only.

<sup>8</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

## FINANCIAL &amp; OPERATIONAL HIGHLIGHTS

## STARWORLD MACAU

## Key Financial Data

(HK\$m)	2020	2021
Revenues:		
Net Gaming	2,119	3,116
Hotel/F&B/Others	99	135
Mall	19	27
Total Net Revenue	2,237	3,278
Adjusted EBITDA	(275)	374
Adjusted EBITDA Margin	NEG <sup>9</sup>	11%

星際酒店  
StarWorld Hotel

Gaming Statistics<sup>10</sup>

(HK\$m)	2020	2021
Rolling Chip Volume <sup>11</sup>	37,434	40,608
Win Rate %	3.0%	3.3%
Win	1,140	1,331
Mass Table Drop <sup>12</sup>	8,474	13,477
Win Rate %	18.1%	18.2%
Win	1,535	2,447
Electronic Gaming Volume	2,099	2,303
Win Rate %	2.2%	2.6%
Win	45	60
Total GGR Win	2,720	3,838

<sup>9</sup> NEG represents negative margin.

<sup>10</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>11</sup> Reflects junket rolling chip volume only.

<sup>12</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

## FINANCIAL &amp; OPERATIONAL HIGHLIGHTS

## BROADWAY MACAU™

## Key Financial Data

(HK\$'m)	2020	2021
Revenues:		
Net Gaming	22	0
Hotel/F&B/Others	49	32
Mall	23	25
Total Net Revenue	94	57
Adjusted EBITDA	(162)	(84)
Adjusted EBITDA Margin	NEG <sup>13</sup>	NEG <sup>13</sup>

Gaming Statistics<sup>14</sup>

(HK\$'m)	2020	2021
Mass Table Drop <sup>15</sup>	114	NIL*
Win Rate %	17.9%	NIL*
Win	20	NIL*
Electronic Gaming Volume	337	25
Win Rate %	2.1%	4.1%
Win	7	1
Total GGR Win	27	1

\* NIL represents tables closed during the period.

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

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

<sup>15</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

## CHAIRMAN'S STATEMENT



*Chairman*

**Dr. Lui Che Woo**

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

### DEAR SHAREHOLDERS,

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 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 in 2022. 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 retail sales were strong. This is evidence of strong pent up demand for tourism and leisure in Macau.

## CHAIRMAN'S STATEMENT

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*

Hong Kong, 23 February 2022

## FINANCIAL CALENDAR FOR SPECIAL DIVIDEND AND 2022 AGM

---

Book close dates for Special Dividend	:	29 March 2022 (Tuesday) to 31 March 2022 (Thursday) (both days inclusive)
Record date for Special Dividend	:	31 March 2022 (Thursday)
Ex-dividend date	:	25 March 2022 (Friday)
Expected payment date	:	29 April 2022 (Friday)
Latest time to lodge transfer documents with the Company's share registrar to entitle Special Dividend	:	4:30 p.m. on 28 March 2022 (Monday)
Book close dates for 2022 AGM	:	6 May 2022 (Friday) to 12 May 2022 (Thursday) (both days inclusive)
Record date for 2022 AGM	:	12 May 2022 (Thursday)
Date of 2022 AGM	:	12 May 2022 (Thursday)
Latest time to lodge transfer documents with the Company's share registrar to attend and vote at 2022 AGM	:	4:30 p.m. on 5 May 2022 (Thursday)
Name and address of the Company'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

---

## SELECTED MAJOR AWARDS

### CORPORATE AND PROPERTIES:

Award	Presenter
<b>GEG</b>	
2021 Asian Gaming Power 50 List No.1 – Mr. Francis Lui	Inside Asian Gaming
Casino Operator of the Year Charitable Community Award	International Gaming Awards 2021
Certificate of Excellence	Hong Kong Investor Relations Association
Outstanding Disabled Employees & Talent Recognizing Employers Award Program 2021 – Talent Recognizing Employer Award	Social Welfare Bureau of the Macau SAR Government & the Labour Affairs Bureau of the Macau SAR Government
29th International Volunteer Recognition Ceremony – 2021 Macau Outstanding Corporate Volunteer Award	Association of Volunteers Social Services Macao
9th Outstanding Corporate Social Responsibility Award Ceremony – Outstanding Corporate Social Responsibility Award	Mirror Post of Hong Kong
ISO 45001:2018 Occupational Health and Safety Management Systems Certification	British Standards Institution
Support and Promote a “Breastfeeding Friendly Workplace” Certificate of Commendation	Office of the Secretary for Social Affairs and Culture of the Macau SAR Government
PATA Gold Award 2021 – Gold Award for Culture (Traditional Performance and Visual Arts)	Pacific Asia Travel Association
ESG Recognitions Ceremony 2021 – ESG Care Label 2021–2022	SocietyNext Foundation, UNESCO Hong Kong Association Glocal Peace Centre and Rotary Action Group for Peace Hong Kong & Macao Chapter
<b>GALAXY MACAU™</b>	
2021 Particularly Pleasant Luxury Hotel – The Ritz-Carlton, Macau – Banyan Tree Macau	The MICHELIN Guide Hong Kong Macau 2021
2021 Particularly Pleasant Top Class Comfort Hotel – Hotel Okura Macau	
2021 Forbes Travel Guide Five-star Hotel – The Ritz-Carlton, Macau – Banyan Tree Macau	Forbes Travel Guide
2021 Forbes Travel Guide Five-star Spa – The Ritz-Carlton Spa, Macau – Banyan Tree Spa Macau	
2021 Forbes Travel Guide – Health Security VERIFIED™ – The Ritz-Carlton, Macau – Banyan Tree Macau – Hotel Okura Macau – Galaxy Hotel™	

## SELECTED MAJOR AWARDS

Award	Presenter
Energy Saving Concept Award (Hotel Group) Hotel Group B (Excellence Award)	Macau Energy Saving Activity 2020
Best of the Best Awards Top 25 Hotels – China – The Ritz-Carlton, Macau (Rank 1) – Hotel Okura Macau (Rank 7)	Tripadvisor
Best of the Best Awards Top 25 Hotels – World – The Ritz-Carlton, Macau (Rank 14)	
Travelers' Choice Winner 2021 – Banyan Tree Macau – JW Marriott Hotel Macau – Galaxy Hotel™	
Traveler's Choice 2021 Awards – The Ritz-Carlton Spa, Macau	
Loved by Guests Award 2021 – The Ritz-Carlton, Macau – Banyan Tree Macau – JW Marriott Hotel Macau – Hotel Okura Macau – Galaxy Hotel™	Hotels.com
Macao Green Hotel Award – Silver Award – Galaxy Hotel™	Environmental Protection Bureau (DSPA)
Green Key Award – Galaxy Hotel™	The Foundation for Environmental Education
Favorite Hotel and Resort (Macau) – Galaxy Macau™	GOtrip Travel Awards 2021
Customer Review Awards 2021 – Hotel Okura Macau – Galaxy Hotel™ – Banyan Tree Macau	Agoda.com
Macao's Best Resort Spa 2021 – Banyan Tree SPA Macau	World Spa Awards
Most Attractive Spa Treatment of the Year – The Ritz-Carlton Spa, Macau	SpaChina Awards 2021
Silver Certification for Environmental Design – Galaxy Macau™ Phase 3	EarthCheck

## SELECTED MAJOR AWARDS

Award	Presenter
<b>STARWORLD MACAU</b> Top Class Comfort Hotel	The MICHELIN Guide Hong Kong Macau 2021
<b>BROADWAY MACAU™</b> Hotel Group B (Excellence Award)	Macau Energy Saving Activity 2020
Loved by Guests Award 2021	Hotels.com
<b>CONSTRUCTION MATERIALS DIVISION</b>	
Hong Kong Green Organisation Certification “Wastewi\$e” Certificate – Excellence Level	Environmental Campaign Committee
9th Outstanding Corporate Social Responsibility Award Ceremony – Outstanding Corporate Social Responsibility Award	Mirror Post of Hong Kong
Good Deed Dating – Good Deed Partner	Evangelical Lutheran Church Social Service – Hong Kong
BOCHK Corporate Environmental Leadership Awards 2020 – EcoPartner & 3 Years+ EcoPioneer	Bank of China (Hong Kong) and Federation of Hong Kong Industries
The 19th Hong Kong Occupational Safety & Health Award – Safety Performance Award (Other Industries) – Outstanding	Occupational Safety and Health Council
The 19th Hong Kong Occupational Safety & Health Award – Safety Management System Award (Other Industries) – Merit	
The 19th Hong Kong Occupational Safety & Health Award – Safety Management System Award – Best Workplace Infection Control Measures Award (Other Industries) – Merit	
Construction Industry Volunteer Award Scheme 2021 – Merit Award for Participation	Construction Industry Sports and Volunteering Programme

SELECTED MAJOR AWARDS

## A FOOD LOVERS PARADISE

*Across GEG's portfolio of resorts, we offer the largest selection of pan-Asian and international food in Macau, with an excess of 120 food and beverage outlets.*



## SELECTED MAJOR AWARDS

Below is a selection of food accolades that were awarded in 2021:

Award	Presenter
<b>GALAXY MACAU™</b> Michelin One-star – 8½ Otto e Mezzo BOMBANA – Lai Heen Michelin Plate – The Ritz-Carlton Café – Terrazza Italian Restaurant – Yamazato	The MICHELIN Guide Hong Kong Macau 2021
2021 Forbes Travel Guide Five-star Restaurant – Lai Heen – Belon 2021 Forbes Travel Guide Recommended Restaurant – Yamazato	Forbes Travel Guide
SCMP 100 Top Tables 2021 – 8½ Otto e Mezzo BOMBANA – Lai Heen – Yamazato	South China Morning Post
Nominated Restaurant – Terrazza Italian Restaurant – Café de Paris Monte-Carlo	Black Pearl Restaurant Guide 2021
Macau Quality Tourism Services Accreditation Scheme – First Class Restaurant – 8½ Otto e Mezzo BOMBANA – CHA BEI – Gosto – Lugang Café – Passion. by Gérard Dubois – Pak Loh Chiu Chow Restaurant – Terrazza Italian Restaurant – Tastes of Asia	Macau Tourism Board
Tripadvisor 2021 Best of the Best Awards – The Ritz-Carlton Café – The Ritz-Carlton Bar & Lounge Tripadvisor 2021 Awards – Man Ho Chinese Restaurant – Urban Kitchen	Tripadvisor

## SELECTED MAJOR AWARDS

Award	Presenter
Wine Spectator's 2021 Best of Awards of Excellence – 8½ Otto e Mezzo BOMBANA – Terrazza Italian Restaurant	Wine Spectator's Restaurant Awards
Wine List of the Year Awards – Hong Kong, Macau & Taiwan – 8½ Otto e Mezzo BOMBANA Three Glasses Awards (Excellent) – 8½ Otto e Mezzo BOMBANA – Terrazza Italian Restaurant Two Glasses Awards (Outstanding) – The Apron Oyster Bar & Grill – Tam Cha Yu Chun Recommended Award – Pak Loh Chiu Chow Restaurant	China's Wine List of the Year Award 2021
The Best Hotel Selected Restaurant – The Apron Oyster Bar & Grill	iFood Award 2021
My Favorite Macau Hotel Restaurant – 8½ Otto e Mezzo BOMBANA	U Favorite Food Awards 2021
Trip.com Group Gourmet Top Global Restaurant List 2021 – 8½ Otto e Mezzo BOMBANA – Lai Heen – Pang's Kitchen	Trip.com
<b>STARWORLD MACAU</b>	
Michelin Two-star – Feng Wei Ju	The MICHELIN Guide Hong Kong Macau 2021
SCMP 100 Top Tables 2021 – Feng Wei Ju	South China Morning Post
One-diamond Restaurant – Feng Wei Ju	Black Pearl Restaurant Guide 2021

## SELECTED MAJOR AWARDS

Award	Presenter
<b>BROADWAY MACAU™</b> Michelin Plate – Wong Kun Sio Kung	The MICHELIN Guide Hong Kong Macau 2021
Macau Quality Tourism Services Accreditation Scheme – First Class Restaurant – Tsui Wah Restaurant at Broadway Macau™ – Ba Shan Spicy Noodles – Broadway Kitchen – Dragon Portuguese Cuisine – Du Hsiao Yueh – Fong Seng Lai Kei – Huo Gong Dian – Katong Corner – Tim Ho Wan, The Dim-Sum Specialists – Ving Kei Tao Fu Min Sek – Hang Heong Un – Wong Kun Sio Kung – Songhuahu Dumplings – 33 Xiao Long Bao – Lo Yau Gei Mei Sek	Macau Tourism Board

## 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.



JW Marriott Hotel Macau

## MANAGEMENT DISCUSSION AND ANALYSIS

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

## 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 basis<sup>1</sup> 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:

in HK\$m	Q4 2020	Q3 2021	Q4 2021	YoY	QoQ	FY2020	FY2021
<b>Adjusted EBITDA</b>	1,010	503	<b>1,043</b>	<b>3%</b>	<b>107%</b>	(1,020)	<b>3,537</b>
Luck	(59)	(47)	<b>57</b>			25	<b>253</b>
COVID insurance claim	100	–	–			100	–
Expense reversal benefit	–	–	<b>168</b>			–	<b>168</b>
<b>Normalized Adjusted EBITDA</b>	969	550	<b>818</b>	<b>-16%</b>	<b>49%</b>	(1,145)	<b>3,116</b>

## 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.

<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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

(HK\$'m)	2020	2021
<b>Revenues:</b>		
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
<b>Adjusted EBITDA</b>	(1,020)	3,537

<b>Gaming Statistics<sup>2</sup></b> (HK\$'m)	2020	2021
Rolling Chip Volume <sup>3</sup>	130,584	129,088
Win Rate %	3.8%	4.2%
Win	4,910	5,453
Mass Table Drop <sup>4</sup>	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 <sup>5</sup>	11,516	17,333

<sup>2</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>3</sup> Reflects junket rolling chip volume only.

<sup>4</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

<sup>5</sup> Total GGR win includes gaming win from City Clubs.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

## GAMING AND ENTERTAINMENT DIVISION

## Galaxy Macau™

## Financial and Operational Performance

Galaxy Macau™ is the primary contributor to 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
<b>Revenues:</b>					
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
<b>Adjusted EBITDA</b>	736	454	763	(900)	2,905
<b>Adjusted EBITDA Margin</b>	22%	16%	24%	NEG <sup>6</sup>	22%

<b>Gaming Statistics<sup>7</sup></b>					
(HK\$'m)	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
Rolling Chip Volume <sup>8</sup>	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 <sup>9</sup>	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

<sup>6</sup> NEG represents negative margin.

<sup>7</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>8</sup> Reflects junket rolling chip volume only.

<sup>9</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

**StarWorld Macau****Financial and Operational Performance**

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

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

<sup>10</sup> NEG represents negative margin.

<sup>11</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>12</sup> Reflects junket rolling chip volume only.

<sup>13</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

**Broadway Macau™****Financial and Operational Performance**

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs. 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
<b>Revenues:</b>					
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
<b>Adjusted EBITDA</b>	(28)	(19)	(22)	(162)	(84)
<b>Adjusted EBITDA Margin</b>	NEG <sup>14</sup>				

<b>Gaming Statistics<sup>15</sup></b>	Q4 2020	Q3 2021	Q4 2021	FY2020	FY2021
(HK\$'m)					
Mass Table Drop <sup>16</sup>	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.

<sup>14</sup> NEG represents negative margin.

<sup>15</sup> Gaming statistics are presented before deducting commission and incentives.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

**City Clubs**

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
<b>Adjusted EBITDA</b>	8	7	<b>25</b>	27	<b>62</b>

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

\* 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 increase in both energy and raw materials costs.

**Hong Kong and Macau**

Hong Kong and Macau performed 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.

<sup>17</sup> Gaming statistics are presented before deducting commission and incentives.

<sup>18</sup> Reflects junket rolling chip volume only.

<sup>19</sup> Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### 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.



Production facility of K. Wah Asphalt Limited at Sheung Shui in Hong Kong



Cement production plant of Puer Kungang & K. Wah Cement Construction Materials Co., Ltd in Puer of Yunnan Province

## 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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



The latest photograph of Raffles at Galaxy Macau



The latest photograph of Galaxy International Convention Center,  
Galaxy Arena and Andaz Hotel towers



The latest photograph of Cotai Phase 4

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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	<b>3,449</b>
Unrealised loss for the year ended 31 December	(1,076)	<b>(1,100)</b>
Dividend income for the year ended 31 December	28	–

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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, facilities utilized by joint ventures amounted to \$20 million (2020: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group, excluding associated companies and joint ventures, employed approximately 17,700<sup>20</sup> employees in Hong Kong, Macau and Mainland China. Employee costs, excluding Directors' emoluments, amounted to \$5,668 million.

#### **Remuneration Policy**

The objective of the Group's remuneration policy is to attract, motivate and retain talented employees to achieve the Group's long-term corporate goals and objectives. To this end, the Group is committed to remunerating its employees in a manner that is market competitive, consistent with good industry practices as well as meeting the interests of shareholders.

The Group's remuneration structure for its employees comprises fixed compensation, performance-based variable incentive and long-term incentives. The overall remuneration arrangements are fair and justified, prudent and subject to regular review.

#### **Share Option and Share Award Schemes**

The Group operates a share option scheme and a share award scheme for its employees. It serves to attract, motivate and retain employees to work for the Group long term and to better align the interests of the employees with the shareholders' interests. The number of share options/shares granted to the eligible employees is determined with reference to the value of share options/shares, market positioning, job seniority and the individual contribution to the Group.

<sup>20</sup> *Total number of employees of the Group includes City Clubs.*

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As one of the world's leading enterprises in the gaming and entertainment industry, GEG continues to demonstrate our commitment to being a responsible business by integrating environmental, social and governance (“ESG”) factors into our strategic decisions and operational processes. Throughout the year, GEG participated in and supported numerous initiatives and activities that promote sustainable development and social welfare. We strongly believe that continued commitment to high ESG standards is best for our stakeholders, our business, as well as the environment and local communities.

### Reporting Approach and Scope

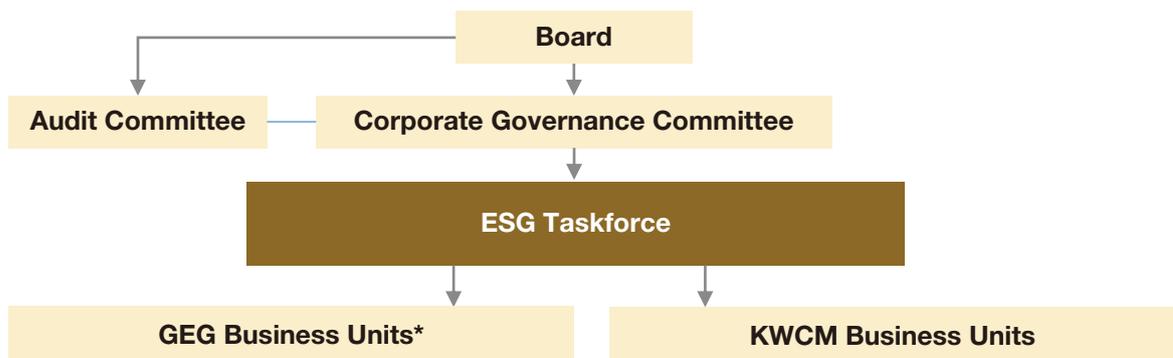
The demand for transparency on sustainable and socially responsible practices is on the rise. As a responsible enterprise, GEG understands the importance of disclosing its ESG data from business operations in three areas: environmental, social, and corporate governance.

This report is published in accordance with the ESG Reporting Guide under Appendix 27 of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited. The report adheres to the “comply or explain” provisions set out in the ESG Reporting Guide for the year ended 31 December 2021 and provides an annual update on the ESG performance of GEG's gaming and entertainment segment, namely Galaxy Macau™, Broadway Macau™, StarWorld Macau and the Group's construction materials business, K. Wah Construction Materials Limited (“KWCM”).

### ESG Governance

Our Board of Directors (the “Board”) oversees the Group's ESG direction and ensures effective ESG risk management measures are in place. The Corporate Governance (“CG”) Committee has been delegated by the Board for responsibilities relating to ESG. The CG Committee reviews corporate governance matters based on risk assessments to account for potential impacts on the Group's reputation, business activities and financial losses, and reports relevant findings to the Board. The Audit Committee and Internal Auditor are responsible for reviewing the Group's risk management and internal control systems and bringing forward issues to the CG Committee for follow-up actions. The CG Committee also oversees the integrity of the Group's ESG content in annual reports and ensures that it fully complies with the ESG Reporting Guide.

An ESG Taskforce, which is chaired by the Deputy Chairman and includes members of our senior management, has been established to coordinate the implementation of ESG initiatives initiated by various group functions and business units. The taskforce is also responsible for consolidating progress and findings from working groups and reporting status to the CG Committee. Below shows the structure of the ESG governance structure:



\* GEG Business Units are defined as those covering our corporate office and functions as well as those at Galaxy Macau™, Broadway Macau™ and StarWorld Macau.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Board Statement**

Over the years, the Board has always been committed and hold the ultimate responsibility for the Group's sustainability. In appreciation of the growing importance of integrating ESG principles and values into business decision-making processes, the Board plays an active role with direct oversight on the Group's ESG performance.

In order to ensure the effectiveness on implementation of management system and initiatives, ESG related matters are a key focus in the Board meetings agenda, at which an updated report from the CG Committee shall be provided. The strategic ESG directions are overseen by the Board and delegated to the CG Committee to execute and roll out to various operating units to carry out.

Under the delegation of the Board, the CG Committee, with the support of the ESG Taskforce, is in charge of evaluating the list of material ESG topics and to ensure that suitable risk mitigation mechanisms are in place. The CG Committee works closely with the ESG Taskforce to assist the Board in reviewing and approving all ESG disclosures and internal policies, and evaluating metrics and performance in a timely manner.

To align our ESG issues with our business goals, GEG conducted a materiality assessment in 2021 and identified material ESG factors that are most significant to its stakeholders and its business. The material factors have been validated and recommended by CG Committee and approved by its Board.

**WORKING TOGETHER TO FIGHT COVID-19**

With the persistence of the pandemic in 2021, GEG continued to stand with the community in the fight against COVID-19. We proactively supported the pandemic control and prevention measures of the Hong Kong and Macau SAR Governments to help contain and prevent the spread of the virus. Our special taskforce closely monitored pandemic conditions and kept contact with the Group's different stakeholders to ensure timely implementation of preventive measures.

To encourage our team members and their families to get vaccinated, in 2021, GEG collaborated with the Health Bureau of the Macau Special Administrative Region ("SAR") Government ("SSM") on hosting several COVID-19 Vaccine Information Seminars for our team members. A vaccination point was also established at Galaxy Macau™ twice during the year to facilitate team members in getting vaccinated. Additionally, a Special Vaccine Leave of up to two days was offered to our team members so that they could obtain sufficient rest after receiving the vaccine. Our efforts were well received by our team members, and as of year-end of 2021, 94% of our team members were vaccinated.

Within the community, GEG responded to the call for support from the Social Welfare Bureau of the Macau SAR Government by mobilizing close to 200 GEG volunteers to assist with Macau's second and third mass nucleic acid test ("NAT") drives. GEG volunteers worked with various governmental departments and social service organizations to provide around-the-clock assistance for residents and people in need at the caring and general stations at the Olympic Sports Center. Designated areas inside StarWorld Macau and Broadway Macau™ were also used as free NAT stations during the first mass testing, and as self-paid NAT stations during the second mass testing. Broadway Hotel became designated as Macau's first self-health management hotel for persons with yellow Macau health codes.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDER ENGAGEMENT

Engaging our stakeholders creates opportunities to build strong relationships and to maintain our world-class services. Through multiple engagement channels, we capture stakeholders' feedback, expectation and concerns for our strategic decision-making. In 2021, we engaged with a broad spectrum of internal and external stakeholders, including our team members, industry associations, governmental organizations, charitable organizations, suppliers and business partners as shown in the table below.

Stakeholder Groups	Engagement Objective	Engagement Method
Team Members	We consider our employees our greatest asset. To attract and retain talent, we actively engage with our employees to understand their needs and create a healthy, supportive, rewarding, diverse and inclusive workplace.	<ul style="list-style-type: none"> <li>- Focus groups</li> <li>- Employee feedback forms</li> <li>- "GEG Buzz" mobile application</li> <li>- Employee Assistance Program</li> <li>- Training &amp; development</li> <li>- Staff Social Club activities</li> <li>- Reward and recognition programs</li> <li>- "Asian Heart Starts with Me" internal communications</li> </ul>
Customers	Taking pride in our success in meeting the needs of our customers and creating "World Class, Asian Heart" products and services for guests, GEG continually engages with our customers to understand their evolving needs and preferences.	<ul style="list-style-type: none"> <li>- Guest and tele-services</li> <li>- Loyalty programs</li> <li>- Guest feedback forms</li> <li>- Mystery shopping</li> <li>- Social media</li> </ul>
Investors	We communicate with our investors and shareholders to better understand their financial and non-financial expectations, as well as to share the Group's financial performance and results with them.	<ul style="list-style-type: none"> <li>- Financial announcements</li> <li>- HKEx filings</li> <li>- Investor calls &amp; briefings</li> <li>- Annual general meetings</li> </ul>
Governmental Organizations	We engage with different governmental organizations regularly to better understand their policies, priorities and expectations, and to explore ways to offer our support.	<ul style="list-style-type: none"> <li>- Meetings</li> <li>- Briefings</li> <li>- Public events</li> <li>- Regulatory filings</li> </ul>
Suppliers & Business Partners	We frequently engage with our suppliers and business partners to ensure the integrity of our business operations and procurement procedures, as well as to further explore opportunities to reduce our environmental impact and to provide support to Macau's development of local SMEs.	<ul style="list-style-type: none"> <li>- SME Partnership Program</li> <li>- SME seminars and workshops</li> <li>- Business matching sessions</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder Groups	Engagement Objective	Engagement Method
Industry Associations	To maintain the healthy and sustainable growth of Macau's gaming and tourism industry, we regularly engage with different industry associations to explore opportunities to support Macau's economic diversification and promote the city as a "World Center of Tourism and Leisure".	<ul style="list-style-type: none"> <li>- Meetings</li> <li>- Industry briefings</li> <li>- Events</li> </ul>
Charitable Organizations	Committed to the philosophy of "what is taken from the community is to be used for the community", we maintain good relationships with various charitable organizations to identify how we can further contribute to the betterment of the community through our volunteering and philanthropic efforts.	<ul style="list-style-type: none"> <li>- Meetings</li> <li>- Briefings</li> <li>- Media communication channels</li> <li>- Public and private events</li> <li>- Volunteering activities</li> </ul>

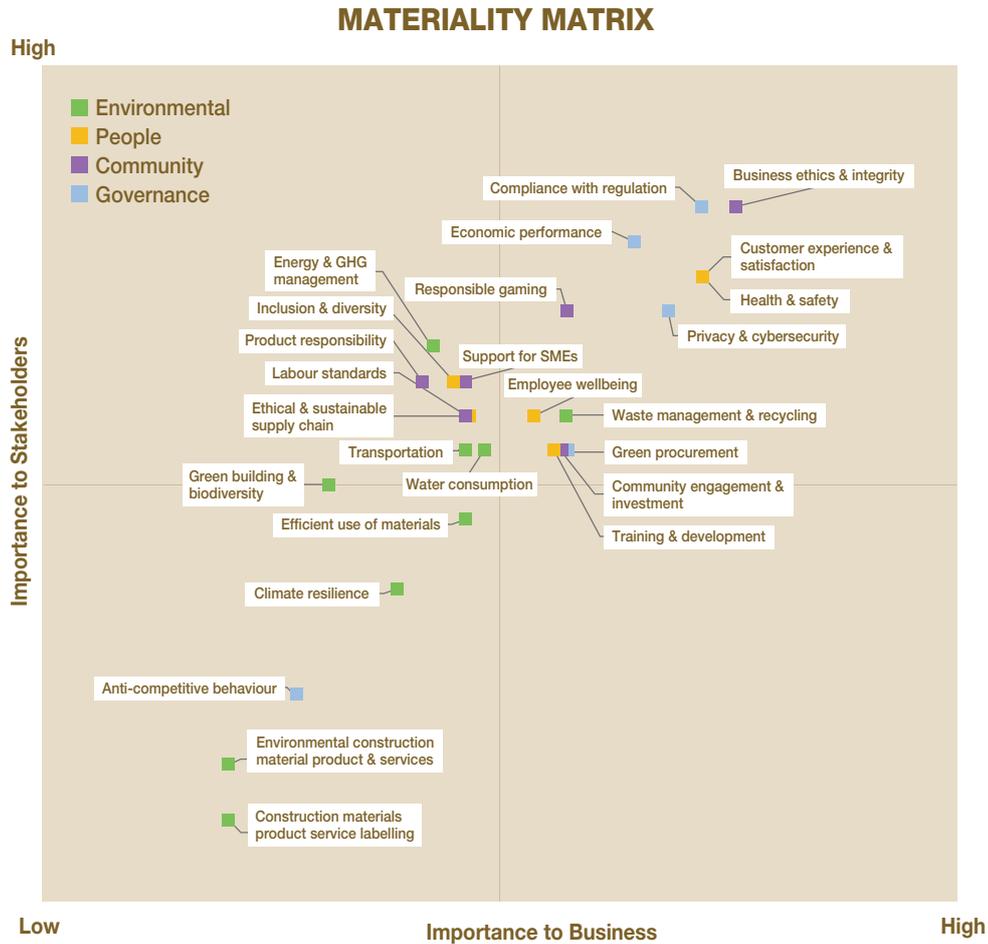
To effectively engage with our stakeholders in our ESG journey, in 2021 we conducted a stakeholder engagement exercise by sending surveys to obtain valuable insight on what our stakeholders prioritized as their key focus. We took the following steps to conduct the stakeholder engagement and materiality assessment:

Identification	Prioritization	Validation	Integration
We identified the most important and emerging sustainability topics through peer benchmarking, industry research and engagement with our stakeholders.	We prioritized the list of identified topics according to our stakeholders' feedback.	We discussed and validated the prioritization of topics with our senior management, and sought endorsement on the list of material topics from the Board.	Topics that were material were integrated into our sustainability strategy and report to ensure the alignment with stakeholders' expectations and sustainability trends.

As set out in the "Material Topics" table below, the stakeholder engagement exercise enabled us to identify a total of 12 materiality topics which were ranked in the matrix according to their ranking of importance by our internal and external stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following materiality matrix shows the most prioritized issues:



Based on the materiality matrix, business ethics & integrity, compliance with regulation, and customer experience & satisfaction were ranked the top three material topics, which are in line with the Group’s development. Below were the top 12 material topics identified in the materiality assessment:

- Material Topics (1 being the most important)**
1. Business ethics & integrity
  2. Compliance with regulation
  3. Customer experience & satisfaction
  4. Health & safety
  5. Economic performance
  6. Privacy & cybersecurity
  7. Responsible gaming
  8. Waste management & recycling
  9. Employee wellbeing
  10. Green procurement
  11. Community engagement & investment
  12. Training & development

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## PROTECTING THE ENVIRONMENT

GEG is strongly committed to protecting the environment and building a greener world for our future generations. We fully adhere with all existing environmental laws in the jurisdictions in which we operate, and implement policies to lower our greenhouse gas emissions. Following the receipt of the internationally recognized ISO 50001 Energy Management System Certification for Galaxy Macau™, Broadway Macau™, and the Head Office of our construction materials division in 2020, in 2021, GEG continued to improve and optimize our environmental and sustainability practices and obtained the prestigious Green Key eco-label for Galaxy Hotel™. Awarded by the Foundation for Environmental Education, the Green Key is an international eco-label awarded to hotels and tourism facilities that demonstrates commitment and excellence in environmental sustainability. The Green Key is one of the largest eco-labels for the hospitality industry worldwide, and is recognized and supported by the World Tourism Organization and United Nations Environmental Programme.

Meanwhile, GEG continues to conduct business in an environmentally responsible manner by monitoring our environmental performance and reviewing the implementation of measures to reduce our environmental impacts. In 2021, GEG actively participated in various environmental protection events, including:

- World Water Day – To celebrate World Water Day and raise awareness on the importance of responsible water use, GEG organized a Fruit Planting Workshop in collaboration with local sustainability association Green Future Macau, who shared with our team members in what ways water management is integral to agriculture and the environment.
- Earth Hour Movement – Answering World Wildlife Fund’s call to take action against climate change as well as to support Macau in becoming a greener city, GEG extended our participation in the Earth Hour Movement by switching off all non-essential exterior lights of StarWorld Macau, Galaxy Macau™ and Broadway Macau™ for an hour on the first Tuesday of every month.
- World Oceans Day and World Clean-up Day – In support of these observances, the GEG Volunteer Team organized a plogging and beach clean-up activities at Hac Sa Beach in Coloane to remove litter and plastic waste from the beaches. KWCM also organized a Shoreline Clean-up Day in August 2021 at Tai Po Ting Kok Shore to protect the environment and keep the shorelines clean.
- World Environmental Day – To support the World Environmental Day activities organized by the Environmental Protection Bureau of the Macau SAR Government (“DSPA”), GEG encouraged team members to “Dress Light, Save Energy” during the summer and to maintain office temperature at no less than 25°C to reduce energy consumption.

In addition, GEG also donated the proceeds collected from its plastic bag charges to Green Future Macau so as to support the organization in carrying out its environmental protection services and received a certificate of appreciation from DSPA for our contribution.

Integrating environmental considerations into our investment decisions, in 2021, GEG invested RMB100 million in Asia’s first biodiversity-themed green bond issued by Bank of China Limited, Macau Branch and USD10 million in a corporate green bond issued by Mingyang Smart Energy Group Limited to fund the construction of green energy projects.

GEG pays strong attention to protecting biodiversity and maintains approximately 1.6 million to 2 million trees and plants within the landscape of our Galaxy Macau™ property. With Broadway Macau™ being located in proximity of one of Macau’s natural marsh wetlands, GEG ensures that proper systems and processes are in place for the control of our wastewater and waste disposal and to prevent any leakage of wastewater and wastes to the marsh wetland. To minimize our impact on biodiversity, conserve the area and avoid the potential damages from tourism activities, GEG also restricts access to the habitat area from our property in Broadway Macau™ and reserves landscape area for the plants and trees. In addition, we also use environmentally friendly products for cleaning so as to reduce potential chemical contamination of habitats at all our properties.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Moving forward, we aim to obtain the LEED certification for Building Operations and Maintenance (LEED O+M) Certification for Galaxy Hotel™ and EarthCheck for Galaxy Hotel™ and Hotel Okura Macau.



GEG invested RMB100 million in Asia's first biodiversity-themed green bond.



GEG invested USD10 million in Macau's first corporate green bond.

### Emissions and Energy

GEG acknowledges the importance of energy conservation and greenhouse gas emissions reduction. To reduce energy consumption, energy and environmental management programs were rolled out to improve the energy efficiency of our operations, and to identify further opportunities for enhancements. We established an ISO 50001 Energy Management Systems to measure, analyze and control the energy consumption of our properties. In 2021, GEG's energy saving target was to reduce our energy use by 3% of the 2016 baseline at Galaxy Macau™, Broadway Macau™ and StarWorld Macau, and under the influence of the pandemic, in 2021, we have achieved a 21% energy reduction for Galaxy Macau™, a 30% energy reduction for Broadway Macau™, and a 21% energy reduction for StarWorld Macau when compared to the 2016 baseline levels. Meanwhile, GEG also implemented the following measures during the year to improve energy efficiency:

- Replaced conventional fluorescent tubes with energy-efficient LED lighting at the front-of-house areas at Galaxy Macau™ and Broadway Macau™, as well as in all areas of StarWorld Macau and KWCM's Head Office;
- Replaced the chillers and cooling towers to improve the chiller plant efficiency at StarWorld Macau;
- Replaced traditional analog thermostats with digital thermostats at the fan coil units at StarWorld Macau;
- Optimized energy use by adjusting the space temperature at the back-of-house areas at Galaxy Macau™ and Broadway Macau™ based on the season and occupancy;
- Installed motion sensors in the back-of-house areas for automatic lighting and enhanced energy saving at StarWorld Macau;
- Reduced energy wastage by shutting down idle mechanical, electrical and plumbing equipment at all our properties, as well as minimizing the lighting level in unoccupied spaces;
- Optimized the Hot Water System pumping control at Galaxy Macau™ and Broadway Macau™ to improve system efficiency;
- Rescheduled the lift systems at Galaxy Macau™ and Broadway Macau™ during non-peak periods;
- Designated a Customer Service Center to apply advanced information technology and solutions on managing the product delivery vehicle fleet at KWCM, including by optimizing the delivery route, deploying safety measures, and conducting vehicle maintenance in order to reduce fuel consumption and emissions; and
- Apart from the commissioned solar panels at KWCM's Eco-block plant, solar panels were also installed in the car park of KWCM's Tai Po Customer Service Center.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Furthermore, GEG continued to optimize our shuttle bus operation and reduce our carbon emissions by adjusting our routes and service frequencies to changing operational need and passenger demands. Besides, we continued to replace our diesel-fuelled guest shuttle buses at Galaxy Macau™ and Broadway Macau™ with electric buses and compressed natural gas (“CNG”) buses. As at the year-end in 2021, 50% of our guest shuttle bus fleet were electric buses and CNG buses.

Due to business developments, for 2022, GEG will maintain our energy reduction targets of 3% for Galaxy Macau™, Broadway Macau™, and StarWorld Macau compared with 2016 baseline levels. To achieve this, GEG will carry out the following energy saving actions:

- Install smart thermostats in office and back-of-house areas at Galaxy Macau™ and Broadway Macau™, and at the walk-in freezers at StarWorld Macau for enhanced temperature controls;
- Continue the LED replacement program at the front-of-house areas at Galaxy Macau™ and Broadway Macau™, and at all areas of StarWorld Macau;
- Continue to install motion sensors on the lighting systems in the back-of-house areas at StarWorld Macau;
- Activate the hibernation plan in our operations at vacant areas in the front-of-house areas at Galaxy Macau™ and Broadway Macau™;
- Shut down the swimming pool and minimize the lighting level in unoccupied areas at StarWorld Macau;
- Optimize the air compressor at cold rooms in the production kitchens at Galaxy Macau™ and Broadway Macau™ to lower the usage of air conditioning;
- Recommission the air conditioning system in the podium area at Galaxy Macau™ and at all blocks at Broadway Macau™; and
- Continue to carry out the Energy and Environmental Assessment program in the food and beverage operation and hospitality functions to further identify potential energy saving opportunities.

With regard to our construction materials business, KWCM also strives to reduce emissions and conserve energy in its operations. In Mainland China, dust collectors were installed in our sites and factories to avoid direct emission of air pollutants from the manufacturing process. To avoid dispersion of air pollutants, conveyor belts and storage tanks were fully enclosed, and water sprinklers were installed to water our sites, factories and plants regularly. Also, all the wheels of the concrete mixer trucks were washed before entering public areas. To improve energy efficiency, KWCM kept track of the energy consumption data, analyzed and identified the major contributors to the energy consumption.

On a separate front, KWCM will continue to strive for environmental performance improvements by making plans to participate in various industry recognized schemes, such as the Green Mine Scheme, Green Factory Scheme, Construction Product Carbon Labelling Scheme, Carbon Reduction Scheme and Waste Reduction Labelling Scheme.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Solar panels were installed in the car park of KWCM's Tai Po Customer Service Center.

**Water and Waste**

To improve resource efficiency, GEG adheres to the 4R Principles (Reduce, Reuse, Recycle and Recovery) in waste management. The processing of hazardous wastes is controlled and governed through the ISO 14001 Environmental Management System that we have set up in all our properties while non-hazardous waste collection, recycling and reuse programs and guidelines were implemented across all our operations to ensure reduction of wastes transferred to the incineration plant. To protect nearby habitat area, we conduct regular inspection and maintenance on waste disposal to ensure proper waste handling. Meanwhile, we also reuse and recycle a wide range of waste generated in our operations, namely paper, metal, glass bottles, disposable batteries, fluorescent lamps, toner cartridge, and textile. As well, our “Energy and Environmental Management Committee” also identified several key waste issues based on our unique business nature, including gaming cards, food waste and cooking oil, with particular management approaches respectively.

GEG has a high awareness of the impact that plastic products have on the environment. To minimize plastic waste, GEG has been replacing single-use plastics with biodegradable and washable items since 2019. With the Macau SAR Government's ban on the import and trade of disposable polystyrene takeaway boxes, bowls, cups and dishes starting from the beginning of 2021, GEG has further stopped providing foam packaging for any of our take-out food and beverage items or using gift wraps that contain foam at our properties.

On the other hand, GEG continues to collaborate with Macau Coca-Cola Beverage Co., Ltd. on the circular recycling of all GEG-branded plastic bottles. The bottles collected will be processed into food-grade plastic pellets that are subsequently used to produce new 350ml water bottles for GEG and our branded partner hotels. To encourage our team members and customers to recycle plastic bottles, we incentivize them with the Reverse Vending Machines at our properties.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Apart from reducing plastic waste, GEG also endeavours to minimize other types of wastes, and has taken the following reduction measures during 2021:

- Established the energy and environmental assessment program at our properties to evaluate and monitor the consumption of hotel wastes and to help identify further waste reduction and recycling opportunities;
- Launched a “Clean Plate Challenge” campaign at the team member canteens at our properties to raise awareness;
- Consolidated the food preparation in our centralized production kitchens to better utilize ingredients and minimize food wastage;
- Established environmental control aspects for various departments at all our properties to monitor the waste disposal, reuse and recycling process;
- Supported the “Pilot Project for the Collection of Food Residues from Food and Beverage Establishments” held by DSPA via the participation of StarWorld Macau;
- Provided training to retail tenants at Galaxy Macau™ and staff at KWCM to promote waste reduction; and
- Minimized the materials and components required during the product manufacturing process in KWCM by reusing waste materials such as waste glass and construction and demolition waste materials from construction sites for the production of high-quality blocks.

In 2021, Galaxy Macau™ and Broadway Macau™ improved their waste recycling by 10% and 41% respectively, when compared with the 2017 baseline level. Meanwhile, StarWorld Macau improved its waste recycling by 12% in 2021 when compared with the 2018 baseline. For 2022, GEG targets to improve our waste diversion rate by 5% for Galaxy Macau™ and Broadway Macau™ when compared to the 2017 baseline, and by 4% for StarWorld Macau when compared to the 2018 baseline levels. To achieve this, GEG will continue to launch a series of activities, including the energy and environmental assessment program to help our food and beverage and hospitality functions identify further waste reduction and recycling opportunities, the “Clean Plate Challenge” at our team member canteens, and sustainability trainings and promotional campaigns to enhance team member engagement, knowledge and awareness. Besides, we will continue to use biodegradable utensils and takeaway boxes in all food service and dining areas at our properties and actively participate in various environmental campaigns and activities held by DSPA.

At GEG, we continue to be mindful of the way we consume water in our operations and to minimize wastage. We conduct regular inspection and maintenance program on wastewater management to prevent leakage to nearby habitat area and to improve the efficiency of our water use, we initiated the following water-saving measures.

- Conducted water leakage assessment regularly at GEG properties and KWCM's factories to avoid water wastage;
- Installed water-efficient fittings at the back-of-house areas across all our properties;
- Adjusted the water consumption for landscaping based on the weather conditions; and
- Implemented grey water recycling for water discharged from the swimming pool at StarWorld Macau for reuse in the cleaning of the carpark and garbage area before final disposal.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GEG established a 2021 target on reducing domestic water consumption by 3% at Galaxy Macau™ and Broadway Macau™ when compared with the 2016 baseline level. Under the influence of the pandemic, in 2021, we have achieved a 46% reduction in domestic water consumption for Galaxy Macau™ and a 39% reduction in domestic water consumption for Broadway Macau™, compared with 2016 baseline levels. For StarWorld Macau, the property achieved a 29% reduction in domestic water consumption when compared with the 2016 baseline. For 2022, GEG's target on water consumption reduction at Galaxy Macau™ and Broadway Macau™ remains unchanged. However, GEG remains steadfast in our commitment to further improve our water quality and efficiency. To achieve our water reduction targets, GEG will install a descaling system in the hot water production, increase the cycle of concentration rate at the cooling tower, implement a hibernation and suspension plan at the water features and at all vacant areas at Galaxy Macau™ and Broadway Macau™, as well as continuously monitor our water use at all our properties so as to avoid overuse.



GEG organized a fruit planting workshop with Green Future Macau to promote water conservation to its team members.

### Green Procurement

GEG strives to purchase products that cause minimal adverse environmental impacts through collaborations with our suppliers and vendors. To build a more sustainable supply chain, GEG has a dedicated supplier management team within our Corporate Procurement department. We convey our expectations on key social and environmental concerns clearly when selecting suppliers and vendors based on our environmental-related assessment of their:

- Declaration or commitment to uphold environmental values;
- Environmental certification and awards;
- Environmental Management System and Quality Management System performance;
- Compliance with applicable international environmental regulations and legislation;
- Dedication in improving specifications that would achieve environmental benefits, including adopting environmental purchase specifications recommended by the DSPA; and
- Commitment to meeting GEG's environmental specifications.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During procurement, we work closely with our new and existing suppliers and vendors to select products and services that:

- Minimize environmental impact;
- Prevent pollution, reduce waste and improve resources use efficiency; and
- Meet or exceed all relevant legal obligations and codes of practice.

To provide clear guidance for our team members, we have established a Green Procurement Statement since 2014. Examples of green procurement practices in recent years include:

- Sourcing sustainable ingredients and plant-based meat substitutes for our internal team member dining;
- Expanding the procurement of LED bulbs for consumption within our properties;
- Sourcing bio-degradable alternatives to plastic bags and other single-use items;
- Replacing all existing GEG and our properties' PET water bottles with bottles made from recycled PET materials (rPET) and continuing to implement our recycling program;
- Placing business focus on reduction of plastics in all our operations;
- Placing business focus on reduction of food waste in staff dining operations;
- Transitioning to greener transportation for our shuttle services; and
- Partnering with waste management companies for proper waste disposal and recycling services.

KWCM adheres to the same set of green procurement requirements as GEG. KWCM's procurement staff are expected to follow the Green Purchasing Specifications, which provide clear instructions for purchasing environmentally friendly items whenever they fulfil our cost and performance criteria. At the same time, this measure helps us instil environmental consciousness in our corporate culture.

### Climate Change

Climate change is a global concern with long-term implications for businesses and society. GEG has identified weather emergencies such as typhoons, flooding and torrential rainstorm as significant climate-related risks that may affect our business operations every year as these incidents have the potential to cause physical damages to our properties, affect or deplete our access to water and energy supplies, disrupt our logistics and supply chains, and such other losses or damages. To minimize the potential impacts that these climate-related risks may have on our daily operations, GEG has put in place the following preventive measures:

- Regular maintenance and check-up on essential equipment, such as backup generator, battery packs, essential lightings, and backup switchboard;
- Monitoring of water pressure and point level to ensure normal water supply level;
- Allocation of backup water supply system for essential equipment to get prepared for weather emergencies;
- Improvement on the logistic and supply control in anticipation of the typhoon and rainy seasons;
- Establishment of the crisis management plan to allocate the resources for the handling of emergencies and dedicated responsibility to manage the potential issues;
- Regular testing of the electrical system, telecommunication system and access systems; and
- Set up of emergency response team for the health and safety assessment in case of any weather emergencies.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental performance data for GEG and KWCM for the year ended 31 December 2021:

Environmental performance in 2021							
Environmental KPIs	Unit	GEG <sup>1</sup>		KWCM		GEG and KWCM Total	
		2021	2020	2021	2020 <sup>2,4</sup>	2021	2020
<b>Emissions</b>							
Nitrogen oxides ("NOx") emissions	tonne	0.32	0.225	501	763	501	763
Sulphur oxides ("SOx") emissions	tonne	0.01	0.003	28	57	28	57
Particulate matter ("PM") emissions	tonne	0.01	0.004	40	86	40	86
Total greenhouse gas emissions	tonne CO <sub>2</sub> e	267,543	223,905	917,566 <sup>3</sup>	1,442,032	1,185,109	1,665,937
Total greenhouse gas emissions intensity	GEG: tonne CO <sub>2</sub> e/m <sup>2</sup> KWCM: tonne CO <sub>2</sub> e/ tonne of product	0.20	0.18	0.14 <sup>3</sup>	0.21	-	-
Greenhouse gas emissions (Scope 1)	tonne CO <sub>2</sub> e	13,826	11,477	790,550 <sup>3</sup>	1,325,751	804,376	1,337,228
Greenhouse gas emissions (Scope 2)	tonne CO <sub>2</sub> e	253,717	212,427	127,016 <sup>3</sup>	116,281	380,733	328,708
<b>Waste</b>							
Total hazardous waste produced	tonne	15	18	12	16	27	34
Total non-hazardous waste produced	tonne	11,404	9,606	16,741	22,925	28,145	32,531
<b>Energy</b>							
Total energy consumption	GJ	1,294,499	1,093,968	3,940,015 <sup>3</sup>	6,179,869	5,234,514	7,273,837
Total energy consumption intensity	GEG: GJ/m <sup>2</sup> KWCM: GJ/ tonne of product	0.99	0.88	0.61 <sup>3</sup>	0.91	-	-
Total direct energy consumption	GJ	173,136	127,247	3,275,343 <sup>3</sup>	5,403,379	3,448,479	5,530,626
Coal	GJ	-	-	2,755,737	4,952,060	2,755,737	4,952,060
Blast Furnace Gas (BFG)	GJ	-	-	243,284	-	243,284	-
Liquefied Petroleum Gas (LPG)	GJ	52,575	43,969	-	-	52,575	43,969
Natural gas	GJ	-	-	182,337	358,895 <sup>5</sup>	182,337	358,895
Diesel	GJ	110,875	79,206	92,112	90,468	202,987	169,674
Petrol	GJ	9,686	4,072	1,874	1,957	11,560	6,029
Total indirect energy consumption	GJ	1,121,363	966,721	664,672 <sup>3</sup>	776,490	1,786,035	1,743,211
Purchased electricity	GJ	1,121,363	966,721	664,672 <sup>3</sup>	776,490	1,786,035	1,743,211
<b>Water</b>							
Water consumption	m <sup>3</sup>	2,547,140	2,288,979	641,788	828,833	3,188,928	3,117,812
Water consumption intensity	GEG: m <sup>3</sup> /m <sup>2</sup> KWCM: m <sup>3</sup> / tonne of product	1.95	1.84	0.10	0.12	-	-

<sup>1</sup> GEG's integrated resorts and hotel businesses in Macau, including Galaxy Macau™, Broadway Macau™ and StarWorld Macau.

<sup>2</sup> For 2020, KWCM has updated the ESG reporting boundary to cover its subsidiaries in accordance with financial reporting requirements.

<sup>3</sup> It was a projected figure pending independent verification by a certified body.

<sup>4</sup> All KWCM ESG data is independently verified by a certified body and the data is available in KWCM Sustainability Report. This report can be accessed at [http://www.kwcm.com/en/co\\_sustainability08.php](http://www.kwcm.com/en/co_sustainability08.php).

<sup>5</sup> In accordance with China's "Three-year Action Plan for Winning the Blue Sky War" strategy, KWCM has significantly increased the use of natural gas to replace coal/blast furnace gas in our slag and cement plants.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**SOCIAL RESPONSIBILITY**

As a responsible enterprise, GEG continues to create positive impact on society by supporting the Macau SAR Government's policies and directions on responsible gaming, youth and talent nurturing, sports and cultural development, environmental protection, national education, and advancing Macau to become a "World Center of Tourism and Leisure".

**Responsible Gaming**

At GEG, our responsible gaming promotion program aims at protecting our customers, educating and raising awareness among our stakeholders, and providing our team members and their family members with access to a professional network of support, counseling, and treatment. We are committed to minimizing all gambling-related damages to our customers, their friends and families, and the community.

With customer experience being a top priority for GEG, we are committed to creating a pleasant experience for our customers while upholding our belief in responsible gaming. Through implementing various promotional campaigns and measures, we aid our customers to make informed and appropriate decisions while rigorously complying with the responsible gaming law and instructions of the local regulatory authority by:

- Placing designated signs at every casino entry to prevent underage patrons from entering into casino floors;
- Displaying pamphlets with gambling rules and responsible gaming messages inside gaming floors;
- Ensuring that a Responsible Gambling Information Station or Kiosk is available at every GEG gaming property;
- Displaying responsible gaming messages on the screensaver on every ATM inside gaming floors;
- Showing responsible gaming videos in all smoking rooms inside gaming floors; and
- Displaying "Self Exclusion Online Appointment" information at casino entrances, smoking rooms inside gaming floors, and shuttle buses.

Being one of the largest employers in Macau, GEG believes that responsible gaming practices start from our team members. Since launching our first responsible gaming promotion program in 2009, GEG has organized nearly 80 responsible gaming trainings, workshops, visits and other promotional activities to impart responsible gaming knowledge to our team members and their families. So far, these activities have accumulated close to 130,000 team member participation counts. Meanwhile, during major celebrations, festivities and international sports events such as Chinese New Year and the World Cup, GEG disseminates promotional messages to remind team members of the importance to "Play Responsibly". As well, GEG also pays attention to the need to cultivate an inclusive and harmonious society by launching responsible gaming promotions that incorporate concepts of 'the family', 'healthy relationship building', and 'parent-child bonding'.

Moreover, GEG also champions long-term partnerships and collaborations with different stakeholders and aligns our responsible gaming efforts to the theme that is selected annually by the Macau SAR Government. We also organize professional training for our responsible gaming committee members annually and require our team members to complete an online refresher training every two years while various workshops and roadshows are organized throughout the year to reinforce awareness among team members. Some of the activities organized in 2021 included:

- Responsible Gaming Chinese New Year Roadshow: "Know More About Festive Gambling Myths";
- Responsible Gaming Online Refresher Training 2021;
- Relaxation Workshop for Working Women;
- Responsible Gaming Roadshow: "GEG Presents: Stay Rational When Having Fun";
- Responsible Gaming Committee Training 2021;
- "Responsible Gaming Family Fun" Board Game Training;
- Responsible Gaming Knowledge Quiz;
- 9th GEG Responsible Gaming Awareness Week 2021; and
- Responsible Gaming Roadshow: "Healthy Family, Play Responsibly".

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Paying attention to the physical and mental wellbeing of our team members and the need to create a positive working environment, GEG provides professional and confidential support services to our team members and their family members, including face-to-face, hotline, onsite and online counseling.

Beyond our team members, we also make an effort to support families and young people in the community on creating a healthy life attitude to resist impulses to gamble by launching the below series of Responsible Gaming Community Promotion Programs in 2021:

- Chinese New Year Parent-Child Lantern Festival Activity;
- GEG Presents: “Discover the Mystery”; and
- GEG Presents: “Stay Rational When Having Fun”.

In the future, GEG will continue to work closely with the Macau SAR Government on carrying out its responsible gaming policies and directions, as well as collaborate with the related local professional organizations and institutions on promoting responsible gaming via a diversified approach. Responsible gaming is critical to Macau’s healthy development and will remain a key priority of GEG’s social responsibility efforts.

### Community Contribution

Renewing our philosophy of “what is taken from the community is to be used for the good of the community”, in 2021, GEG continued to realize our commitment to make a difference in the community by establishing a new “Community at Heart, Empathy in Action” motto for the GEG Volunteer Team and launching the “Empathy in Action Training Program” that included a series of workshops and trainings that allowed our volunteers to experience the day-to-day obstacles faced by people with different special needs, helped them better appreciate differences and embrace diversity, as well as introduced them to new skills and tools to better serve different members of our community.

Created in 2011 as a platform for our team members to stay active in the community, build friendships, strengthen team spirits and convey positive life values onto their children, the GEG Volunteer Team allows our team members and their family to engage in different types of community contribution activities aimed at building a more inclusive and harmonious society. Consisting of team members from different GEG departments and properties, over the years, the GEG Volunteer Team has organized or supported more than 400 community activities, and accumulated over 200,000 community engagement hours. Activities in 2021 included:

- Mobilized close to 200 GEG volunteers to assist with Macau’s second and third mass NAT drives;
- Arranged GEG volunteers to join medical staff and families from Tung Sin Tong’s clinics for a visit to the Macau Grand Prix Museum and to enjoy the 68th Macau Grand Prix of which GEG was title sponsor of the Galaxy Entertainment Macau Guia Race;
- Celebrated the 10th anniversary of the opening of our flagship property – Galaxy Macau™ by inviting members of the community to join GEG volunteers for a treasure hunt and other celebration activities at our property;
- Collaborated with the Macao Blood Transfusion Services of the SSM on hosting our 13th annual blood donation event that attracted more than 1,700 blood donations by GEG team members to date;
- Organized food donation drives at the back-of-house areas at GEG properties as well as distributed food hampers to Macau’s underprivileged for the 9th consecutive year as part of our continued support to the Holy House of Mercy’s Welfare Shop Program; and
- Organized different arts and crafts workshops and sports activities for GEG volunteers to celebrate diversity and inclusion with different members of society, to name a few.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Close to 200 GEG volunteers assisted with Macau's second and third mass NAT drives.

### Charitable Activities

GEG approaches community giving in a variety of ways. Our acts of philanthropy extend well beyond our sharing of gifts and financial resources and includes our transfer of skills and knowledge, as well as our invitation on the use of our properties and facilities by local charities, non-governmental organizations and community groups. In 2021, GEG supported a number of our community stakeholders in holding more than 15 different community activities such as concerts, art shows, carnivals, fashion shows, singing competitions, musicals, themed exhibitions and talent shows at Broadway Macau™.

Earlier this year, GEG supported the flooding rescue and relief efforts in Henan Province's Zhengzhou by donating MOP10 million through the Galaxy Entertainment Group Foundation (the "GEG Foundation") under the coordination of the Liaison Office of the Central People's Government ("CLO Office") in the Macau SAR. In addition, GEG also continued to donate to a number of Macau's social services organizations, including but not limited to:

- Caritas Macau
- Charity Fund from the Readers of Macao Daily News
- Fuhong Society of Macau
- Holy House of Mercy
- Society for the Protection of Animals in Macau
- Tung Sin Tong Charitable Society

Moving forward, GEG will continue to support the social services industry in Macau and promote the development of a more inclusive and harmonious society.

With regard to our construction materials business, KWCM continues to participate in and support charitable fundraising events. KWCM Social Club activities comprise of four themes: Social Service, Leisure and Recreational, Environmental Protection and Employee Care, which are underpinned by KWCM's corporate social responsibility vision. In 2021, KWCM contributed a total of 448.5 volunteer hours. KWCM Social Club continued to collaborate with the Evangelical Lutheran Church of Hong Kong and the Construction Industry Council ("CIC") to reach out to communities most in need by joining the weekly volunteer service Lo Pan Rice Campaign hosted by CIC from July to September 2021 to distribute self-packed meal boxes to underprivileged groups.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



KWCM Social Club continued to participate in the CIC Lo Pan Rice Campaign to distribute self-packed meal boxes to underprivileged groups.

### Galaxy Entertainment Group Foundation

In operating a sustainable and successful business, GEG is mindful of our impact on the community in which we operate. Strongly believing in helping to develop and grow the community, we engage in philanthropic initiative and upholds our corporate social responsibilities for the betterment of our next generation.

With this commitment in mind, in 2015, we established the GEG Foundation with the goal of investing in and giving back to the community. Operating independently from GEG, the GEG Foundation has its own Board of Trustees, and focuses on philanthropic activities that nurture young people's positive life values, education and employment. Ultimately, the GEG Foundation hopes to help the next generation achieve higher standards of living and build a more inclusive community where young people become responsible citizens.

Collaborating with different academia and NGOs according to their expertise, the GEG Foundation joins the community in its development and growth by initiating multi-year projects that support the Macau SAR Government's policies and directions. In 2021, the GEG Foundation's initiatives included:

#### **GEG Arts & Culture Initiative**

Following on the GEG Foundation's presentation of its first arts & cultural exhibition – "Grace Kelly: from Hollywood to Monaco" – hosted at Galaxy Macau™ as part of Art Macao 2019, the GEG Foundation continued to support Art Macao in its 2021 installment with "Juxtapose", the inaugural exhibition of the GEG Foundation's dedicated art gallery at Galaxy Macau™ – GalaxyArt, which opened on 20 July 2021. "Juxtapose" featured a series of giant metal sculptures designed by Malaysian Artist Tang Mun Kian and reflected on Macau's history and its long-standing customs and culture. The exhibition ran from July 2021 to early January 2022, with daily guided tours for the public, and weekend workshops for children ages 5 to 12 and their parents; docent-led exhibition tours were also provided to local schools. Going forward, GalaxyArt will continue to present periodic arts and culture exhibitions to local residents and visitors throughout the year, with a goal of widening young people's appreciation and understanding of arts and culture.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**GEG Cultural & Academic Fund**

The GEG Foundation launched the Fund in April 2021 to support the Portuguese Institute of the Orient in organizing activities to promote Portuguese culture and language in Macau. The scheme aims to deepen the cultural exchanges between Macau and Portuguese-speaking countries, highlight Macau's unique advantage as the bridge between China and Portuguese-speaking countries, and better align Macau with the overall development plans of China. The first program conducted under the Fund, "Letras & Companhia" ("Alphabets & Friends"), presented itself in April 2021 as the first edition of what will hopefully become a literary, civic and cultural festival that can raise the community's awareness on environmental protection and sustainability topics.

**GEG Chinese Music Promotion Scheme**

Joining the Macao Chinese Orchestra as "Special Art Patron" for its 2020–2021 season, the GEG Chinese Music Promotion Scheme supported the orchestra for its three concerts at the Broadway Theatre at Broadway Macau™. The concert "Enchanting Tunes from the Screen" took place in late 2020, followed by the "Family Musical Theatre – Musical Magic Wand Prequel" and "Xian Drum Music" in June and July 2021. Three extension programs on Taoism Music, Cantonese Naamyam and Xian Drum Music, which were attached to the orchestra's "Music in World Heritage" concert series, were held to promote understanding of intangible cultural heritage. Furthermore, as part of the GEG Foundation's sponsorship of the Macao's Chinese Orchestra's concert "Dialogue Between the East and the West" at the 31st Macao Arts Festival in May 2021, the Foundation invited over 200 local students to attend a rehearsal session before the actual concert.

GEG Foundation will once again join the Macao Chinese Orchestra as a "Special Art Patron" for its 2021–2022 season. Three select performances will again be performed at the Broadway Theatre at Broadway Macau™ in 2022, with two other extension programs for which the GEG Foundation will be inviting local students to participate. The GEG Foundation will take further steps to cultivate and promote Chinese music by engaging the Macao Youth Chinese Orchestra to host a "Young People's Concert" at the Broadway Theatre in early 2022, with local students again invited to be in the audience. This event will not only continue to expose young people to Chinese Music, but will also provide young performers of the youth orchestra with more opportunities to perform in front of an audience in a formal and professional setting.

**GEG Chinese Literacy Development Scheme**

Originally a 2-year pilot but which evolved into a 6-year scheme given the scheme's success, the project aimed to educate kindergarten teachers and parents on the importance of literacy and reading in the Chinese language for kindergarten-aged children, through in-school intervention and parents' seminars. The scheme has since extended from two pilot schools to now six participating seed schools, with continuing teacher training and parents' seminars being carried out in collaboration with the University of Saint Joseph's Bishop Domingos Lam Center for Research in Education. A set of specially designed teaching manuals and materials is under development and is expected to go into pilot publication in time for the 2022–23 academic year.

**GEG Parenting Education Scheme**

Coming off of having developed and delivered in collaboration with the Young Men's Christian Association of Macau ("YMCA"), a parental training course for parents of children ages 2 to 7, the scheme went on to further develop a new course catered for parents of adolescent children ages 10 to 14. Both courses had since been trialed and delivered, with positive feedback, to team members of GEG to improve their parenting skills and to strengthen their parent-child relationships. These training courses are intended for an eventual rollout in due course to the greater community in Macau, in particular for shift workers who make up a sizeable proportion of the working community, the key focus for which the scheme was devised for in the first place.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**GEG Sign-Bilingualism Co-Enrolment Scheme**

Since the scheme's inception in 2017, hearing-impaired children began to be enrolled in the Colégio Diocesano de São José 5 under the scheme every year, joining the other children in their "inclusive classrooms". The first cohort of 5 children graduated from kindergarten in July 2021, after completing three years of study in the inclusive classroom, co-taught by their regular class teacher and a deaf teaching assistant. Given the successful trial implementation of the scheme over the last three years, the Catholic Diocese of Macau, as the school's governing body, has now taken on the scheme as an ongoing practice and will ensure its continuation so as to enable hearing-impaired children enrolled in the scheme to progress through primary, and hopefully secondary schooling at the school.

**Other Initiatives**

Details to GEG Foundation's other multi-year projects can be found on its website at [www.gegfoundation.org.mo](http://www.gegfoundation.org.mo) or through its Facebook page on [www.facebook.com/GEGFoundation.org.mo](http://www.facebook.com/GEGFoundation.org.mo).



Grand Opening of the GalaxyArt Gallery.

**Education and Culture**

GEG is committed to supporting the Macau SAR Government on its policies and directions on youth and talent development. Over the years, GEG has been working with different educational, arts and cultural associations and institutes on promoting youth and cultural development through funding training programs, offering internships, hosting site visits, and providing career coaching and exchange opportunities for young people.

For the second consecutive year, GEG launched the U-LEAD Graduate Internship Program ("U-LEAD") in support of the internship career experience scheme held by the Labour Affairs Bureau of the Macau SAR Government ("DSAL"). GEG co-hosted two open days with DSAL and organized a U-LEAD Career Development Day for interested university graduates to obtain more information about the program, which included visits to various GEG departments and sharing sessions with last year's U-LEAD participants. Through U-LEAD, university graduates took part in a three-month integrated resorts internship at GEG and obtained valuable work experience in areas such as hospitality, marketing, and facility management. The program provided them with up to 200 hours of corporate, departmental, and on-the-job training and helped them obtain a deeper understanding of integrated resort operations. In addition, the popular "SiFu-Support" mentorship scheme from 2020, where university graduates were placed with GEG department heads and experienced team members was also brought forward to the 2021 program.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition to the U-LEAD, GEG continued to provide professional and diversified internship opportunities for local undergraduates and special needs students under the GEG Integrated Resort Internship Program. Since its inception in 2008, the program has provided comprehensive training and integrated resort internship experiences to more than 690 tertiary education-level students and special needs students.

Recognizing the importance of fostering young people's understanding of the developments and opportunities in China, GEG has been working alongside the Macau Management Association ("MMA") in organizing the GEG Youth Achievement Program ("YAP"). To celebrate the program's 10th anniversary and the 100th Anniversary of the Founding of the Communist Party of China ("CPC"), the 2021 YAP included national education elements including the development of China and the Greater Bay Area. In November 2021, GEG and MMA co-organized the GEG Youth Achievement Program Award Presentation and 2021–2022 Launching Ceremony to celebrate the successful completion of the 10th YAP intake, as well as to welcome new participants to the 2021–2022 program. Since its launch in 2011, the YAP provided opportunities for self-awareness, career development, and community care for more than 3,000 youths between the ages of 18 to 29.

As Macau's first integrated resort operator to launch and title-sponsor a youth national education activity, GEG continued to title-sponsor the GEG Macau Cup – Youth National Education Competition for the 13th consecutive year in 2021. This year, the competition emphasized educating local students in learning the CPC's century-long history and development.

Meanwhile, GEG also invited YAP participants and students from the University of Macau for separate tours to the "Base of the Education of Love for the Motherland and for Macau for Young People" so that they can better understand China's history, culture, China and Macau's development, and establish a stronger sense of national identity. In addition, GEG also continued to promote STEM education in Macau through our title-sponsorship of the GEG Presents: Popular Science Activities in Schools in Chinese Drones where drone technology and scientific knowledge were shared with students at different local schools to stimulate young peoples' interests in technology and innovation.

To enable students to explore their career interests, GEG continued to leverage our resources by providing guided property tours for students from the University of Macau and the City University of Macau so that they can gain insight into our daily operations and meet with our different representatives.

In addition to education, GEG also sponsors a number of arts and cultural exhibitions and performances. Over the years, GEG made it possible for a number of our community stakeholders and non-profit organizations on organizing different workshops, concerts, exhibitions, carnivals, fashion shows, competitions, dramas and events for free at our venues. In 2021, we continued to support these initiatives and sponsored Broadway Macau™ for the hosting of a variety of events, including:

- Three Monks by the National Academy of Arts and the Macau Association of Chinese Culture and Arts Development;
- The Butterfly Lovers, Endless Regrets drama by Frost Ice Snow Creative Experimental Theatre and the Drama Society of the University of Macau Student's Union;
- Chinese cultural performance by Caritas School;
- The 2nd Macau Gastronomy Carnival and Anhui Gourmet Week co-organized by the Department of Culture and Tourism of Anhui Province, the Macau International Carnival Association and GEG; and
- The 2021 Patriotic Singing Competition that was organized by 10 local associations in celebration of the 100th anniversary of the Founding of the CPC.

In 2021, GEG also opened the GalaxyArt, which is a permanent and non-profit gallery that is located inside Galaxy Macau™ and operated by the GEG Foundation. The GalaxyArt presented its first art exhibition "Juxtapose" in support of the second edition of "Art Macao". Featuring a series of giant metal sculptures, the exhibition reflects on Macau's long-standing customs, history and culture.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the year, the Pacific Asia Travel Association (“PATA”) presented us with a PATA Gold Award for Culture (Traditional Performance and Visual Arts) in the sustainability and social responsibility category for our diversified approach to promoting cultural tourism.

To support youth career development in Hong Kong, KWCM continues its strategic partnerships with the Hong Kong University of Science and Technology (“HKUST”) and Hong Kong Polytechnic University (“PolyU”). In 2021, students of the Capstone Project from HKUST completed the study on the environmental impacts of aggregate barge operations and devised measures to mitigate impacts to the community. Final year students from the PolyU Environmental and Occupational Safety & Health Programme also completed the study to improve conveyor belt safety in our plants. These partnerships enable final year students to obtain hands-on experience in occupational health, safety and environmental protection in our construction materials industry. In Zhaotong of Yunnan Province, KWCM continues its 5-year education fund with a yearly RMB0.2 million donation to the Communist Party of China Youth League of Dagan County Committee to support and improve learning environments for the underprivileged secondary and undergraduate students.



GEG received PATA Gold Award for Culture (Traditional Performance and Visual Arts).

### Sports Development

GEG takes a proactive role in promoting Macau’s sports tourism. We are a long-time title-sponsor of two of Macau’s four major annual international sports events and was the first integrated resort operator to introduce an all-female Dragon Boat team in 2009. We have one of the most diverse sports teams in Macau – from dragon boat to basketball, table tennis, badminton, running, volleyball, and others that helped GEG obtain more than 60 awards throughout the years.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To strengthen Macau's position as a "World Center of Tourism and Leisure", GEG works closely with the Macau SAR Government and the local community to enhance the attractiveness, scale and quality of Macau's sports and community events. During the year, GEG supported the following events:

- Celebrated International Women's Day by arranging for GEG's female team members to take part in the "2021 Macao Women Sports Carnival" co-organized by The Women's General Association of Macau and the Sports Bureau of the Macau SAR Government ("MSB");
- Sent four dragon boat teams to take part in the "2021 Macau International Dragon Boat Races" organized by the MSB and the Dragon Boat Association of Macao, China;
- Arranged for our team members to take part in the Sports Day organized by the Macao Federation of Trade Unions ("FAOM") where they pulled off a stellar performance and won the champion title;
- Title sponsored the "Galaxy Entertainment Macau Guia Race" at this year's Macau Grand Prix as part of our efforts to promote sports and cultural tourism and assist Macau's positioning as a "World Center of Tourism and Leisure";
- Title sponsored the "Macau Galaxy Entertainment International Marathon" for the 18th consecutive year. To promote inclusion and sports for all, GEG co-organized a Marathon "Run with a Partner" Training Program with Macau Special Olympics ("MSO") where members from GEG's Runner's Club set race plans and joined MSO members for regular trainings in preparation for the marathon;
- Presented a WTT Macao event for the 2nd consecutive year; and
- Title sponsored and volunteered in the "GEG Macau Special Olympics Charity Table Tennis Fun Day" to promote diversity, inclusion and social harmony through sports.



MSO members took part in the "Macau Galaxy Entertainment International Marathon" half marathon race under the assistance of GEG Runner's Club members. The two parties took part in weekly marathon trainings since May 2021 as part of the "Run with a Partner" Training Program.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## GEG TEAM MEMBERS ENGAGEMENT

## Diversity

GEG is committed to maintaining a diverse workplace where people from all backgrounds, age, gender, ethnicity, and expertise are welcome to join our workforce. Having a diverse culture has proven to be significant to our ability to provide quality services, innovation, and creativity for the business operations. This concept has been embedded in our recruitment process to ensure diversity and inclusion in our workforce. GEG also takes a strong stand against any form of discrimination and harassment in the workplace. Diversity training and other initiatives are in place to prevent such behaviour.



## Working Environment

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

GEG takes our team members' well-being seriously. As a responsible employer, we take all possible measures to safeguard our team member's physical and mental health. GEG takes proactive and methodical action to provide support services to our team members. Through the Employee Assistance Program, professional and confidential support services such as face-to-face, hotline, on-site, and online counseling services are provided to our team members and their family members when necessary.

In May 2021, GEG celebrated the 10th anniversary of Galaxy Macau™ by launching a series of activities to share the joy with our team members. We organized a series of photo competitions, appreciation events, anniversary feasts, and games for our team members and their family members' participation. Besides, we invited team members' families to a company tour that introduced the operations and working environments of the back-of-house areas of Galaxy Macau™. Recounting the contribution of our team members to the Group's success, GEG hosted multiple "Long Service Awards Presentation" ceremonies where 10 Years' and 15 Years' certificates, decorative pins, and appreciation gifts were presented to close to 5,000 team members who have been with GEG for ten years or more.

Besides, in October 2021, GEG also celebrated the 15th anniversary of StarWorld Macau by arranging a cake-cutting ceremony, interactive games, and other celebration events for team members at the property.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Continuing to promote team building and family bonding, as well as to support our team members on their career development and personal growth, GEG also launched the following activities and initiatives in 2021:

- Collaborated with Gaming Employees Home in organizing the parent-child baking workshop for our team members and their children;
- Invited delegates from the National People’s Congress (“NPC”) and Chinese People’s Political Consultative Conference (“CPPCC”) for a “Two Sessions” sharing session with our team members;
- Hosted the Parenting Skills Training Program again in 2021 to provide team members with newly added tips on decoding adolescents’ language;
- Encouraged team members to participate in the renowned 3rd Macao Integrated Tourism and Leisure Enterprises Vocational Skills Competition that DSAL and FAOM jointly organized for talents in the hospitality sector;
- Celebrated National Security Education Day for the third consecutive year by arranging team members for a visit to the National Security Education Exhibition at the Complex of Commerce and Trade Co-operation Platform for China and Portuguese-speaking Countries, co-organized and made available for public viewing by the Macau SAR Government and the CLO in the Macau SAR;
- Celebrated the 100th anniversary of the Founding of the CPC by organizing exclusive screenings of the “1921” film for GEG team members and members of the Chinese Educators Association of Macau, as well as arranging GEG team members for a visit to a special centenary celebration photo exhibition; and
- Organized the “Galaxy Got Talent 2.0” Talent Upgraded Video Competition that encouraged team members to showcase their talents by uploading a one-minute performance video through a designated digital platform.



### Labour Standards

GEG ensures every aspect of our business abides by applicable laws and regulations set by DSAL and the Labour Department of the Hong Kong SAR Government. Child and forced labour are strictly prohibited and we continue to maintain systems for monitoring, preventing and reporting such practices if any. For our staff’s reference, copies of GEG’s Team Member Handbook and the Group’s policies are kept on-site, while Human Resources professionals are present at each property and office to assist team members with any clarifications.

To prevent any breach of the labour standards, our Human Resources department conducts strict background checks on all the staff recruitment before the signing of employment agreement. Furthermore, we require recruits to present their graduation certificates, working reference and in the case of need, we will contact their reference for reference checks.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure open communication and establish an engaging and inclusive working environment, GEG implemented:

- **Communication:** GEG developed an internal mobile app, “GEG Buzz” for communication with team members bilingually in Chinese and English. Our team member service counters, facilitated by Human Resources, cater to our team members for enquiries, medical expense claims, pension funding processing and complaints or suggestions.
- **Compensation and Benefits:** The Group’s compensation schemes are designed to attract and retain talented team members. Competitive benefits such as provident fund, early leave options, training allowances, bereavement leave, maternity leave, paternity leave, medical benefits and discounts on food and beverage consumption are provided.
- **Work Convenience and Wellness:** GEG provides staff canteens at the properties. With taste and selection choices sensibly considered, menus are designed with health and nutrition as major considerations. GEG also ensures that break rooms, onsite parking, shuttle buses, onsite medical clinic, mothers’ rooms, shower and locker facilities are provided for the use of team members.
- **Flexible Work Plan:** GEG offers team members a range of employment options from full time, part time and flexible work plan to suit the needs of both team members and business. The employment plans provide fair work-life balance for the needs of team members.
- **Staff Recognition:** GEG recognizes exceptional team member performance through its employee recognition programs “Star of the Month”, “Star of the Quarter”, and “Star of the Year” at Galaxy Macau™, Broadway Macau™, StarWorld Macau and GEG’s Corporate Office.

### Team Member Health and Safety

GEG is committed to protecting the health and safety of our team members and creating an accident-free workplace. With the oversight of the Corporate Workplace Health & Safety Steering Committee, we have a Corporate Workplace Health & Safety policy in place to foster a safe working environment. A dedicated corporate workplace health & safety team is responsible for monitoring workplace health and safety measures, ensuring compliance with applicable health and safety legal requirements, and implementing health and safety management standards and best practices across all our properties. In 2021, GEG maintained the ISO45001 Occupational Health & Safety Management System certification across our operations. Top management also strengthened the corporate strategic task on health and safety by providing their full support on the following key tasks throughout the year:

- Organized a cross properties’ Risk Review Workshop to align and enhance all possible risk control measures;
- Enhanced the construction safety program by creating top management committee meeting, organizing regular management inspections and regular management and worker safety competence trainings, etc.;
- Maintained closer communication with DSAL to ensure compliance and proper safety practices; and
- Established a COVID-19 working group to support the internal execution of the SSM’s pandemic control guidelines.

In addition, GEG provides team members with suitable personal protective equipment and work to ensure that our health and safety initiatives are effective. We are proud to lead the industry in Macau with our achievement of the ISO45001 Occupational Health & Safety Management System certification, whose scope is the largest in Macau’s gaming industry and covers our entire operation and taskforce in Macau.

Meanwhile, GEG also continued to cooperate with DSAL on expanding the Hotel and Catering Industry Safety Card Training Program, which 95% of GEG team members have completed to date. As well, GEG also co-launched a variety of seminars and roadshows with DSAL during the reporting year to further enhance our team members’ occupational health and safety awareness.

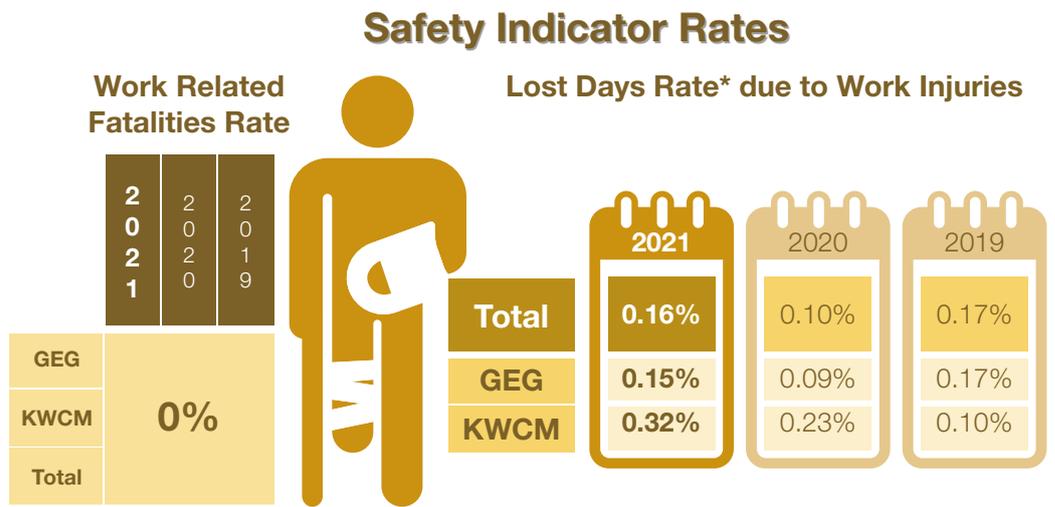
On the construction materials business, KWCM applied the latest information technology (“IT”) to our day-to-day Health, Safety and Environment (“HSE”) management. We developed two IT platforms, “WeChat HSE Mini-Programme” and “Web-based SOL System”, to facilitate the management of HSE matters more effectively and efficiently.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In response to the COVID-19 pandemic, KWCM implemented stringent infection control measures. A Pandemic Control Committee has been set up and is led by our Managing Director. The Committee took the lead to formulate pandemic guidelines and procedures, allocate anti-pandemic resources and ensure timely communications.

We continue to promote a safe working environment for our team members, and our health and safety KPIs for each business unit are tracked each month based on the number of work injuries. In 2021, our work injuries reduced by over 30% when compared with 2021 Corporate KPI set. We acknowledge that the continuing pandemic, which resulted in restricted operations and fewer workers may have an influence on our work-related injuries rate.

During the year, no legal non-compliance records or work-related fatalities were noted.



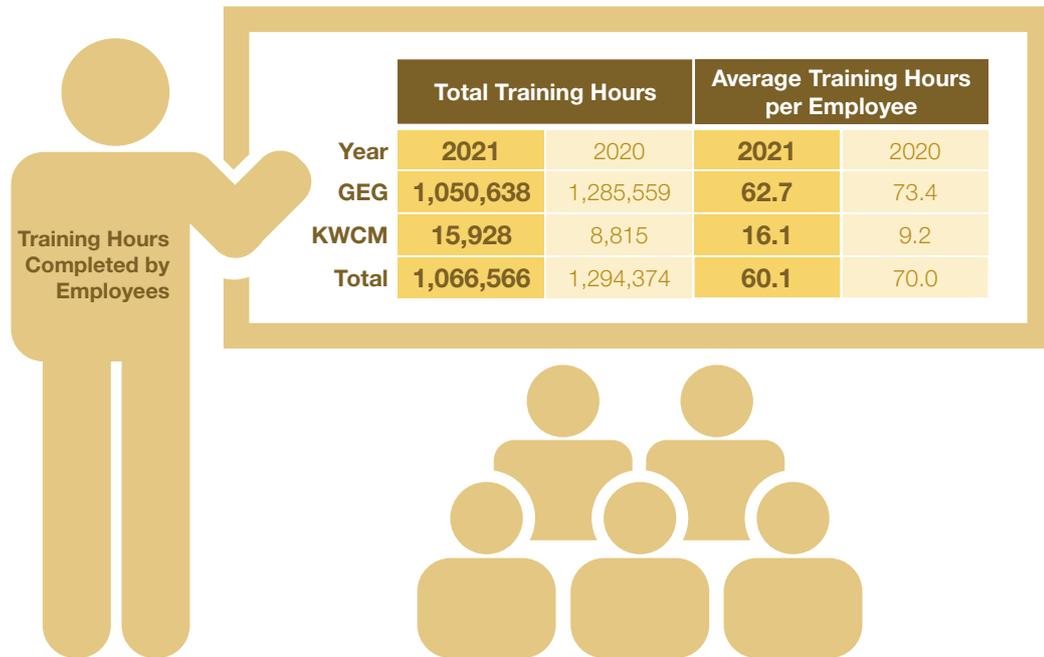
\* Lost days rate was calculated as total number of lost days/total days worked.

### Talent Management

GEG team members are valuable in driving the Group’s continuous success. To maintain a knowledgeable team that is equipped with the necessary skillsets to deal with the ever-changing business environment, GEG provides training and development opportunities for our team members to achieve both vertical and cross-functional careers paths, so that they can take pride in their learning, career progression, and life achievements.

GEG recognizes that team members’ success in delivering unique and best in class services is the very foundation of our achievement. Therefore, the Group’s mission, vision and core values are embedded in our organizational development and training initiatives to ensure that all team members are in line with the Group’s beliefs.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Our organizational development & training strategy focuses on:

- **Stakeholder Engagement** – Continuous partnership and engagement with customers, leaders, team members and the community to ensure the achievement of mutually beneficial outcomes for all.
- **Capability Development** – Building the capabilities of our team members in a structured, pragmatic and timely manner through a blend of world-class on and off the job learning experiences and activities.
- **Training & Learning Innovation** – Investing in the right technologies and leveraging the appropriate delivery channels, including blended and e-learning, to ensure broadened access and maximum learning impact on team members development and business outcomes.
- **Workforce Agility** – Preparing our workforce to support existing and future business needs and growth by developing programs that respond to team members and business requirements, and promotes progressive career development and growth opportunities for local team members.

Our training programs & events consist of:

- **Foundation Programs** that allow team members (especially new hires) to understand GEG's mission, vision, values, Asian Heart service culture, and enable team members to be equipped with the required skills to perform their roles.
- **Supervisory & Management Programs** such as the GEG Management Skills Program and Leaders Programs that assist team members in progressing their careers as future Supervisors, Managers and Leaders.
- **Build for the Future Programs** that grow our key leaders of today for tomorrow, and develops next generation leaders for GEG's continued success.
- **Guest Service Programs** that focus on the delivery of exceptional customer experiences and customer experience management practices underpinned by our Asian Heart service philosophy.
- **Language & Communication Programs** that support internal communication and collaboration, customer interactions and communications.
- **Governance Programs** such as the Compliance Programs, the Responsible Gaming Program that is compulsory for all targeted team members, as well as the Anti-Money Laundering, Combating the Finance of Terrorism, Information Management Awareness, Conflict of Interest, Employment Policies, Payment Card Data Security, and Health & Safety Programs.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Gaming & Hospitality Operations and Job Skills Programs** such as those conducted through internal and external training events held by the University of Macau and the Macao Institute for Tourism Studies, which enable team members to obtain the essential knowledge, skills and competencies required for their roles.
- **Sales & Business Development Programs** that support the development of the sales teams in our integrated resorts through enabling them to grow, retain and acquire new customers and target markets. These programs also cater for internal sales through services such as upselling and cross-selling across a variety of departments.
- **Talent Management Programs** that support the management and development of GEG's talents, including programs that assist team members on creating their personal development plans, establishing their personal goal setting, and providing team members with coaching and mentoring. Our talent management programs also focus on, and are targeted to, the vertical and horizontal progression of local team members, as well as support the development of upward movement and skills diversification of the local Macau population.
- **Community Programs** that aim to support the Macau community and partner institutions such as the GEG Youth Achievement Program and the GEG internship programs.

With the ongoing unprecedented challenges presented by the COVID-19 pandemic and the number of visitors to our properties still being affected, GEG continued to make use of the opportunity to equip our team members for future career growth. While continuing to adhere to the necessary pandemic prevention measures, GEG provided team members with a broader spectrum of career development and training opportunities so as to assist them in obtaining new skills for further personal and professional growth. Throughout 2021, GEG's talent development programs provided more than 1,050,630 training hours to our team members. These programs included the IR-LEAD Career Diversification Program, the Casino Management Development Program, the Restaurant Manager Development Program, and the Facilities Management Upskilling Program, all of which aimed to cultivate talent for GEG and the integrated resort industry in various fields.

Employment and labour practices performance table for GEG and KWCM for the year ended 31 December 2021:

Employment and labour practices performance in 2021						
Social KPIs	GEG		KWCM		GEG and KWCM Total	
	2021	2020	2021	2020	2021	2020
<b>Total workforce by gender, employment type, age group and geographical region</b>						
<b>By Geographical Region</b>						
Hong Kong	51	56	429	364	480	420
Macau	16,679	17,438	56	56	16,735	17,494
Mainland China	–	–	509	537	509	537
Overseas Office	19	29	–	–	19	29
<b>By Employment Type</b>						
Regular (Full time)	16,096	16,793	992	957	17,088	17,750
Regular (Part time)	136	163	2	–	138	163
Contractual (Full time/Part time)	517	567	–	–	517	567
<b>By Gender</b>						
Female	8,809	9,209	189	199	8,998	9,408
Male	7,940	8,314	805	758	8,745	9,072
<b>By Age Group</b>						
Under 30	1,899	2,423	105	136	2,004	2,559
30–50	10,003	10,329	575	545	10,578	10,874
Over 50	4,847	4,771	314	276	5,161	5,047
<b>Total</b>	<b>16,749</b>	<b>17,523</b>	<b>994</b>	<b>957</b>	<b>17,743</b>	<b>18,480</b>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment and labour practices performance in 2021						
Social KPIs	GEG		KWCM		GEG and KWCM Total	
	2021	2020	2021	2020	2021	2020
<b>Employee turnover rate by gender, age group and geographical region<sup>1</sup></b>						
<b>By Geographical Region</b>						
Hong Kong	15.69%	10.70%	11.89%	7.10%	12.29%	7.60%
Macau	7.99%	4.70%	7.14%	3.60%	7.98%	4.70%
Mainland China	–	–	8.64%	3.90%	8.64%	3.90%
Overseas Office	0.00%	10.30%	–	–	0.00%	10.30%
<b>By Gender</b>						
Female	7.69%	4.30%	10.05%	5.00%	7.74%	4.30%
Male	8.35%	5.30%	9.94%	5.10%	8.50%	5.30%
<b>By Age Group</b>						
Under 30	14.27%	11.20%	20.00%	15.40%	14.57%	11.40%
30–50	6.98%	4.00%	11.30%	3.70%	7.21%	4.00%
Over 50	7.65%	3.20%	4.14%	2.90%	7.44%	3.20%
<b>Total</b>	<b>8.00%</b>	<b>4.80%</b>	<b>9.96%</b>	<b>5.10%</b>	<b>8.11%</b>	<b>4.80%</b>
<b>Percentage of employees trained by gender and employee category</b>						
<b>By Gender</b>						
Female	99.47%	99.40%	53.97%	54.80%	98.51%	98.40%
Male	99.12%	98.50%	83.35%	99.90%	97.67%	98.60%
<b>By Employee Category</b>						
Top Management Level	93.78%	91.20%	45.00%	62.30%	85.94%	85.70%
Middle Management Level	98.80%	97.80%	56.00%	77.30%	97.42%	97.20%
Junior Management Level	99.63%	98.90%	100.00%	100.00%	99.63%	98.90%
General Staff	99.38%	99.40%	80.19%	93.20%	97.82%	99.00%
<b>Total</b>	<b>99.30%</b>	<b>98.90%</b>	<b>77.92%</b>	<b>90.50%</b>	<b>98.10%</b>	<b>98.50%</b>
<b>Average Training hours completed per employee by gender and employee category</b>						
<b>By Gender</b>						
Female	62.3	84.0	13.3	8.5	61.3	82.4
Male	63.2	61.6	16.7	9.4	58.9	57.2
<b>By Employee Category</b>						
Top Management Level	18.2	21.2	8.5	22.4	16.7	21.4
Middle Management Level	38.7	25.4	12.2	24.0	37.9	25.4
Junior Management Level	57.2	58.8	32.9	15.3	56.9	58.5
General Staff	72.3	93.6	15.8	6.7	67.7	87.1
<b>Total Average Training Hours</b>	<b>62.7</b>	<b>73.4</b>	<b>16.1</b>	<b>9.2</b>	<b>60.1</b>	<b>70.0</b>
<b>Total Training Hours</b>	<b>1,050,638</b>	<b>1,285,559</b>	<b>15,928</b>	<b>8,815</b>	<b>1,066,566</b>	<b>1,294,374</b>
<b>Safety Indicators</b>						
Work related fatalities	0	0	0	0	0	0
Lost Days due to work injuries	7,776	4,421	1,022	693	8,798	5,114
Lost Day rate due to work injuries	0.15%	0.09%	0.32%	0.23%	0.16%	0.10%

<sup>1</sup> Involuntary turnover is excluded.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**CUSTOMER EXPERIENCE**

As a leading gaming and entertainment company, creating an exemplary experience for our customers is GEG's utmost priority. In addition to internal policies, rules and regulations regarding customer engagement that all our team members and independent third-party partners enforce, we strive to leverage additional platforms to collect customer feedback to continuously upgrade the customer experience.

We have adopted the initiatives below to execute our mission to provide the best experience for our customers:

- Evaluating service quality and customer satisfaction through mystery shopping, while ensuring compliance with laws and an overall positive customer experience at all GEG properties;
- Obtaining and reviewing direct feedback and ratings from customers through comment cards, e-mails and various social media platforms; and
- Resolving any potential customer complaints in due time through channels including hotlines and appointing quality assurance managers for monitoring purposes.

During the reporting year, GEG is not aware of any significant complaints related to services or of any issues related to material non-compliance with relevant standards, rules and regulations.

**Customer Health & Safety**

GEG takes responsibility in maintaining a healthy and safe environment for our customers. We have effective policies in place to ensure that we operate in compliance with the pertinent laws and regulations, and that our standards are adhered to by all of our team members, individuals, and independent third parties that work on GEG's behalf. In addition, health and safety management systems are also in place to monitor any relevant risks and respond to potential incidents. As well, awareness training is provided to prevent incidents and equip team members with the necessary skills to handle such incidents when they occur.

We continue to pay special attention to the amended smoking law – Regime of Tobacco Prevention and Control (Regime de prevenção e controlo do tabagismo), which aims to discourage smoking behaviour and to decrease the negative health effects of smoking. All our smoking rooms are well equipped and comply with the smoking room requirement (i.e. Dispatch No. 84/2017). Preventive maintenance is also routinely enforced to ensure compliance with such requirements.

**Customer Privacy and Cyber Security**

GEG recognizes that information technology is essential for supporting the Group's business operations, processes, and activities. While information technology is necessary for the business to operate effectively and efficiently, it also introduces security risks to the Group's information assets. To ensure that the related risks are adequately addressed and mitigated or avoided, GEG has in place a Cyber Security policy that outlines our three security principles of confidentiality, integrity and availability, as well as our information security risk management practices. The Cyber Security policy is distributed to all GEG team members and applies to all GEG businesses, properties, offices and individuals, including external parties such as consultants, contractors, business partners and vendors that have access to our information technology resources or processes information and data. It is accompanied by a set of supporting guidelines that are made accessible to our team members as part of our aim to promote awareness and general knowledge, and are revised from time to time to ensure the upkeep of best business practices and continuous compliance with the Cyber Security, Information Security and Personal Data Protection laws and regulations in the jurisdictions in which we operate.

To ensure data protection and prevent information leakage, GEG also has policies in place that govern the use of GEG's information technology resources such as the internet, mobile, and portable storage devices, cloud technologies, social media and other information sharing technologies, which is communicated to all GEG team members to ensure conversant. As well, we provide our team members and external parties that work on our behalf, with guidelines on how to identify and protect sensitive information such as personal identifiable information, as well as the reporting procedures should there be any information breaches or confidentiality has been compromised.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Adhering to the Personal Data (Privacy) Ordinance of the Hong Kong SAR, the Personal Data Protection Law of Macau SAR, and the Personal Information Protection Law of Mainland China, GEG ensures that all team members and customer personal data are only accessible by authorized personnel on a need-to-know and need-to-use basis. We provide our team members and external parties that work on our behalf with guidelines on how to identify and protect personal identifiable information, and employ stringent measures such as confidentiality agreements and non-disclosure agreements to prevent leakage and misuse of confidential information.

### Intellectual Property

Intellectual property rights are of key value to GEG as they are crucial business assets that will support our continued growth. The Group complies with the laws and regulations as enacted by the Macau SAR Government and the Hong Kong SAR Government. In addition, we also leverage on contractual vehicles such as confidentiality agreements and mutual non-disclosure agreements to protect the intellectual property rights of the parties concerned.

### SUPPLIER MANAGEMENT

Resting on the core principles of fairness and transparency, GEG adheres to sound procurement practices when executing orders for the supply of goods and services. GEG does not practice preferential procurement and is in full compliance with all related requirements and applicable laws regarding the prevention of bribery. Any corruption offenses will be reported to the Commission Against Corruption of Macao. GEG also requests suppliers to declare any conflicts of interest.

GEG has set in place annual supplier performance appraisals for suppliers, of which their environmental performance is a key evaluation criterion. Suppliers are being evaluated on their environmental values, stewardship, commitments, and their compliance with international labour standards and environmental laws and regulations. GEG also looks at the suppliers' commitments to adopt the environmental purchase specifications recommended by the DSPA; as well as their commitments to meeting our environmental specifications. The appraisal system consolidates all information and generates numerical ratings in a comprehensive scorecard. Environmental and social risks are evaluated within the appraisal system at various stages along the supply chain, from the selection of products and services which takes into account the country of origin, environmental performance of suppliers, and product certification, to the selection and performance of suppliers.

KWCM upholds the same high standards for supplier management as GEG. KWCM established the relevant assessment criteria for verifying the competence of vendors with which we will have a contractual relationship. The types of vendor assessment will be dependent on the impact of their supplied materials or services to our final products and services. Generally, a more stringent evaluation will be applied to those vendors with supplies of greater impact to KWCM and could proceed in the form of site assessment at the supplier facilities.

For quality assurance of our suppliers' products and services, GEG is entitled to request performance evaluation from our supplier's customer reference listing. Periodically, GEG conducts reviews and assessments on our suppliers, and as a general rule for assuring quality and health and safety, GEG requires all suppliers, vendors, and contractors that need to enter our properties to perform work or services, to comply with Macau's industrial safety laws and observe our health and safety guidelines.

Being the industry leader in adopting the "Large-Businesses-Leading-Small-Businesses" business model, we embrace the responsibility for supporting the ongoing growth of local enterprises and SMEs. We are committed to maintaining and growing our business relationship with local enterprises and SMEs as we see local enterprises and SMEs as important and irreplaceable drivers of Macau's economy.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Under the new normal, GEG has been organizing different initiatives to support local SMEs in overcoming their difficulties. Following GEG's HKD100 million subscription to the SME themed COVID-19 Impact Alleviation Social Bonds issued by the Bank of China, Macau Branch in 2020, in 2021, GEG thanked our long-time vendor partners by inviting them to attend a Vendor Appreciation Luncheon where certificates of appreciation were presented to our long-time vendor partners. As well, we also continued to work closely with the Macao Chamber of Commerce, the Macau Youth Entrepreneur Association, and the Macau Young Entrepreneur Incubation Center on organizing online business matching sessions to further expand business opportunities for local SMEs.

Meanwhile, we also invited local food and beverage brands to join the 2nd Macau Gastronomy Carnival that was organized by the Department of Culture and Tourism of Anhui Province, the Macau International Carnival Association, and GEG. Held at the Broadway Food Street of Broadway Macau™, the Festival enabled cultural and gastronomic exchange, created business opportunities, and further promoted Macau as a UNESCO Creative City of Gastronomy. Furthermore, GEG also celebrated Macau's traditional Chestnut Festival, which the Cultural Affairs Bureau of the Macau SAR Government inscribed into its Inventory of Intangible Cultural Heritage in 2020, by inviting 25 local SMEs from the food and beverage, retail, and cultural creative sectors to join us for the two-day Chestnut Festival that was held at Broadway Food Street of Broadway Macau™ to foster Macau's cross-sector integration of the tourism and cultural industry.

Aligned with the Macau SAR Government's "tourism-plus" cross-sector integration strategy, in December 2021, GEG also invited local SMEs and community associations to join the six-day 2021 Galaxy Entertainment Macao International Marathon Carnival, which attracted over 24,000 visitations to Broadway Food Street of Broadway Macau™, generated business for local SMEs, and assisted local social service organizations in promoting their welfare work, and to raise funds for their 2021–2022 operation.

Besides, GEG also partners with the Macau SAR Government and other key stakeholders in developing different programs to support the growth and development of local SMEs and small businesses. When the Macau SAR Government called on large businesses to support small businesses, GEG was the first integrated resort operator to snap into action by launching an SME Partnering Program that brought many local traditional food and beverage brands to Broadway Food Street where GEG assisted them on their modernization, corporatization, and promotion of their brand heritage. Broadway Food Street is just one of the many successful examples of how GEG fosters the development of local SMEs. GEG also helps local SMEs further develop and grow their business with us by providing them with many other tailor-made training courses, activities and support, as well as prioritizing them on our business cooperation.

## CORPORATE GOVERNANCE

GEG's long-term success relies upon our effective corporate governance. As an ethical and compliant business, we ensure that our Code of Business Conduct ("Code"), amongst other internal documents, embodies GEG's values, philosophies and procedures, are reflected and demonstrated in our daily operations, and that it is understood and adopted by all our team members. The Code is included in the Team Member Handbook, which is given to all team members when onboarding GEG, and includes guidelines on:

- Employment practices (including general employment terms, benefits and behavioural conduct);
- Team member development, recognition and engagement;
- Responsible gaming;
- Acceptance and offering of gifts and advantages;
- Keeping of company records and accounts;
- Confidential and proprietary information;
- Conflicts of interests;
- Use of company's information technology resources; and
- Safety and emergency procedures.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In GEG, we encourage all team members to follow our Complaints and Grievances policy and to report any suspected violation, including anti-corruption and anti-money laundering to Human Resources, who will then handle the cases confidentially and in accordance with the prevailing data privacy protection laws and other best practices.

The details of the principal work performed by the Corporate Governance Committee are contained in the Corporate Governance Report.

### **Risk Management and Internal Controls**

With the ever-changing business environment, GEG understands that in order to ensure sustainable business growth, we must be prepared to respond and mitigate various financial and non-financial risks and uncertainties. In pursuing our objective to become a leading operator of integrated resort with confidence, we are committed to building a culture of risk awareness throughout the Group and instilling proper measures and mechanisms on risk management and internal controls. GEG focuses on the assessment of significant risks throughout the organization at the corporate level while it aims to identify, assess, evaluate and mitigate potential hazards and risks at the business unit level in order to provide a safe, healthy, efficient and environmentally-friendly workplace for our team members and contractors.

The Risk Management Committee has been established to oversee the corporate risk management and internal control systems of the Group, which identify and measure risks with material impact on our business and develop risk mitigation and management strategies so as to reduce the risks to a level as low as reasonably practicable and, thus, protect our assets and employees and enhance shareholder value on an ongoing basis.

For further details on Risk Management, please see our Corporate Governance Report.

### **Anti-Bribery and Anti-Corruption**

Upholding high standards of business ethics, GEG has our Anti-Bribery and Anti-Corruption policy in place which has been clearly communicated to all our affiliates and subsidiaries. We have zero tolerance for any form of bribery, corruption and fraud, and ensure that our business practices fully comply with applicable laws and regulations, including anti-corruption legislations.

To maintain the highest level of integrity in our operations, we require all GEG team members and associated persons, including agents, consultants, contractors, representatives, intermediaries, advisors, suppliers, vendors and any other person or entity acting on GEG's behalf, understand and fully comply with applicable laws and the Group's policy against corruption. GEG includes the Anti-Bribery policy, Conflict of Interest policy, and Code of Business Conduct in the Team Member Handbook that all team members receive as part of their on boarding documents, and we ask team members to sign forms to acknowledge receipt and understanding of the information. The Internal Audit Department is responsible for monitoring compliance with the Anti-Bribery and Anti-Corruption policy, which provides guidelines for handling situations with dedicated approval personnel, criteria, internal declaration of interest and any other related matters when involving potential corruption. Such guidelines include but are not limited to:

- Prohibited payments and offers (i.e. bribes, facilitation payments, kickbacks or inappropriate payments to the relevant individual, and such other similar kinds);
- Gifts, meals, travels and entertainment;
- Charitable payments;
- Political contributions;
- Internships and employment;
- Emergency payments; and
- Retention of third parties.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We provide orientation training to all GEG team members during which they are informed that offering or accepting any kind of bribes, facilitating payments and kickbacks are strictly prohibited. We conduct due diligence reviews on business partners' pre-engagement and continuously monitor any bribery and corruption activities to maintain zero-tolerance across the entire Group and its stakeholders.

In December 2021, GEG arranged an external consultant to provide an anti-bribery, anti-corruption, and whistle-blowing training for our directors and related staff.

**Anti-Money Laundering & Combating the Financing of Terrorism**

GEG's Anti-Money Laundering ("AML") and Combating the Financing of Terrorism ("CFT") policy establishments are to maintain high ethical standards in gaming-related transactions under the Group. Anti-money laundering standards are strictly enforced against our team members and independent third parties concerned who work on the Group's behalf.

To supervise the Group's AML and CFT compliance, GEG has established a Compliance Committee and a designated Compliance Officer to ensure such objectives are reached. Furthermore, we provide ongoing training and education to our team members and have introduced the Know Your Customer ("KYC") and Enhanced Due Diligence ("EDD") controls to help team members identify and assess risky transactions or behaviors. To stay on top of the industry trend, GEG generally sends representatives to attend two to three seminars each year, and meet with regulators at least once every quarter. Meanwhile, we maintain close relationships with regulatory authorities. In addition, GEG's internal auditors conduct independent, periodic reviews of the Group's AML and CFT initiatives with respect to Macau SAR laws and regulations. Our AML and CFT policy, as well as associated guidelines and procedures, are regularly reviewed by internal auditors to ensure effectiveness.

In 2021, 98% of GEG team members who are involved in gaming operations received relevant annual refresher training that focused mainly on anti-money laundering.

**REGULATORY COMPLIANCE**

GEG adheres to our policies and accountability mechanisms which were established to ensure regulatory compliance in all aspects of our business and operations. Management is devoted to keeping up to date with the latest regulatory developments and providing training for all the relevant team members. In addition to preventative measures, the Group also dedicates extensive effort to ensure there are effective monitoring and detection measures to fully comply with relevant laws. The Group is not aware of any material non-compliance with relevant local laws and regulations relating to areas such as environmental protection, employment and labour practices, and operating practices during the reporting period.

**SELECTED MAJOR CSR AWARDS**

Awardee	Award	Event	Organizer
GEG	ESG Care Label 2021–2022	ESG Recognitions Ceremony 2021	SocietyNext Foundation, UNESCO Hong Kong Association, Gloce Peace Centre and Rotary Action Group for Peace Hong Kong & Macao Chapter
GEG	Gold Award for Culture (Traditional Performances and Visual Art)	PATA Gold Awards 2021	Pacific Asia Travel Association

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Awardee	Award	Event	Organizer
GEG	Talent Recognizing Employer Award	Outstanding Disabled Employees & Talent Recognizing Employers Award Program 2021	Social Welfare Bureau of the Macau SAR Government & the Labour Affairs Bureau of the Macau SAR Government
GEG	Outstanding Corporate Social Responsibility Award	The 9th Outstanding Corporate Social Responsibility Award Ceremony	Mirror Post of Hong Kong
GEG	Support and Promote a "Breastfeeding Friendly Workplace" Certificate of Commendation		Office of the Secretary for Social Affairs and Culture of the Macau SAR Government
GEG	2021 Macau Outstanding Corporate Volunteer Award	The 29th International Volunteer Recognition Ceremony	Association of Volunteers Social Services Macao
GEG	ISO 45001:2018 Occupational Health and Safety Management System Certification		British Standards Institution
Galaxy Macau™	Energy Saving Concept Award (Hotel Group)	Macau Energy Saving Activity 2020	Companhia de Electricidade de Macau – CEM, S.A. & Office for the Development of Energy Sector of Macau SAR Government
Galaxy Macau™	Hotel Group B (Excellence Award)	Macau Energy Saving Activity 2020	Companhia de Electricidade de Macau – CEM, S.A. & Office for the Development of Energy Sector of Macau SAR Government
Galaxy Hotel™	Silver Award	Macao Green Hotel Award	Environmental Protection Bureau (DSPA) of the Macau SAR Government
Galaxy Hotel™	Green Key Award		The Foundation for Environmental Education
Broadway Macau™	Hotel Group B (Excellence Award)	Macau Energy Saving Activity 2020	Companhia de Electricidade de Macau – CEM, S.A. & Office for the Development of Energy Sector of Macau SAR Government
K. Wah Construction Materials (HK) Ltd.	Best Sustainability Report for Non-listed Company – Commendation	Hong Kong ESG Reporting Awards 2021	Hong Kong ESG Reporting Awards (HERA)

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Awardee	Award	Event	Organizer
K. Wah Construction Materials (HK) Ltd.	15 Years Plus Caring Company Logo	Caring Company Scheme	The Hong Kong Council of Social Service
K. Wah Construction Materials (HK) Ltd.	OSH MVP Award 10 Years Plus	The 20th Hong Kong Occupational Safety & Health Award	Hong Kong Labour Department/Occupational Safety and Health Council
K. Wah Construction Materials (HK) Ltd.	Outstanding Corporate Social Responsibility Award	The 9th Outstanding Corporate Social Responsibility Award Ceremony	Mirror Post of Hong Kong

## CONTENT INDEX

## HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

General Disclosures and KPIs	Description	Reference and Remarks
<b>A. ENVIRONMENTAL</b>		
<b>ASPECT A1: EMISSIONS</b>		
<i>General disclosure</i>		<i>Protecting the Environment</i>
KPI A1.1	The types of emissions and respective emissions data	Environmental Performance Table
KPI A1.2	Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Environmental Performance Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Environmental Performance Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Environmental Performance Table
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Emissions and Energy
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Water and Waste
<b>ASPECT A2: USE OF RESOURCES</b>		
<i>General disclosure</i>		<i>Protecting the Environment</i>
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity	Environmental Performance Table
KPI A2.2	Water consumption in total and intensity	Environmental Performance Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Emissions and Energy
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Water and Waste
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable to GEG as a service-based business
<b>ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES</b>		
<i>General disclosure</i>		<i>Protecting the Environment</i>
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Protecting the Environment

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs		
General Disclosures and KPIs	Description	Reference and Remarks
<b>ASPECT A4: CLIMATE CHANGE</b>		
<i>General disclosure</i>		
KPI A4.1	Description of the significant climate-related issues which have impacted and those which may impact, the issuer and the action taken to manage them	Climate Change Climate Change
<b>B. SOCIAL</b>		
<b>EMPLOYMENT AND LABOUR PRACTICES</b>		
<b>ASPECT B1: EMPLOYMENT</b>		
<i>General disclosure</i>		
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	GEG Team Members Engagement Employment and Labour Practices Performance Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment and Labour Practices Performance Table
<b>ASPECT B2: HEALTH AND SAFETY</b>		
<i>General disclosure</i>		
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	GEG Team Members Engagement Employment and Labour Practices Performance Table – In each of the past three years including the reporting year, there are zero number and rate of work-related fatalities occurred
KPI B2.2	Lost days due to work injury	Employment and Labour Practices Performance Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Team Member Health and Safety
<b>ASPECT B3: DEVELOPMENT AND TRAINING</b>		
<i>General disclosure</i>		
KPI B3.1	The percentage of employees trained by gender and employee category	GEG Team Members Engagement Employment and Labour Practices Performance Table
KPI B3.2	The average training hours completed per employee by gender and employee category	Employment and Labour Practices Performance Table
<b>ASPECT B4: LABOUR STANDARDS</b>		
<i>General disclosure</i>		
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	GEG Team Members Engagement Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Labour Standards

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs	Description	Reference and Remarks
<b>OPERATING PRACTICES</b>		
<b>ASPECT B5: SUPPLY CHAIN MANAGEMENT</b>		
<i>General disclosure</i>		<i>Supplier Management</i>
KPI B5.1	Number of suppliers by geographical region	Supplier Management – Local enterprises and SMEs account for over 60% of GEG's suppliers
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supplier Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supplier Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supplier Management
<b>ASPECT B6: PRODUCT RESPONSIBILITY</b>		
<i>General disclosure</i>		<i>Customer Experience</i>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable to GEG as a service-based business
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Customer Experience
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Customer Privacy and Cyber Security and Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures	Customer Experience
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Customer Privacy and Cyber Security and Intellectual Property
<b>ASPECT B7: ANTI-CORRUPTION</b>		
<i>General disclosure</i>		<i>Corporate Governance</i>
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Regulatory Compliance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Corporate Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff	Corporate Governance
<b>COMMUNITY</b>		
<b>ASPECT B8: COMMUNITY INVESTMENT</b>		
<i>General disclosure</i>		<i>Social Responsibility</i>
KPI B8.1	Focus areas of contribution	Social Responsibility
KPI B8.2	Resources contributed to the focus area	Social Responsibility

## BIOGRAPHICAL INFORMATION OF DIRECTORS

### EXECUTIVE DIRECTORS

**Dr. Lui Che Woo**, *GBM, MBE, JP, LLD, DSSc, DBA*, aged 92, the founder of the Group, has been a Director of the Company since August 1991 and is the Chairman and a member of the Executive Board of the Company. Dr. Lui is also the Chairman and the Managing Director of K. Wah International Holdings Limited. He has over 50 years' experience in quarrying, construction materials and property development. He was the Founding Chairman of the Institute of Quarrying in the UK (Hong Kong Branch) and the Chairman of the Tung Wah Group of Hospitals (1981–1982). Dr. Lui is also the Founding Chairman of The Federation of Hong Kong Hotel Owners, the President of Tsim Sha Tsui East Property Developers Association, the Founding President of Hong Kong – Guangdong Economic Development Association and an Honorary President of the 8th Committee of Hong Kong – Shanghai Economic Development Association. Dr. Lui was appointed as a member of Steering Committee on MICE (Meetings, Incentives, Conventions and Exhibitions) from 2007 to 2019. Furthermore, Dr. Lui was a member of the 9th National Committee of the Chinese People's Political Consultative Conference, a member of the Selection Committee for the First Government of the HKSAR and a member of the Election Committee of the HKSAR in 1996. Dr. Lui has been elected as a member of the Election Committee of the HKSAR in 2001, 2006, 2011 and 2016. In 1995, an asteroid discovered by the Purple Mountain Observatory of the Chinese Academy of Sciences was named "Lui Che Woo Star". Dr. Lui was presented the Outstanding Contribution Award in Guangzhou in 1996. Dr. Lui was awarded the Gold Bauhinia Star by the Government of the HKSAR in July 2005. Dr. Lui was also awarded the Grand Bauhinia Medal by the Government of the HKSAR in June 2012. Dr. Lui was awarded Business Person of the Year 2007 by DHL/SCMP Hong Kong Business Awards and the Lifetime Achievement Award by American Academy of Hospitality Sciences of 2007 respectively. Dr. Lui was presented the Diamond Award by Macau Tatler and the Lifetime Achievement Award by All Leaders Publication Group Limited, both in 2011. Dr. Lui was awarded Asia Pacific Entrepreneurship Awards 2012 – Lifetime Achievement Award by Enterprise Asia in 2012 and Lifetime Achievement Award by Golden Horse Award of China Hotel in 2013. Dr. Lui was presented the Outstanding Contribution Award at the International Gaming Awards, as well as Entrepreneur of the Year at The Asian Awards in 2014. Dr. Lui was awarded the Lifetime Achievement Award and the Outstanding Leadership in Social Responsibility Award by the World Travel Awards in 2015 and 2018 respectively. In 2019, Dr. Lui was awarded as one of the 20 Persons in 20 Years: the Most Valuable Persons of Macao's Tourism and Leisure Industry from 1999 to 2019 by the Macau University of Science and Technology. He was recognized as one of Asia's Most Influential by Tatler Asia in 2021. Dr. Lui is also the Founder and Chairman of the Board of Governors cum Prize Council of the Lui Che Woo Prize – Prize for World Civilisation which established in Hong Kong in 2015 for promoting world civilization through sustainable development of the world, betterment of the welfare of mankind and promotion of positive life attitude and enhancement of positive energy. In addition, Dr. Lui is Honorary Trustee of Peking University, Founding Honorary Patron of The University of Hong Kong Foundation for Educational Development and Research, Member of the Board of Trustees of United College of the Chinese University of Hong Kong, Honorary Member of the Court of Hong Kong University of Science and Technology, Honorary Life Chairman of the Hong Kong Polytechnic University Foundation and Member of the Court of the Hong Kong Polytechnic University, Member of the Board of Directors of Fudan University and Life Honorary Chairman of Wuyi University Board of Trustees. Dr. Lui is the father of Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu.

## BIOGRAPHICAL INFORMATION OF DIRECTORS

**Mr. Francis Lui Yiu Tung**, aged 66, joined the Group in 1979. He has been an executive Director of the Company since June 1987 and is the Deputy Chairman and a member of each of the Executive Board, Nomination Committee and Remuneration Committee as well as the Chairman of Corporate Governance Committee of the Company. Mr. Lui is also an executive director of K. Wah International Holdings Limited. He holds a bachelor of science degree in civil engineering and a master of science degree in structural engineering from the University of California at Berkeley, USA. Mr. Lui is a member of the 13th National Committee of the Chinese People's Political Consultative Conference, a member of the Chief Executive Election Committee of the HKSAR and a member of the Chief Executive Election Committee, Tourism Development Committee and Cultural Consultative Committee of Macau SAR. He is also a Vice-Chair of the Council of the Macao Institute for Tourism Studies, a director of the 71st Term of Macao Chamber of Commerce, an Honorary Chairman of the 21st Term of Kiang Wu Hospital Charitable Association, a member of the 10th Standing Committee of the All-China Federation of Returned Overseas Chinese, an executive director of the Chamber of Tourism of the All-China Federation of Industry and Commerce, a Forever Honorary Chairman of the Association of Macau Travel Industry Professionals and Counsellor of Our Hong Kong Foundation. Mr. Lui was awarded the Medal of Merit – Tourism by Macau SAR in 2012 and Asia Pacific Entrepreneurship Awards 2014 – Entrepreneur of the Year by Enterprise Asia in 2014. In 2021, Mr. Lui received the insignia of Officer of the Order of Arts and Letters from the French Government and was named the most influential person in the Asian Gaming Power 50 list for the third consecutive year. Furthermore, Mr. Lui is the Honorary Citizen of each of Guangzhou City, Shenzhen City and Jiangmen City. Mr. Lui is a son of Dr. Lui Che Woo and a younger brother of Mrs. Paddy Tang Lui Wai Yu.

**Mr. Joseph Chee Ying Keung**, aged 64, joined the Group in 1982. He has been an executive Director of the Company since April 2004 and is the Managing Director of the Construction Materials Division as well as a member of the Executive Board of the Company. Mr. Chee holds a Master degree in Business Administration from the University of South Australia and a Bachelor degree in Mechanical Engineering from the University of Western Ontario in Canada. He is a fellow member of The Institute of Quarrying in the UK and has over 35 years of broad experience in the construction materials industry including operations and management, technical and quality assurance, environmental protection, commercial and strategic planning. Mr. Chee was the member of the 11th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference. He was elected as a member of the Standing Committee of the 12th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference in January 2018. In April 2018 he was appointed as the Council Member of Hong Kong CPPCC (Provincial) Members Association. In August 2018 he was elected as Executive Vice Chairman of Association of Hong Kong and Macau Members of CPPCC in Yunnan Province. In addition, he is the Vice President of Macau Ready-Mix Concrete Commerce Association, the Honorary President of Hong Kong (Asia) Youth Association and Yunnan Provincial Federation of Industry and Commerce of Macau. Mr. Chee has been the Chairman of Hong Kong Contract Quarry Association since 2011 where he also served as the Chairman from 2002 to 2008. He was a board member of Pneumoconiosis Compensation Fund Board from 2010 to 2017 and served as an advisor of the board from 2018 to 2021. He served as a member of the Working Group on Construction Waste of the Provisional Construction Industry Co-ordination Board from 2004 to 2006. He was also the Chairman of The Institute of Quarrying in the UK (Hong Kong Branch) and Hong Kong Construction Materials Association from 1998 to 2000 and from 2017 to 2019 respectively.

**Mrs. Paddy Tang Lui Wai Yu**, *BBS, JP*, aged 67, joined the Group in 1980 and has been an executive Director of the Company since August 1991 as well as a member of the Executive Board of the Company. She is also an executive director of K. Wah International Holdings Limited. She holds a bachelor of commerce degree from McGill University, Canada and is a member of The Institute of Chartered Accountants in England and Wales. Ms. Lui has been elected as a member of the Shanghai Committee of the Chinese People's Political Consultative Conference in December 2012. She was appointed as a member of board of trustees of Shanghai Jiao Tong University on 30 October 2014. Ms. Lui was formerly a member of the Standing Committee on Company Law Reform, the Tourism Strategy Group, the Statistic Advisory Board, the Hong Kong Arts Development Council and the Board of Ocean Park Corporation and a non-executive director of the Mandatory Provident Fund Schemes Authority. Ms. Lui has been elected as a member of the Election Committee of the HKSAR since 1998. Ms. Lui is a daughter of Dr. Lui Che Woo and the elder sister of Mr. Francis Lui Yiu Tung.

## BIOGRAPHICAL INFORMATION OF DIRECTORS

## NON-EXECUTIVE DIRECTORS

**Dr. Charles Cheung Wai Bun**, *JP*, aged 85, has been a non-executive Director of the Company since October 2015. Dr. Cheung is a member of each of the Audit Committee and Corporate Governance Committee of the Company. Dr. Cheung holds an honorary doctor's degree from John Dewey University, U.S.A., a master degree in business administration and a bachelor of science degree in accounts and finance from New York University, U.S.A.. He was awarded the Directors of the Year Awards 2002 of Listed Company Non-Executive Director by The Hong Kong Institute of Directors. In December 2010, Dr. Cheung received three awards, namely (1) Outstanding Management Award of The Chartered Management Association; (2) Outstanding Director Award of The Chartered Association of Directors; and (3) Outstanding CEO Award of The Asia Pacific CEO Association. Dr. Cheung is a council member of The Hong Kong Institute of Directors. Dr. Cheung was formerly a visiting professor of the School of Business of Nanjing University, PRC. He was formerly the group chief executive and executive deputy chairman of Mission Hills Group, Hong Kong, and a former director and advisor of the Tung Wah Group of Hospitals. He has held senior management positions in various companies of different industries and possessed extensive banking, financial and commercial experiences. Dr. Cheung is an independent non-executive director of Jiayuan International Group Limited, Modern Dental Group Limited, Pioneer Global Group Limited and Universal Technologies Holdings Limited, all are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Dr. Cheung is also a director and the vice chairman of executive committee of the Metropolitan Bank (China) Ltd.. He was formerly an independent non-executive director of Fullsun International Holdings Group Co., Limited, a company listed on the main board of the Stock Exchange, from December 2017 to December 2020 and Yin He Holdings Limited, a company listed on GEM of the Stock Exchange, from September 2014 to August 2021.

**Mr. Michael Victor Mecca**, aged 73, joined the Group in 2009 as President and Chief Operating Officer and was the President of the Company since September 2015. After serving nine years' tenure, he retired in April 2018. He has been a non-executive Director of the Company since May 2018. Mr. Mecca holds a Bachelor degree in Foreign Affairs from the University of Oklahoma in the USA. As well as the Company, he has held senior executive roles with a number of globally-recognized gaming and hospitality brands in Las Vegas and Melbourne. Mr. Mecca is a member of the board of directors of Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("SBM"), a company whose shares are publicly traded on Euronext Paris and in which the Company holds an indirect interest of approximately 5%. Mr. Mecca has been licensed by the Gaming Commissions in both Nevada and Michigan in the United States, Victoria in Australia and Macau. Mr. Mecca is also Honorary President of The Macau Gaming Management Association ("MGMA"), Advisory Board Member of Macau University Institute for the Study of Commercial Gaming ("ISCG"), Member of G2E Asia Executive Non-Gaming Advisory Board, Honorary Advisor of International Film Festival & Awards Macao ("IFFAM") and Honorary President of Macau Responsible Gaming Association.

## BIOGRAPHICAL INFORMATION OF DIRECTORS

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. James Ross Ancell**, aged 68, has been an independent non-executive Director of the Company since April 2004. Mr. Ancell is the Chairman of the Audit Committee and a member of the Corporate Governance Committee of the Company. He holds a Bachelor's degree in Management Studies from University of Waikato in New Zealand. He is a Fellow of Chartered Accountants Australia and New Zealand and has over 40 years of broad experience in building materials and construction sectors, waste management and recycling business gained from multinational corporations. He is currently the Chairman of Churngold Construction Holdings Limited in the UK, a leading specialist groundworks subcontractor carrying out groundworks and road surfacing, with a separate remediation business, cleaning up sites contaminated by previous industrial activity. Mr. Ancell was a non-executive director of MJ Gleeson PLC, a housebuilder and regeneration company listed on the London Stock Exchange, from December 2014 to June 2020.

**Dr. William Yip Shue Lam, LLD**, aged 84, has been an independent non-executive Director of the Company since December 2004. Dr. Yip is a member of the Audit Committee as well as the Chairman of the Nomination Committee and the Remuneration Committee of the Company. Dr. Yip holds a Bachelor of Arts degree and an honorary Doctor of Laws degree from the Concordia University, Canada. He is the founder and the chairman of Canada Land Limited ("Canada Land") since 1972. Canada Land engaged in real estate development and tourist attraction business, listed in 1994 on the Australian Stock Exchange and was privatized in May 2013. Dr. Yip remains as the chairman of the company. Dr. Yip is also an independent non-executive director of K. Wah International Holdings Limited. Dr. Yip was also the chairman of Cantravel Limited, Guangzhou since 1996, became a director in October 2013 and elected the chairman in December 2019 again. Dr. Yip has been active in public services and has been appointed as an Honorary Standing Committee Member of The Chinese General Chamber of Commerce (November 2012 – October 2022) and the President of Concordia University Hong Kong Foundation Limited and chairman of Board of Governors, Canadian University Association in Hong Kong. He had been the President (1998 – 2000) and currently the member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong, and the Fellow Member of The Hong Kong Institute of Directors. In addition, Dr. Yip has been elected a Guangzhou Municipal Honorable Citizen.

**Professor Patrick Wong Lung Tak, BBS, JP**, aged 73, has been an independent non-executive Director of the Company since August 2008. Professor Wong is a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Company. He is a Certified Public Accountant (Practising) in Hong Kong and the Managing Practising Director of Patrick Wong CPA Limited. He has over 50 years experience in the accountancy profession. Professor Wong holds a Doctor of Philosophy in Business degree, was awarded a Badge of Honour by the Queen of England in 1993 and was appointed a Justice of the Peace in 1998. He was also awarded a Bronze Bauhinia Star by the Government of the HKSAR in 2010. Professor Wong is an independent non-executive director of C C Land Holdings Limited, Sino Oil and Gas Holdings Limited, Water Oasis Group Limited and Winox Holdings Limited, all are listed on the Hong Kong Stock Exchange. Professor Wong was formerly an independent non-executive director of BAIC Motor Corporation Limited from December 2014 to March 2021 and Li Bao Ge Group Limited from June 2016 to December 2021, both companies are listed on the Hong Kong Stock Exchange.

## SENIOR MANAGEMENT

The businesses of the Group are under the direct responsibilities of the executive Directors of the Company who are regarded as senior management of the Group.

## GAMING AND HOSPITALITY EXPERTISE

GEG is committed to recruiting and retaining the very best management and employees and will continue to strengthen our gaming and hospitality executive team as we move forward and continue to build GEG to be a leading Asian gaming and entertainment company.

An indicative profile of the depth of our executive talent in our gaming and hospitality team is detailed below:

**Robert Drake**, Group Chief Financial Officer. He has extensive experience in corporate finance, investment banking activities such as mergers and acquisitions, financial management, as well as domestic and international business development activities within the gaming industry. Previously, he held senior executive positions in Finance with a gaming company in Las Vegas.

**Kevin Kelley**, Chief Operating Officer, Macau. He has extensive experience in gaming, hospitality and entertainment through his career spanning over the USA and Macau. Previously, he held senior executive positions at various well-known casinos and hotels in the USA and Macau.

**Raymond Yap**, Senior Director – Integrated Resort Services. He has more than 35 years of experience in hotel operations, resort planning, theme park and plaza development, corporate planning and business development. Previously, he held various senior executive positions with a gaming company in Malaysia.

**Richard Longhurst**, Senior Director – Gaming. He has over 32 years of extensive leadership experience at senior levels gained from the gaming industry. Previously, he held senior executive position with a gaming company in Australia.

**Edmond Ting**, Director – Project Development. He has over 38 years of project management experience in property development and architectural consultancy firms developing large-scale commercial, luxury hotels, residential and service apartment projects. Previously, he held a senior executive position with a property development firm in Hong Kong.

**Andy Lee**, Deputy Director – Operations, StarWorld Macau. He has over 25 years of experience in mass marketing, mass and premium gaming hosting and hospitality operations. Previously, he held a senior management position with a resort and gaming company in Singapore.

**Roger Lienhard**, Executive Vice President – Hospitality, Galaxy Macau™. He has over 37 years of operations management and project development experience gained from the hospitality industry. Previously, he held senior management positions with a number of prestigious hotels and resorts in Macau, Singapore, Australia, Japan, India and Indonesia.

**James Koratzopoulos**, Executive Vice President – Hotel and MICE Operations. He has over 30 years of experience in hotel operations and food and beverage services. Previously, he held senior management positions with a number of international hotel companies in Australia, Mainland China and the Middle East.

## GAMING AND HOSPITALITY EXPERTISE

**Elmen Lee**, Executive Vice President – Business Development and Hotel and MICE Sales. He has over 29 years of experience in international marketing, casino marketing and hotel operations management gained from the gaming and hospitality industries. Previously, he held senior management position with a gaming and entertainment company in Australia prior to rejoining us.

**Jason Barry**, Senior Vice President – Table Games, Galaxy Macau™. He has over 30 years of experience in table games. Previously, he held a senior management position with a gaming company in Australia.

**Thomas Borman**, Senior Vice President – Electronic Games, Galaxy Macau™. He has over 31 years of experience in electronic gaming operations. Previously, he held several senior management positions with gaming companies in the USA.

**Nelson Chan**, Senior Vice President – Premium Hosting. He has over 21 years of experience in premium marketing and gaming operations. Previously, he held senior management positions with integrated resorts in Singapore and Vietnam.

**Gavin Grima**, Senior Vice President – Gaming Operations, StarWorld Macau. He has over 31 years of experience in gaming operations. Previously, he held several senior management positions with gaming companies in Australia and Macau.

This list is by no means exhaustive. With the continued development of our management competence resulting in highly efficient casino and entertainment operations, we believe that it will drive the growth and success of GEG for the years to come.

## CORPORATE GOVERNANCE REPORT

The Company is committed to high standards of corporate governance. We have a well-balanced and effective corporate governance system which sets out the framework for the board of directors of the Company (“Board”) to manage the Company efficiently, emphasizing on effective risk management and internal control to safeguard the interests of shareholders of the Company (“Shareholders”), to enhance Shareholders’ value and to care for the community as a good corporate citizen, with a high level of transparency and accountability to Shareholders, that ultimately translate into the long-term success and sustainability of the businesses. The Board has applied the code provisions in the Corporate Governance Code (“Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) except the deviation is disclosed and explained in this report.

### THE BOARD

The Company’s vision is to be “Globally recognized as Asia’s leading gaming and entertainment corporation”. This vision will be achieved through the business philosophy stated in the inside front cover of this annual report.

The Company is headed by the Board, which is responsible to lead and control the Company and its subsidiaries (“Group”) and promote the success of the Group by directing and supervising the Group’s affairs in an effective manner. The Board which is accountable to Shareholders, sets strategies and priorities for the Company, approves annual budgets and performance targets, determines the appropriate management structure, and monitors the performance of the management.

The names and biographical details of the Directors and their relationships are set out on pages 75 to 78 as well as the Company’s website at [www.galaxyentertainment.com](http://www.galaxyentertainment.com). The list of Directors and their roles and functions is also disclosed in the websites of the Company and The Hong Kong Exchanges and Clearing Limited (“HKEX”).

### Chairman, Deputy Chairman and Managing Director of Business Division

The roles of the Chairman of the Board, the Deputy Chairman of the Board and the Managing Director of the Construction Materials Division are separately held by Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Mr. Joseph Chee Ying Keung respectively, so as to ensure a balance of power and authority.

The Chairman provides leadership for the Board and ensures that the Board works effectively in discharging its responsibilities, all key issues are discussed and addressed to in a timely manner and information is provided timely, adequately and accurately. The Deputy Chairman supports and assists the Chairman in performing the above tasks and, together with the Managing Director of the Construction Materials Division, to develop strategic operational plans to implement the Company’s strategies and priorities. The Deputy Chairman leads and oversees the day-to-day management of the Group’s gaming and hospitality related business, while the Managing Director of the Construction Materials Division leads and oversees the day-to-day management of the business of the Construction Materials Division.

### Board Composition

The Board has a balanced composition of executive and non-executive Directors, made up of four executive, two non-executive and three independent non-executive Directors currently. The number of independent non-executive Directors represents one-third of the Board and complies with Rule 3.10A of the Listing Rules. The appropriate mix of skill-sets, experience and diversity of the Board are determined and regularly reviewed on the basis that members of the Board as a whole possess all-rounded business and professional skills essential to manage a successful sizeable enterprise and to support continuous growth. Added to our executive Directors’ substantial experience in the Group’s businesses, our Directors have brought in a mix of experience and qualifications in corporate management and strategic planning, investment, finance, treasury management, and corporate governance practices. In fulfilling their roles and duties, our Directors provide balanced and independent views to the Board, exercise independent judgment and play a check and balance role on the Board’s decisions, particularly on matters that may involve conflicts of interest. The Company believes that the current Board composition is well-balanced and effective, and of a diverse mix appropriate for the businesses of the Group. During the year and as at the date of this report, there has been no change in composition of members of the Board.

## CORPORATE GOVERNANCE REPORT

**Appointment and Re-election of Directors**

The responsibility in nominating new Directors to the Board, reviewing the size, structure and composition of the Board and proposing re-election of retiring Directors is delegated to the Nomination Committee.

Non-executive Directors are appointed for a specific term. Mr. James Ross Ancell, Dr. William Yip Shue Lam, Professor Patrick Wong Lung Tak, Dr. Charles Cheung Wai Bun and Mr. Michael Victor Mecca were appointed for a fixed term of three years pursuant to their service contracts.

All Directors except the Chairman are subject to re-election by Shareholders at the annual general meetings and at least once every three years according to the Articles of Association of the Company.

At the forthcoming annual general meeting, Mrs. Paddy Tang Lui Wai Yu, Dr. Charles Cheung Wai Bun and Mr. Michael Victor Mecca will retire and are eligible for re-election. All of them have offered themselves for re-election.

**Independence of Independent Non-executive Directors**

All independent non-executive Directors have met all of the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. Having considered that (i) the Company has received from each of them an annual written confirmation of his independence; (ii) they were not involved in the daily management of the business and not performed any executive role or management function in the Group or of any core connected person of the Company, and remain independent from management and any major Shareholder; and (iii) there is no indication of relationship or circumstances that will impact their independent judgment, the Board considers each independent non-executive Director to be independent.

**Responsibilities of Directors**

Each Director has a duty to act in good faith in the interests of the Company. The Company believes that it is essential to keep our Directors updated on their duties and responsibilities as well as the conduct, business activities and development of the Group to enable them to provide their maximum contributions. All Directors (including the independent non-executive Directors) have access to the management and Company Secretary for any information relevant to the Group they require in discharging their duties. Company Secretary will collect the requested information and distribute to the Directors. Reports on the Company's performance, annual budget and comparison with budget together with the necessary commentary and explanation on any deviation from budget are provided to our Directors at regular Board meetings. In addition, monthly updates on the market trend and information on the Company's development, finance and operations are provided to Directors as soon as practicable.

The Company has in place directors' and officers' liabilities insurance cover to indemnify our Directors against claims and liabilities arising out of the Group's businesses and activities.

**Directors' Time and Directorship Commitments**

Each Director will ensure that he/she has sufficient time and attention allocated to the Company to discharge his/her responsibilities effectively and, where possible, attends all Board/Committee meetings and general meetings, and that his/her other commitments do not affect the effectiveness of their contribution or the time available to the Company. The major commitments of non-executive Directors are detailed in their biographies.

Each Director will disclose to the Company at the time of his/her appointment, and in a timely manner for any change, the number, identity and nature of offices held in Hong Kong and overseas listed public companies or organizations and other significant commitments. The Company will provide the updates in respect of their biographies and disclosed such in the annual and interim reports as appropriate. An indication of the time to be involved by Directors on their directorships and other commitments will be disclosed to the Company on an annual basis.

## CORPORATE GOVERNANCE REPORT

The independent non-executive Directors have made disclosures about the time spent on the affairs of the Company and also confirm that they are able to give sufficient time and attention to the affairs of the Company. All of them attended the Board/Committee meetings and annual general meeting held by the Company during the year.

The Nomination Committee regularly reviews the time commitments required from a Director to perform his/her responsibilities to ensure that the Board's effectiveness is not compromised. The Board believes, in principle, that Directors' external commitments will benefit the Company by providing them with a diversity of skills, experience, knowledge and perspectives and are relevant to their role in the Company.

### Directors' Induction and Continuous Professional Development

All Directors have participated in continuous professional development ("CPD") to develop and refresh their skills and knowledge. During the year, seminars and materials were provided by the Company and/or external qualified professionals including anti-corruption and whistleblowing regulations, corporate governance development, updates on laws, rules, regulations and management to further strengthen their knowledge and skills on the roles, functions and duties as a director.

Updates on legislative and regulatory changes and corporate governance development relevant to the Group and relevant information on the Group's businesses and activities are provided to our Directors on a timely and regular basis. A newly appointed Director will receive a comprehensive induction package covering the statutory and regulatory obligations of directors, policies, procedures and codes of the Company applicable to the Directors. The Company keeps a record of training received by each Director, summarized as follows:

Directors	Corporate Governance/Updates on Laws, Rules & Regulations	Accounting/Financial/ Management/ Other Professional Skills
<b>Executive Directors</b>		
Dr. Lui Che Woo	✓	✓
Mr. Francis Lui Yiu Tung	✓	✓
Mr. Joseph Chee Ying Keung	✓	✓
Ms. Paddy Tang Lui Wai Yu	✓	✓
<b>Non-executive Directors</b>		
Dr. Charles Cheung Wai Bun	✓	✓
Mr. Michael Victor Mecca	✓	✓
<b>Independent Non-executive Directors</b>		
Mr. James Ross Ancell	✓	✓
Dr. William Yip Shue Lam	✓	✓
Professor Patrick Wong Lung Tak	✓	✓

### Code of Conduct for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by Directors. The Company, having made specific enquiry of all Directors, confirms that our Directors have complied with the required standard set out in the Model Code throughout the year.

## CORPORATE GOVERNANCE REPORT

The Board has also established written guidelines on no less exacting terms than the Model Code to be observed by relevant employees of the Group who, because of their offices or employments, are likely to be in possession of Inside Information (which term shall bear the same meaning as in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) in relation to the Group or the securities of the Company in respect of their dealings in the securities of the Company. The list and policies will be subject to review by the Company as and when it thinks appropriate.

### DELEGATION BY THE BOARD AND BOARD COMMITTEES

To streamline its duties and uphold good corporate governance, the Board has proper delegation of its duties and powers, and has established appropriate Board Committees, with specific written terms of reference which deal clearly with their authority and duties, to oversee particular aspects of the Group's affairs and make recommendations to the Board on specific areas. Board Committees are provided with sufficient resources, including the advice of the external Auditor and independent professional advisers to enable them to discharge their duties. Chairmen and members of the Board Committees are set out in the section headed "Corporate Information" on page 2 of this annual report.

#### Executive Board

The Board has delegated the power, authorities and discretions for the management of the Group's operations and activities to a formally established Executive Board comprising all executive Directors of the Company. The Executive Board reports to the Board and circulates its resolutions and minutes of the Board or Committees or general meetings to all Directors on a quarterly basis. Certain matters including annual budgets and financial statements, dividends and distribution to Shareholders, increase of share capital and allotment of new shares except pursuant to exercise of share options and grant of share awards, derivative tradings, connected transactions which are subject to disclosure and/or Shareholders' approval requirements, and acquisitions, disposals, investments, financing and charging of assets above certain predetermined thresholds are specifically reserved for approval by the Board.

In respect of the decision making process, the management, pursuant to the levels of authority formally approved by the Executive Board, submits written proposals with detailed analysis and recommendations to the Executive Board for consideration and approval. Where the subject matter exceeds the authority of the Executive Board or relates to any matters specifically reserved to the Board as aforesaid, it would be submitted to the Board for approval.

The Executive Board sub-delegates the day-to-day management, administration and operations functions to the executives/committees of the gaming and entertainment division and the construction materials division and where appropriate, special task forces with specified duties to oversee particular business activities or corporate transactions.

#### Audit Committee

The Audit Committee of the Company has been in place since 1999. It comprises four members with a majority of independent non-executive Directors. Mr. James Ross Ancell is the Chairman of the Audit Committee and Dr. William Yip Shue Lam, Professor Patrick Wong Lung Tak and Dr. Charles Cheung Wai Bun are the members thereof.

The Audit Committee is accountable to the Board and assists the Board to oversee the Company's financial reporting process and internal control and risk management systems and to review the Group's interim and annual consolidated financial statements. The Audit Committee has access to and maintains an independent communication with the external Auditor and management. The role and function of the Audit Committee are set out in its revised written terms of reference which are posted on the websites of the Company and HKEX.

The Audit Committee held two meetings in 2021 with all the members present, with the attendance of the Group Chief Financial Officer, finance executives of the respective business divisions, the Company Secretary, the Internal Auditor and the external Auditor as invited by the members of the Audit Committee. The Audit Committee submitted its written report to the Board drawing the Board's attention to important issues that the Board should be made aware of, identifying any matters which it considered action or improvement was needed and making appropriate recommendations.

## CORPORATE GOVERNANCE REPORT

The principal work performed by the Audit Committee during the year included a review of interim and annual consolidated financial statements with accounting policies and practices adopted by the Company, key audit matters to be disclosed in the Independent Auditor's Report, review of audit engagement letter, auditor's independence, audit fee, audit strategy, significant accounting matters, internal audit report and annual audit plan with its resource allocation and requirements, compliance with rules and laws, reports from Internal Auditor on effectiveness of internal control and risk management systems, adequacy of resources, staff qualifications and experience as well as training programmes, independence of external Auditor, other financial and internal control matters and recommendation of the re-appointment of the Company's external Auditor.

### **Remuneration Committee**

The Remuneration Committee of the Company has been in place since early 2006. It comprises three members with a majority of independent non-executive Directors. Dr. William Yip Shue Lam is the Chairman of the Remuneration Committee and Mr. Francis Lui Yiu Tung and Professor Patrick Wong Lung Tak are the members thereof.

The Remuneration Committee is accountable to the Board and with delegated responsibility, regularly reviews, formulates and determines fair and competitive remuneration packages in order to attract, retain and motivate Directors with the quality required to run the Company successfully. The role and function of the Remuneration Committee are set out in its revised written terms of reference which are posted on the websites of the Company and HKEX.

The Remuneration Committee met once in 2021 with all its members present and with the attendance of representative from the human resources department and the Company Secretary. The Remuneration Committee submitted its written report and/or recommendations to the Board after the Remuneration Committee meeting. In addition, written resolutions were circulated to the members for approval during the year.

The principal work performed by the Remuneration Committee during the year included recommendation of Directors' fees by reference to the market data and participation in Board Committees and all Directors have agreed to waive their Directors' fee; review and approval of remuneration policy, structure, packages (including discretionary bonus) to executive Director based on market data, and by reference to the Director's duties and responsibilities with the Company, the Company's performance and profitability; and grant of share options and share awards to executive Directors. No Director or any of his/her associates was involved in deciding his/her own remuneration at the Remuneration Committee meeting. Details of Directors' remuneration are listed out in note 9 to the consolidated financial statements.

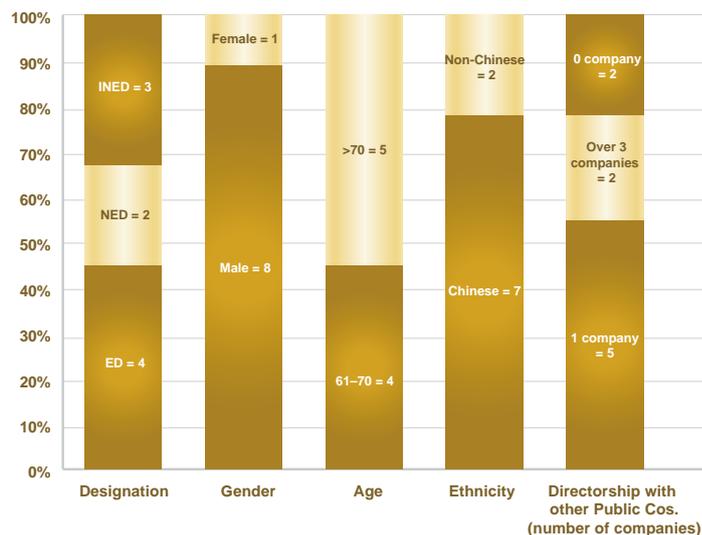
### **Nomination Committee**

The Nomination Committee of the Company was set up in 2012. It comprises three members of which a majority is independent non-executive Directors. Dr. William Yip Shue Lam is the Chairman of the Nomination Committee and Mr. Francis Lui Yiu Tung and Professor Patrick Wong Lung Tak are the members thereof. Its major responsibilities are to formulate and implement the policy for nominating candidates for election to the Board, assess the independence of independent non-executive Directors and propose re-election of retiring Directors. The written terms of reference of the Nomination Committee are posted on the websites of the Company and HKEX.

The Company has adopted a formal and considered nomination policy in March 2012. Recognizing the benefits of having a Board that has a balance of skills, experiences and diversity of perspectives, the nomination policy was revised in March 2013 and December 2018 respectively to take into consideration of Board diversity from a number of aspects, including but not limited to gender, age, ethnicity, reputation for integrity, cultural and educational background, professional experience and qualifications, industry and business-related experience, skills, knowledge, length of service and other qualities relevant to the duties of Directors that the Nomination Committee may consider relevant and applicable from time to time towards achieving a diversified Board.

## CORPORATE GOVERNANCE REPORT

The following chart shows the diversity profile of the Board as at 31 December 2021:



A formal, considered and transparent procedure is in place for the appointment of new Directors to the Board. Candidates to be recommended and selected are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence to a standard required of for the role of a director of listed companies. In addition, the abilities to provide balanced and independent views, exercise independent judgment and devote sufficient time and attention to the Company's affairs are also criteria for selecting non-executive Directors.

Any Director (after consultation with the Chairman of the Board) may nominate a suitably qualified candidate to serve as a Director of the Company for consideration of the Nomination Committee. The Nomination Committee shall review the candidate profile and then submit a recommendation to the Board for consideration after taking into account all the requirements set out above and all other applicable factors relevant to the Company. The Board then considers the recommendation and forms its opinion as to whether the proposed candidate shall be appointed as a Director.

The Nomination Committee met once in 2021 with all the members present and with the attendance of the Company Secretary. The Nomination Committee submitted its written report and/or recommendations to the Board after the Nomination Committee meeting.

The principal work performed by the Nomination Committee included reviewing the nomination policy to ensure its effectiveness and implementation, reviewing structure, size and composition of the Board and Board Committees to ensure a balanced composition of executive and non-executive directors, balance of skills, experience and diversity of perspectives appropriate for the requirements of the businesses of the Group, reviewing Directors' time commitment for performance of their responsibilities, assessing the independence of independent non-executive Directors according to the relevant rules and requirements under the Listing Rules, considering the sufficiency of time devotion by independent non-executive Directors to perform their duties and recommending the re-appointment of retiring Directors. No Director will vote in respect of recommending his/her own re-appointment as Director.

## CORPORATE GOVERNANCE REPORT

### Corporate Governance Committee

The Corporate Governance Committee of the Company was set up in 2012. It comprises four members of which half of them are independent non-executive Directors. Mr. Francis Lui Yiu Tung is the Chairman of the Corporate Governance Committee and Mr. James Ross Ancell, Professor Patrick Wong Lung Tak and Dr. Charles Cheung Wai Bun are the members thereof. Its main responsibilities are to review the Company's policies and practices on corporate governance and sustainability management, training and CPD of Directors and senior management, effectiveness of shareholders communication policy, the Group's environmental, social and governance ("ESG") management approach, strategies and performance, compliance with the Code required by the Listing Rules and disclosure on Corporate Governance Report and ESG Report in compliance with the Listing Rules.

The role and function of the Corporate Governance Committee are set out in its revised written terms of reference which were updated in February 2021 to strengthen the Group's ESG duties and oversight of the Group's ESG performance and issues in accordance with the requirements of the Listing Rules. A policy on corporate governance was adopted with the aim to enhance Shareholders' value and to achieve high level of transparency, integrity and accountability.

The Corporate Governance Committee met once in 2021 with all its members present and with the attendance of the Company Secretary. The Corporate Governance Committee submitted its written report and/or recommendations to the Board after the Corporate Governance Committee meeting.

The principal work performed by the Corporate Governance Committee included review of the Company's policies and practices on corporate governance, Shareholders' communication policy, compliance with the Companies Ordinance (Chapter 622) ("Companies Ordinance"), Listing Rules and any applicable laws, rules and regulations related to the businesses of Group requirements, code of conduct on securities transactions by Directors and employees, training and CPD of Directors and senior management, compliance with the Code, Corporate Governance Report and ESG Report, and recommendation of its revised written terms of reference as mentioned above to the Board for approval.

### BOARD, BOARD COMMITTEES AND GENERAL MEETINGS

The Board schedules four regular Board meetings in advance to give Directors the opportunity to participate actively. Directors are consulted for matters to be included in the agenda for regular Board meetings. Directors receive written notice of the meeting generally a month in advance and an agenda with supporting Board papers no less than three days prior to the meeting. Throughout the year, Directors also participated in the consideration and approval of any matter requiring the attention of the Board by way of circulation of written resolutions. Supporting written materials were provided in the circulation and verbal briefings were given by the management or the Company Secretary when required. Where necessary, special Board meeting will be convened. Except for those circumstances permitted by the Articles of Association of the Company and the Listing Rules, a Director who has material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration abstains from voting on the relevant resolution and such Director is not counted in the quorum.

In addition to Board meetings, the Chairman also has regular gatherings with other Directors, occasionally with independent non-executive Directors and without the presence of other Directors, to consider issues in an informal setting. The independent non-executive Directors freely provide their independent views and recommendations to the Board.

## CORPORATE GOVERNANCE REPORT

All Directors attended the Board, Board Committees and general meetings held in the year under review, their attendance are set out in the following table:

<b>Number of Meetings</b>	<b>Board (4)</b>	<b>Audit Committee (2)</b>	<b>Remuneration Committee (1)</b>	<b>Nomination Committee (1)</b>	<b>Corporate Governance Committee (1)</b>	<b>Annual General Meeting (1)</b>
<b>Executive Directors</b>						
Dr. Lui Che Woo	4/4	-	-	-	-	1/1
Mr. Francis Lui Yiu Tung	4/4	-	1/1	1/1	1/1	1/1
Mr. Joseph Chee Ying Keung	4/4	-	-	-	-	1/1
Mrs. Paddy Tang Lui Wai Yu	4/4	-	-	-	-	1/1
<b>Non-executive Directors</b>						
Dr. Charles Cheung Wai Bun	4/4	2/2	-	-	1/1	1/1
Mr. Michael Victor Mecca	4/4	-	-	-	-	1/1
<b>Independent non-executive Directors</b>						
Mr. James Ross Ancell	4/4	2/2	-	-	1/1	1/1
Dr. William Yip Shue Lam	4/4	2/2	1/1	1/1	-	1/1
Professor Patrick Wong Lung Tak	4/4	2/2	1/1	1/1	1/1	1/1

## COMPANY SECRETARY

The Company Secretary of the Company is responsible for facilitating the Board processes, ensuring the Board procedures are followed and Board activities are efficiently and effectively conducted, as well as ensuring good information flow among Board members with management and Shareholders. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable rules and regulations are followed.

All draft and final minutes of Board meetings and Board Committees meetings with records in sufficient details the matters considered and decisions made, are sent to Directors and Board Committees members for comments and approval. Minutes of the Board, Board Committees and general meetings are kept by the Company Secretary and are made available and circulated to all Directors periodically.

The Company Secretary sends updates on legislative, regulatory and corporate governance developments relevant to the Group on regular basis and arranges in-house seminars for the Directors.

The Company Secretary had complied with Rule 3.29 of the Listing Rules during the year under review.

## CORPORATE GOVERNANCE REPORT

**FINANCIAL REPORTING**

The Board is accountable to Shareholders and is committed to presenting comprehensive and timely information to Shareholders on assessment of the Company's performance, financial position and prospects.

**Directors' Responsibility**

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Company are to give a true and fair view and comply with all applicable regulatory requirements and accounting standards. In preparing the consolidated financial statements for the year ended 31 December 2021, the Directors have selected appropriate accounting policies and applied them consistently, and made judgments and estimates that are prudent and reasonable. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as at 31 December 2021. Accordingly, the Directors have prepared the consolidated financial statements for the year ended 31 December 2021 on a going concern basis.

Throughout the year, the Company devoted sufficient resources and maintained adequate qualified and experienced staff responsible for the accounting and financial reporting function.

**Independent Auditor's Responsibility**

The external Auditor of the Company is PricewaterhouseCoopers, Certified Public Accountants. A statement by the Independent Auditor about their reporting responsibilities is included in the Independent Auditor's Report on the Company's consolidated financial statements on pages 109 to 113.

In arriving at their opinion, the external Auditor conducted a full scope audit without any restrictions and had access to individual Directors (including Audit Committee members) and management of the Company.

**Independent Auditor's Remuneration**

Fees for auditing services and non-auditing services provided by the external Auditor for the year ended 31 December 2021 are included in note 8 to the consolidated financial statements.

Fees for non-auditing services include HK\$2,400,000 for the services provided in respect of taxation and advisory services.

**RISK MANAGEMENT AND INTERNAL CONTROL**

The Board acknowledges its responsibility for establishing and maintaining the Group's system of risk management and internal controls and it receives timely updates from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives, and provide reasonable assurance against material misstatement or loss, and focuses on facilitating its effectiveness and efficiency of:

- Operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Group's objectives;
- Financial controls to ensure the maintenance of proper accounting records for the provision of reliable financial information used within the business and for external reporting; and
- Compliance controls to ensure the compliance with relevant legislation and regulations, and also with the Group's policies with respect to the conduct of business.

## CORPORATE GOVERNANCE REPORT

The key elements that the Group established for an effective risk management and internal controls include a well-defined management structure with clear roles and responsibilities and limits of authority, clear and written policies, standard operation procedures, periodic self-assessment of risks and controls, and an effective management reporting system for all major operating units of the Group.

All department heads are accountable for their daily operations and management of their corresponding operational, financial, compliance, and business risks. The Group's Internal Audit Department is responsible to conduct independent assessment over the Group's risk management and internal control systems on a regular basis, in order to provide reasonable assurance to the Board and the executive management on whether the Group's risk management and internal controls system is designed and operated efficiently and effectively.

Internal Audit Department conducts risk assessment interview with the Group's senior executives and function heads biannually, in order to identify and evaluate significant risks of the Group. A risk-based internal audit plan is prepared on annual basis and would be updated whenever necessary, the annual internal audit plan will be approved by the Audit Committee before execution. During the year, Internal Audit Department performed audit reviews with objectives to ensure all material controls of financial, operational and compliance are in place and functioning effectively. Significant risk management and internal control weaknesses are brought to the attention of senior management who takes immediate actions for rectification of deficiencies. Internal Audit Department reports to the Audit Committee on a biannual basis on whether the Group's risk management and internal controls system is designed, maintained and operated effectively in compliance with the Group's policies and procedures, as well as with the requirements that are laid down by external regulators.

Policies and procedures including pre-clearance on dealing the Company's securities by notification of regular blackout period and securities dealing restrictions to Directors and relevant employees, and handling and dissemination of insider information have been implemented by the Group to guide against possible mishandling of inside information within the Group.

For the financial year ended 31st December 2021, Internal Audit Department is not aware of any internal control issues that would have significant adverse impact on the financial position or operations of the Group. The Board, through the review of the Audit Committee, considers that (i) the risk management and internal controls system of the Group are effective and adequate and the Group complied with the provisions on risk management and internal controls as set forth in the Code; and that (ii) the resources, qualifications, experience, training programs, budget of the accounting and financial reporting and the internal audit functions of the Group are adequate.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTMENT COMMUNITY

The Company places a great deal of emphasis on timely, accurate and transparent communication with Shareholders and the investment community. The Board has adopted a Shareholders' communication policy which provides a framework to maintain direct, open and timely communication with Shareholders. The Company ensures effective and timely dissemination of relevant information at all times.

In addition to publishing interim and annual results in accordance with the Listing Rules requirements, the Company voluntarily releases unaudited key financial information on a quarterly basis to enable stakeholders to better assess the performance of the Group.

An Investor Relations Team has been designated to maintain purposeful dialogue and ongoing relationships with investors, analysts and media. Quality information are provided to Shareholders and the investment community.

## CORPORATE GOVERNANCE REPORT

The Company establishes different communication channels with Shareholders and investors. Shareholders are given the option of electing to receive corporate communication (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) by electronic means. The Company's website [www.galaxyentertainment.com](http://www.galaxyentertainment.com) is also a valuable platform for investors and contains a dedicated investor relations section offering timely and direct access to our financial reports, corporate announcements, press releases and other business information.

### SHAREHOLDERS' RIGHTS

Shareholders are encouraged to attend all general meetings of the Company.

#### Convening General Meetings

Pursuant to Article 67 of the Articles of Association of the Company, the Board may, whenever it thinks fit, convene a general meeting, and general meetings shall also be convened on requisition, as provided by the Companies Ordinance, or, in default, may be convened by the requisitionists.

In accordance with Section 566 of the Companies Ordinance, Shareholders representing at least 5% of the total voting rights of all Shareholders having a right to vote at general meetings may request the Directors to call a general meeting. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request must be signed and sent to the registered office of the Company at 22nd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for the attention of the Company Secretary in hard copy form, and be authenticated by the person or persons making it (including the way of signing by such person(s)).

#### Putting Forward Proposals at General Meetings

Pursuant to Section 580 of the Companies Ordinance, Shareholders representing at least 2.5% of the total voting rights of all Shareholders who have a relevant right to vote, or at least 50 Shareholders who have a relevant right to vote, may request the Company to circulate, to Shareholders entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to (a) a matter mentioned in a proposed resolution to be dealt with at that meeting, or (b) other business to be dealt with at that meeting. The request must be sent to the Company in hard copy form, identify the statement to be circulated, be authenticated by the person or persons making it (including by way of signing by such person(s)) and be received by the Company at the registered office stated above at least 7 days before the meeting to which it relates.

Pursuant to Section 615 of the Companies Ordinance, Shareholders representing at least 2.5% of the total voting rights of all Shareholders or at least 50 Shareholders, who have a right to vote on the resolution at the annual general meeting to which the requests relate, may request the Company to give, to Shareholders entitled to receive notice of the annual general meeting, notice of a resolution that may properly be moved and is intended to be moved at that meeting. The request must be sent to the Company in hard copy form, identify the resolution of which notice is to be given, be authenticated by the person or persons making it (including by way of signing by such person(s)), and be received by the Company at the registered office stated above not later than 6 weeks before the annual general meeting to which the requests relate or if later, the time at which notice is given of that meeting.

If a Shareholder intends to propose a person other than a retiring Director for election as a Director, the procedures have been set out in the Company's website.

#### Enquiries to the Board

The Company values comments and suggestions from Shareholders. Shareholders may send their enquiries and concerns to the Board to the registered office address or by email for the attention of the Company Secretary.

## CORPORATE GOVERNANCE REPORT

**CONSTITUTIONAL DOCUMENTS**

The Company's Articles of Association has been published on the websites of the Company and HKEX. There was no change during the year ended 31 December 2021.

**COMPLIANCE WITH THE CODE**

Throughout the year under review, the Company had complied with all the code provisions in the Code, except code provision A.4.2.

A.4.2 – Given that the other Directors do retire by rotation in accordance with the Articles of Association of the Company, the Board considers that the Group is best served by not requiring the Chairman to retire by rotation as his continuity in office is of considerable benefit to and his leadership, vision and profound knowledge in the widespread geographical businesses of the Group is an asset of the Company.

## REPORT OF THE DIRECTORS

The Directors hereby present to the shareholders the annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal subsidiaries, joint ventures and associated companies of the Company are primarily engaged in 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, and their principal activities and other particulars are set out in note 42 to the consolidated financial statements.

### RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement on page 114 of this annual report.

### DIVIDEND POLICY

The Company will evaluate its distribution policy and distributions made in any particular year in light of its financial position, the prevailing economic climate and expectations about the future macroeconomic environment and business performance. The determination to make distributions will be made at the sole discretion of the Board of Directors after consideration of the Company’s operations and earnings, development pipeline, cash flow, financial position, capital and other reserve requirements and surplus and any other conditions or factors which the Board of Directors deems relevant.

### DIVIDENDS

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 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 or about 29 April 2022.

### DISTRIBUTABLE RESERVES

The Company’s reserves available for distribution to shareholders as at 31 December 2021, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK\$48,813,347,000 (2020: HK\$39,171,697,000).

### BUSINESS REVIEW

A review of the businesses of the Group during the year, a discussion on the Group’s future business developments and principal risks and uncertainties that the Group may be facing, is provided in the Chairman’s Statement on pages 14 and 15 and Management Discussion and Analysis on pages 24 to 36 of this annual report.

The financial risk management objectives and policies of the Group can be found in note 4 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2021 are provided in note 39 to the consolidated financial statements.

## REPORT OF THE DIRECTORS

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial & Operational Highlights on pages 8 to 13 of this annual report.

In addition, discussions on the Group's environmental policies and performance, compliance with relevant laws and regulations which have a significant impact on the Group and an account of the Group's key relationships with its employees, customers and suppliers and others which have a significant impact on the Group are contained in the section headed "Environmental, Social and Governance Report" on pages 37 to 74 of this annual report.

## SHARES ISSUED

Details of the shares issued by the Company during the year are set out in note 26 to the consolidated financial statements.

During the year, 15,475,668 new ordinary shares were issued pursuant to the share option scheme of the Company as a result of the exercise of share options by option holders.

## DEALINGS IN LISTED SECURITIES

During the year, 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), who are also employees of the Group. All 439,866 shares of the Company were subsequently transferred to those connected persons on the respective vesting dates of the share awards.

Save as disclosed, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2021.

## DIRECTORS

The list of Directors of the Company during the year and up to date of this report is set out below:

### **Executive Directors:**

Dr. Lui Che Woo, *Chairman*

Mr. Francis Lui Yiu Tung, *Deputy Chairman*

Mr. Joseph Chee Ying Keung

Mrs. Paddy Tang Lui Wai Yu

### **Non-executive Directors:**

Dr. Charles Cheung Wai Bun

Mr. Michael Victor Mecca

### **Independent Non-executive Directors:**

Mr. James Ross Ancell

Dr. William Yip Shue Lam

Professor Patrick Wong Lung Tak

## REPORT OF THE DIRECTORS

The biographical details of the Directors are set out on pages 75 to 78 of this annual report. Details of Directors' remuneration are listed out in note 9 to the consolidated financial statements.

In accordance with Article 106(A) of the Articles of Association of the Company, Mrs. Paddy Tang Lui Wai Yu, Dr. Charles Cheung Wai Bun and Mr. Michael Victor Mecca will retire from office by rotation, being eligible, and have offered themselves for re-election at the forthcoming annual general meeting.

None of the Directors proposed for re-election has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

Subject to the approval of shareholders at the forthcoming annual general meeting, the following directors' fees in respect of the year ended 31 December 2021 will be payable to the Directors:

	<b>Chairman (HK\$)</b>	<b>Member (HK\$)</b>
The Board	430,000	390,000
Audit Committee	210,000	170,000
Corporate Governance Committee	110,000	85,000
Nomination Committee	110,000	85,000
Remuneration Committee	110,000	85,000

A list of directors who have served on the boards of the subsidiaries of the Company included in the annual consolidated financial statements for the financial year ended 31 December 2021 during the year and up to the date of this report is kept at the Company's registered office and made available for inspection by the shareholders of the Company free of charge during business hours.

**DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS**

Save as disclosed, no transactions, arrangements and contracts of significance in relation to the Group's business, to which the Company or its subsidiaries was a party and in which a Director or his or her connected entity has or had a material beneficial interest, whether directly or indirectly, subsisted as at 31 December 2021 or at any time during the year.

## REPORT OF THE DIRECTORS

**DIRECTORS' INTERESTS IN COMPETING BUSINESS**

The Group holds minority equity interest in Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("SBM") in which the Group is entitled to appoint and has appointed Mr. Michael Victor Mecca to the board of SBM to represent the interests of the Group. SBM may compete directly or indirectly, with certain aspects of the Group's businesses.

Save as disclosed, none of the Directors is interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

**DIRECTORS' INTERESTS IN SECURITIES AND UNDERLYING SHARES**

As at 31 December 2021, the interests or short positions of each Director in the shares, underlying shares and debentures of the Company, and the details of any right to subscribe for shares of the Company and of the exercise of such rights, as recorded in the register required to be kept under section 352 of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

**(a) Shares (including underlying shares)**

Name	Number of shares (including underlying shares) held					Percentage of Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	
Lui Che Woo	40,420,444	2,181,518	363,726,401 <sup>(1)</sup>	1,362,225,231 <sup>(2)</sup>	1,768,553,594	40.57
Francis Lui Yiu Tung	52,195,279	–	398,150,099 <sup>(3)</sup>	1,362,225,231 <sup>(2)</sup>	1,812,570,609	41.58
Joseph Chee Ying Keung	1,200,321	–	–	–	1,200,321	0.03
Paddy Tang Lui Wai Yu	14,210,207	–	–	1,362,225,231 <sup>(2)</sup>	1,376,435,438	31.57
James Ross Ancell	250,000	–	–	–	250,000	0.01
William Yip Shue Lam	250,000	–	–	–	250,000	0.01
Patrick Wong Lung Tak	–	–	–	–	–	–
Charles Cheung Wai Bun	–	–	–	–	–	–
Michael Victor Mecca	1,275,612	–	–	–	1,275,612	0.03

Notes:

- (1) 305,401 shares, 295,421,000 shares and 68,000,000 shares of the Company were held by Po Kay Securities & Shares Company Limited, Lui Che Woo Foundation Limited and LUI Che Woo Prize Limited ("LUI Che Woo Prize") respectively, all of which are controlled by Dr. Lui Che Woo. LUI Che Woo Prize is a charitable organization.
- (2) A discretionary family trust established by Dr. Lui Che Woo as settlor was interested in 1,362,225,231 shares of the Company. Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu, as discretionary beneficiaries of the discretionary family trust, are deemed to have an interest in those shares in which the trust has an interest.
- (3) 103,096,039 shares and 2,000,000 shares of the Company were held by Recurrent Profits Limited ("Recurrent Profits") and Sincere Concept Holdings Limited ("Sincere Concept") respectively. Top Notch Opportunities Limited ("Top Notch") was indirectly interested in 171,916,021 shares of the Company. Kentlake International Investments Limited ("Kentlake") was directly and indirectly interested in 121,138,039 shares of the Company. Recurrent Profits, Sincere Concept, Top Notch and Kentlake are companies controlled by Mr. Francis Lui Yiu Tung.

## REPORT OF THE DIRECTORS

**(b) Underlying shares – Share Options and Share Awards**

Details are set out in the sections headed “Share Option Schemes” and “Share Award Schemes” below.

All the interests stated above represent long positions.

Save as disclosed above, as at 31 December 2021, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its specified undertakings or its other associated corporations (within the meaning of Part XV of the SFO and the Hong Kong Companies Ordinance (Cap. 622)).

**SUBSTANTIAL SHAREHOLDERS’ AND OTHER SHAREHOLDERS’ INTERESTS**

As at 31 December 2021, the interests or short positions of every person (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO were as follows:

Name	Number of Shares Held (Long Position)	Percentage of Issued Share Capital
City Lion Profits Corp.	973,282,206	22.33
CWL Assets (PTC) Limited	1,362,225,231	31.25
HSBC International Trustee Limited	1,363,000,491 <sup>(1)</sup>	31.36
Super Focus Company Limited	274,494,154	6.30
Lui Che Woo Foundation Limited	295,421,000	6.78
The Capital Group Companies, Inc.	219,867,926	6.04

Note:

- (1) HSBC International Trustee Limited, the trustee of the trust established by Dr. Lui Che Woo as settlor, was interested in 1,362,225,231 shares of the Company.

There was duplication of interests of:

- (i) 1,362,225,231 shares of the Company between Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu, CWL Assets (PTC) Limited and HSBC International Trustee Limited;
- (ii) 973,282,206 shares of the Company between City Lion Profits Corp. and CWL Assets (PTC) Limited;
- (iii) 274,494,154 shares of the Company between CWL Assets (PTC) Limited and Super Focus Company Limited; and
- (iv) 295,421,000 shares of the Company between Lui Che Woo Foundation Limited and Dr. Lui Che Woo.

Save as disclosed above, as at 31 December 2021, the Company was not notified by any person who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept under section 336 of Part XV of the SFO.

## REPORT OF THE DIRECTORS

**SHARE OPTION SCHEMES**

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

A total of 9,274,000 options have been granted under the Share Option Scheme 2021 since its adoption. No options were granted under the Share Option Scheme 2011 during the year.

The Share Option Scheme 2021 was adopted for a period of 10 years commencing from 13 May 2021. The maximum number of shares which may be issued pursuant to the Share Option Scheme 2021 is 435,219,856 shares of the Company. The acceptance of the grant of the options under the Share Option Scheme 2021 must be made within 28 days from the date of grant. Except for the number of the options that may be granted, the expiry date of the Share Option Scheme 2021 and the period open for acceptance of the grant of options, the terms of the Share Option Scheme 2021 and the Share Option Scheme 2011 are the same in all material respects. A summary of the Share Option Scheme 2021 is set out below:

**(1) Purpose**

To attract and retain the best quality personnel for the development of the Company’s businesses; to provide additional incentives to qualifying grantees; and to promote the long term financial success of the Company by aligning the interests of option holders to shareholders.

**(2) Participants**

- (i) any person employed by the Company or of any Affiliate or who has contracted to be employed by the Company or of any Affiliate but whose employment has not commenced and any person who is or has agreed to become an executive or director of the Company or of any Affiliate; or
- (ii) any consultant, agent, representative or adviser of the Company or of any Affiliate; or
- (iii) any person who provides goods or services to the Company or of any Affiliate; or
- (iv) any customer or contractor of the Company or of any Affiliate; or
- (v) any business ally or joint venture partner of the Company or of any Affiliate; or
- (vi) any trustee of any trust established for the benefit of employees; or
- (vii) in relation to any of the above qualifying grantee who is an individual, trusts solely for the benefit of the qualifying grantee or his immediate family members, and companies controlled by the qualifying grantee or his immediate family members.

“Affiliate” means any company which is recognized or named in the audited financial statements of the Company or which will be recognized in its then next audited financial statements as (i) a holding company of the Company; or (ii) an associated entity of the Company or of such a holding company; or (iii) a subsidiary of the Company.

## REPORT OF THE DIRECTORS

**(3) Total number of shares available for issue**

Mandate Limit – Subject to the paragraph below, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme 2021 and any other schemes of the Company must not in aggregate exceed 435,219,856 shares, being 10% of the shares in issue as at 13 May 2021, the date of passing of an ordinary resolution of the shareholders adopting the scheme.

Overriding Limit – The Company may by ordinary resolution of the shareholders refresh the Mandate Limit as referred to in the above paragraph provided that the Company shall issue a circular to its shareholders before such approval is sought. The overriding limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme 2021 and any other schemes of the Company must not exceed 30% of the aggregate number of shares in issue from time to time.

As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme 2021, is 426,405,856 shares, representing approximately 9.78% of the issued shares of the Company on that date, and is further reduced by the number of share awards granted pursuant to the Share Award Scheme 2021 mentioned below.

**(4) Maximum entitlement of each participant**

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each participant must not exceed 1% of the aggregate number of shares in issue.

Subject to separate approval by the shareholders in general meeting with the relevant participant and his close associates (or his associates if the participant is a connected person of the Company) abstaining from voting provided the Company shall issue a circular to shareholders before such approval is sought, the Company may grant options to a participant which would exceed this limit.

**(5) Option period**

The period within which the shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

**(6) Minimum period for which an option must be held before it can vest**

The minimum period, if any, for which an option must be held before it can vest shall be determined by the Board in its absolute discretion. The Share Option Scheme 2021 itself does not specify any minimum holding period.

**(7) Payment on acceptance of the option**

HK\$1.00 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 28 days from the date of grant (or such longer period as the Board may specify in writing).

**(8) Basis of determining the subscription price**

The subscription price shall be determined by the Board in its absolute discretion at the time of the grant but shall not be less than the higher of:

- (i) the closing price of the shares on the date of grant; or
- (ii) the average closing prices of the shares for the five business days immediately preceding the date of grant.

## REPORT OF THE DIRECTORS

**(9) The remaining life of the Share Option Scheme 2021**

The life of the Share Option Scheme 2021 is 10 years commencing on its adoption date, being 13 May 2021 and will expire on 13 May 2031.

The particulars of the movements in the options held by each of the Directors of the Company and their associates, the employees of the Group in aggregate and other participants granted under the Share Option Scheme 2011 and Share Option Scheme 2021 during the year ended 31 December 2021 were as follows:

Name	Date of grant	Number of Options					Held at 31 December 2021	Exercise price (HK\$)	Exercise period
		Held at 1 January 2021	Granted during the year	Exercised during the year	Lapsed during the year	Re-classified during the year <sup>(a)</sup>			
Lui Che Woo	24 Dec 2015	2,601,000	-	2,601,000 <sup>(b)</sup>	-	-	-	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	1,021,312	-	-	-	-	1,021,312	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,002,000	-	-	-	-	1,002,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	616,000	-	-	-	-	616,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	2,651,000	-	-	-	-	2,651,000	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	1,900,000	-	-	-	-	1,900,000	57.70	30 Dec 2020 – 29 Dec 2025
	17 Jun 2021	-	1,477,000	-	-	-	1,477,000	62.19	17 Jun 2022 – 16 Jun 2027
Francis Lui Yiu Tung	24 Dec 2015	1,912,000	-	1,912,000 <sup>(b)</sup>	-	-	-	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	1,445,483	-	-	-	-	1,445,483	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,417,000	-	-	-	-	1,417,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	871,000	-	-	-	-	871,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	3,749,000	-	-	-	-	3,749,000	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	2,687,000	-	-	-	-	2,687,000	57.70	30 Dec 2020 – 29 Dec 2025
	17 Jun 2021	-	2,089,000	-	-	-	2,089,000	62.19	17 Jun 2022 – 16 Jun 2027
Joseph Chee Ying Keung	24 Dec 2015	20,000	-	20,000 <sup>(d)</sup>	-	-	-	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	24,321	-	24,321 <sup>(d)</sup>	-	-	-	28.35	12 Mar 2018 – 11 Sep 2022
	26 Jul 2017	130,000	-	-	-	-	130,000	46.95	26 Jul 2018 – 25 Jul 2023
	28 Dec 2018	140,000	-	-	-	-	140,000	48.65	28 Dec 2019 – 27 Dec 2024
	29 Sep 2020	200,000	-	-	-	-	200,000	52.58	29 Sep 2021 – 28 Sep 2026
Paddy Tang Lui Wai Yu	24 Dec 2015	100,000	-	100,000 <sup>(b)</sup>	-	-	-	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	111,285	-	-	-	-	111,285	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	79,000	-	-	-	-	79,000	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	49,000	-	-	-	-	49,000	62.36	27 Dec 2018 – 26 Dec 2023
	28 Dec 2018	116,000	-	-	-	-	116,000	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	100,000	-	-	-	-	100,000	57.70	30 Dec 2020 – 29 Dec 2025
17 Jun 2021	-	78,000	-	-	-	78,000	62.19	17 Jun 2022 – 16 Jun 2027	
James Ross Ancell	-	-	-	-	-	-	-	-	-
William Yip Shue Lam	-	-	-	-	-	-	-	-	-
Patrick Wong Lung Tak	-	-	-	-	-	-	-	-	-
Charles Cheung Wai Bun	-	-	-	-	-	-	-	-	-
Michael Victor Mecca	24 Dec 2015	423,334	-	423,334 <sup>(b)</sup>	-	-	-	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	481,278	-	-	-	-	481,278	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	371,000	-	-	-	-	371,000	33.49	28 Dec 2017 – 27 Dec 2022

## REPORT OF THE DIRECTORS

Name	Date of grant	Number of Options					Held at 31 December 2021	Exercise price (HK\$)	Exercise period
		Held at 1 January 2021	Granted during the year	Exercised during the year	Lapsed during the year	Re-classified during the year <sup>(a)</sup>			
Employees <sup>(d)</sup> (in aggregate)	24 Dec 2015	2,931,520	-	2,851,520 <sup>(h)</sup>	-	80,000	-	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	1,452,848	-	504,385 <sup>(h)</sup>	-	6,131	942,332	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	2,357,180	-	1,227,844 <sup>(h)</sup>	-	-	1,129,336	33.49	28 Dec 2017 – 27 Dec 2022
	26 Jul 2017	865,670	-	426,670 <sup>(h)</sup>	-	-	439,000	46.95	26 Jul 2018 – 25 Jul 2023
	27 Dec 2017	3,339,000	-	1,831,668 <sup>(h)</sup>	24,332	85,000	1,398,000	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	5,374,870	-	1,490,548 <sup>(h)</sup>	209,081	173,000	3,502,241	46.75	21 Nov 2019 – 20 Nov 2024
	28 Dec 2018	1,858,001	-	390,870 <sup>(h)</sup>	49,119	-	1,418,012	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	7,009,666	-	1,065,945 <sup>(h)</sup>	463,869	198,000	5,281,852	57.70	30 Dec 2020 – 29 Dec 2025
	29 Sep 2020	1,399,000	-	12,105 <sup>(h)</sup>	119,229	-	1,267,666	52.58	29 Sep 2021 – 28 Sep 2026
	17 Jun 2021	-	5,630,000	-	364,174	17,000	5,248,826	62.19	17 Jun 2022 – 16 Jun 2027
Others (in aggregate)	24 Dec 2015	-	-	80,000 <sup>(i)</sup>	-	80,000	-	24.80	24 Dec 2016 – 23 Dec 2021
	12 Sep 2016	-	-	1,098 <sup>(i)</sup>	-	6,131	5,033	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	43,030	-	43,030 <sup>(i)</sup>	-	-	-	33.49	28 Dec 2017 – 27 Dec 2022
	27 Dec 2017	123,000	-	208,000 <sup>(i)</sup>	-	85,000	-	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	185,668	-	185,998 <sup>(i)</sup>	73,002	173,000	99,668	46.75	21 Nov 2019 – 20 Nov 2024
	30 Dec 2019	29,000	-	75,332 <sup>(i)</sup>	19,334	198,000	132,334	57.70	30 Dec 2020 – 29 Dec 2025
	17 Jun 2021	-	-	-	-	17,000	17,000	62.19	17 Jun 2022 – 16 Jun 2027
<b>Total</b>		<b>51,186,466</b>	<b>9,274,000</b>	<b>15,475,668</b>	<b>1,322,140</b>	<b>-</b>	<b>43,662,658</b>		

## Notes:

- Options were re-classified during the year from “Employees” to “Others”.
- The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$40.25.
- The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$39.10.
- The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$44.30.
- The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$40.25.
- The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$39.10.

## REPORT OF THE DIRECTORS

- g. Employees include associates of Directors and the movements in the options held by each of the associates of Directors during the year with exercise price and period shown above were as follows:

Name	Date of grant	Number of Options			
		Held at 1 January 2021	Granted during the year	Exercised during the year	Held at 31 December 2021
Eileen Lui Wai Ling	24 Dec 2015	594,000	–	594,000	–
	12 Sep 2016	224,540	–	–	224,540
	28 Dec 2016	204,000	–	–	204,000
	27 Dec 2017	130,000	–	–	130,000
	28 Dec 2018	426,000	–	–	426,000
	30 Dec 2019	351,000	–	–	351,000
	17 Jun 2021	–	302,000	–	302,000
Joanna Claudia Lui	27 Dec 2017	3,000	–	–	3,000
	28 Dec 2018	6,000	–	–	6,000
	30 Dec 2019	5,000	–	–	5,000
Andrew Nicholas Lui	30 Dec 2019	5,000	–	–	5,000
	17 Jun 2021	–	4,000	–	4,000

The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$39.15.

- h. The weighted average closing price of the shares immediately before the date on which the options were exercised during the year (excluding associates of director) was HK\$64.81.
- i. The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$62.89.

The vesting period for all options is 1/3 vesting on each of the first, second and third anniversary of the date of grant except the options granted on 12 September 2016 is 100% vesting on 18 months after the date of grant and 130,000 options granted on 30 December 2019 is 100% vesting on 36 months after the date of grant.

Vesting period may accelerate if triggered by certain events stated in the respective Share Option Scheme 2011 and Share Option Scheme 2021. The consideration paid by each grantee for each grant of options was HK\$1.00.

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

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

	Fair value per option (HK\$)	Share price at date of grant (HK\$)	Exercise price (HK\$)	Standard deviation of expected share price return	Expected life of options	Expected dividend paid out rate	Annual risk-free interest rate
Granted on 17 June 2021							
– 8,909,826 options outstanding					3.5 to		0.404% to
as at 31 December 2021	16.26	62.00	62.19	39.40%	4.5 years	2%	0.659%

## REPORT OF THE DIRECTORS

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

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

**SHARE AWARD SCHEMES**

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

A total of 1,773,300 share awards have been granted under the Share Award Scheme 2021 since its adoption. No share awards were granted under the Share Award Scheme 2014 during the year.

The Share Award Scheme 2021 will be valid and effective for a period commencing from its adoption date but awards may not be granted under it on or after 13 May 2031, being the date of expiry of the Share Option Scheme 2021. The maximum number of shares must not in aggregate exceed the mandate limit under the Share Option Scheme 2021, being 435,219,856 shares of the Company. Except for the number of the awards that may be granted and the expiry date of the Share Award Scheme 2021, the terms of the Share Award Scheme 2021 and the Share Award Scheme 2014 are the same in all material respects. A summary of the Share Award Scheme 2021 is set out below:

**(1) Purpose and Participants**

The purpose of the Share Award Scheme 2021 is to attract and retain the best quality personnel for the development of the Company's businesses, to provide additional incentives to (i) any person employed by the Company or of any Affiliate or who has contracted to be employed by the Company or of any Affiliate but whose employment has not commenced and any person who is or has agreed to become an executive or director of the Company or of any Affiliate or any consultant, agent, representative or adviser of the Company or of any Affiliate; or (ii) any person who provides goods or services to the Company or of any Affiliate; or (iii) any customer or contractor of the Company or of any Affiliate; or (iv) any business ally or joint venture partner of the Company or of any Affiliate; or (v) any trustee of any trust established for the benefit of employees, and to promote the long term financial success of the Company by aligning the interests of award holders to shareholders.

"Affiliate" means any company which is recognized or named in the audited financial statements of the Company or which will be recognized in its then next audited financial statements as (i) a holding company of the Company; or (ii) an associated entity of the Company or of such a holding company; or (iii) a subsidiary of the Company.

**(2) Duration**

Subject to early termination by the Board, the Share Award Scheme 2021 will be valid and effective for a period commencing from its adoption date until the expiry of the Share Option Scheme 2021, being 13 May 2031.

## REPORT OF THE DIRECTORS

**(3) Maximum Limit**

The aggregate of (a) the total number of awarded shares underlying the awards which have been granted but yet to be vested under the Share Award Scheme 2021; and (b) the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme(s) of the Company (including the Share Option Scheme 2021) must not exceed 30% of the aggregate number of shares in issue from time to time.

In addition to the limit stated above, the aggregate of (a) the total number of awarded shares underlying the awards granted and to be granted under the Share Award Scheme 2021; and (b) the total number of shares which may be issued upon exercise of all options granted and to be granted under any share option scheme(s) of the Company (including the Share Option Scheme 2021) after the adoption of the Share Option Scheme 2021 must not in aggregate exceed the mandate limit under the Share Option Scheme 2021, being 435,219,856 shares or must not exceed the limit as refreshed under the Share Option Scheme 2021.

The aggregate of the maximum number of awarded shares underlying all awards (whether the awards are vested or not) and the total number of shares issued and to be issued upon exercise of options under the Share Option Scheme 2021 of any other share option scheme(s) of the Company (whether exercised or outstanding) in any 12-month period granted to each award and option holder must not exceed 1% of the aggregate number of shares in issue.

The Board may, from time to time, at its discretion select any qualifying grantee for participation in the Share Award Scheme 2021 and determine the terms and conditions of the awards and the number of shares to be awarded. An amount of HK\$1.00 is payable by the grantee to the Company on acceptance of the offer. The powers of the Board include the power to (i) cause to be paid to the trustee the purchase price and related purchase expenses to the trustee from the Company's resources in respect of the awarded shares to be purchased on the market by the trustee, and/or (ii) allot and issue shares to the trustee to be held by the trustee. The trustee shall hold such shares until the awards granted to the relevant award holders are vested in accordance with the rules of Share Award Scheme 2021.

When an award holder has satisfied the vesting criteria and conditions specified by the Board and become entitled to the awarded shares, the Board will inform the relevant award holder of the vesting of the awarded shares and the means of effecting the vesting which shall be determined by the Board at its sole discretion.

No award holder shall enjoy any of the rights of a shareholder unless and until the relevant awarded shares are transferred to the award holder by the trustee after the vesting of the award granted. Unless otherwise specified by the Board in the share award agreement, an award holder shall not have any right to the income derived from the awarded shares underlying the award. The trustee shall not exercise the voting rights in respect of any shares held for the Share Award Scheme 2021 (including but not limited to the awarded shares, the returned shares, any bonus shares and scrip shares).

During the year, 421,600, 35,300 and 1,316,400 share awards were granted under the Share Award Scheme 2021 to the Directors of the Company, and their respective associates and the employees of the Group respectively.

During the year, 439,866 shares of the Company were purchased by the trustee of the Share Award Scheme 2014 on the Stock Exchange for a total consideration of approximately HK\$19.03 million. During the year, 1,423,579 shares of the Company vested under the Share Award Scheme 2014. As at 31 December 2021, the trustee held 1,031,819 shares for the Share Award Scheme 2014.

## REPORT OF THE DIRECTORS

The particulars of the movements in the share awards held by the Directors of the Company and their associates, and the employees of the Group in aggregate and other participants granted under the Share Award Scheme 2014 and Share Award Scheme 2021 during the year ended 31 December 2021 were as follows:

Name	Date of grant	Number of Share Awards					Re-classified during the year <sup>(a)</sup>	Held at 31 December 2021	Vesting Date	Closing price at date of grant (HK\$)
		Held at 1 January 2021	Granted during the year	Vested during the year	Lapsed during the year					
Lui Che Woo	28 Dec 2018	85,700	-	85,700	-	-	-	28 Dec 2021	48.55	
	30 Dec 2019	76,233	-	76,233	-	-	-	30 Dec 2021	57.70	
	30 Dec 2019	76,234	-	-	-	-	76,234	30 Dec 2022	57.70	
	17 Jun 2021	-	56,966	-	-	-	56,966	17 Jun 2022	62.00	
	17 Jun 2021	-	56,966	-	-	-	56,966	17 Jun 2023	62.00	
	17 Jun 2021	-	56,968	-	-	-	56,968	17 Jun 2024	62.00	
Francis Lui Yiu Tung	28 Dec 2018	121,200	-	121,200	-	-	-	28 Dec 2021	48.55	
	30 Dec 2019	107,866	-	107,866	-	-	-	30 Dec 2021	57.70	
	30 Dec 2019	107,868	-	-	-	-	107,868	30 Dec 2022	57.70	
	17 Jun 2021	-	80,566	-	-	-	80,566	17 Jun 2022	62.00	
	17 Jun 2021	-	80,566	-	-	-	80,566	17 Jun 2023	62.00	
	17 Jun 2021	-	80,568	-	-	-	80,568	17 Jun 2024	62.00	
Paddy Tang Lui Wai Yu	28 Dec 2018	4,534	-	4,534	-	-	-	28 Dec 2021	48.55	
	30 Dec 2019	4,000	-	4,000	-	-	-	30 Dec 2021	57.70	
	30 Dec 2019	4,000	-	-	-	-	4,000	30 Dec 2022	57.70	
	17 Jun 2021	-	3,000	-	-	-	3,000	17 Jun 2022	62.00	
	17 Jun 2021	-	3,000	-	-	-	3,000	17 Jun 2023	62.00	
	17 Jun 2021	-	3,000	-	-	-	3,000	17 Jun 2024	62.00	
Employees <sup>(a)</sup> (in aggregate)	21 Nov 2018	528,396	-	472,245	46,949	9,202	-	21 Nov 2021	46.75	
	28 Dec 2018	37,742	-	37,408	334	-	-	28 Dec 2021	48.55	
	30 Dec 2019	560,758	-	497,491	55,567	7,700	-	30 Dec 2021	57.70	
	30 Dec 2019	841,284	-	-	57,160	7,700	776,424	30 Dec 2022	57.70	
	17 Jun 2021	-	450,441	-	29,255	1,466	419,720	17 Jun 2022	62.00	
	17 Jun 2021	-	450,441	-	29,726	1,466	419,249	17 Jun 2023	62.00	
	17 Jun 2021	-	450,818	-	29,748	1,468	419,602	17 Jun 2024	62.00	
Others (in aggregate)	21 Nov 2018	20,002	-	9,202	20,002	9,202	-	21 Nov 2021	46.75	
	30 Dec 2019	2,666	-	7,700	2,666	7,700	-	30 Dec 2021	57.70	
	30 Dec 2019	2,668	-	-	2,668	7,700	7,700	30 Dec 2022	57.70	
	17 Jun 2021	-	-	-	-	1,466	1,466	17 Jun 2022	62.00	
	17 Jun 2021	-	-	-	-	1,466	1,466	17 Jun 2023	62.00	
	17 Jun 2021	-	-	-	-	1,468	1,468	17 Jun 2024	62.00	
<b>Total</b>		<b>2,581,151</b>	<b>1,773,300</b>	<b>1,423,579</b>	<b>274,075</b>	<b>-</b>	<b>2,656,797</b>			

## REPORT OF THE DIRECTORS

Notes:

- a. Share awards were re-classified during the year from “Employees” to “Others”.
- b. Employees include associates of Directors and the movements in the share awards held by each of the associates of Directors during the year with closing price at date of grant shown above were as follows:

Name	Date of grant	Number of Awards				Vesting Date
		Held at 1 January 2021	Granted during the year	Vested during the year	Held at 31 December 2021	
Eileen Lui Wai Ling	28 Dec 2018	16,734	–	16,734	–	28 Dec 2021
	30 Dec 2019	14,033	–	14,033	–	30 Dec 2021
	30 Dec 2019	14,034	–	–	14,034	30 Dec 2022
	17 Jun 2021	–	11,633	–	11,633	17 Jun 2022
	17 Jun 2021	–	11,633	–	11,633	17 Jun 2023
	17 Jun 2021	–	11,634	–	11,634	17 Jun 2024
Joanna Claudia Lui	28 Dec 2018	234	–	234	–	28 Dec 2021
	30 Dec 2019	166	–	166	–	30 Dec 2021
	30 Dec 2019	168	–	–	168	30 Dec 2022
Andrew Nicholas Lui	30 Dec 2019	166	–	166	–	30 Dec 2021
	30 Dec 2019	168	–	–	168	30 Dec 2022
	17 Jun 2021	–	133	–	133	17 Jun 2022
	17 Jun 2021	–	133	–	133	17 Jun 2023
	17 Jun 2021	–	134	–	134	17 Jun 2024

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

Save as disclosed, at no time during the year was the Company or its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

### MANAGEMENT CONTRACTS

No substantial contracts concerning the management and administration of the Company were entered into or existed during the financial year.

### EQUITY-LINKED AGREEMENTS

Other than the share option schemes and share award schemes as disclosed above, no equity-linked agreement that will or may result in the Company issuing shares or no agreement that requires the Company to enter into an agreement that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2021 or subsisted at the end of the financial year.

## REPORT OF THE DIRECTORS

**FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and adjusted as appropriate, is shown on page 108 of this annual report.

**MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31 December 2021, the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover; and the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.

**DONATIONS**

Charitable and other donations made by the Group during the year amounted to HK\$74,249,000 (2020: HK\$7,530,000).

**SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company at the date of this annual report, there was a sufficient public float of the Company as required under the Listing Rules.

**AUDITOR**

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

**Dr. Lui Che Woo**

*Chairman*

Hong Kong, 23 February 2022

## FIVE-YEAR SUMMARY

	Year ended 31 December 2017 HK\$'000	Year ended 31 December 2018 HK\$'000	Year ended 31 December 2019 HK\$'000	Year ended 31 December 2020 HK\$'000	Year ended 31 December 2021 HK\$'000
<b>CONSOLIDATED INCOME STATEMENT</b>					
Revenue	48,639,742	55,210,901	51,901,991	12,876,099	<b>19,695,530</b>
Profit/(loss) attributable to equity holders of the Company	10,504,361	13,507,389	13,041,545	(3,973,078)	<b>1,326,231</b>
Dividends	2,525,589	3,929,932	3,940,159	1,950,596	–
Earnings/(loss) per share (cents)	245.1	312.8	301.1	(91.6)	<b>30.5</b>
Dividend per share (cents)	59.0	91.0	91.0	45.0	–
<b>CONSOLIDATED BALANCE SHEET</b>					
Property, plant and equipment, investment properties and right-of-use assets	36,815,154	36,280,381	37,686,648	41,048,629	<b>46,667,074</b>
Intangible assets	921,019	722,371	554,524	357,204	<b>152,858</b>
Joint ventures and associated companies	1,520,584	1,633,211	1,838,274	1,956,446	<b>1,996,185</b>
Other non-current assets	24,456,514	30,434,832	36,100,275	28,904,420	<b>12,864,615</b>
Net current (liabilities)/assets	(6,934,042)	(5,425,495)	(1,151,139)	(3,427,275)	<b>8,696,196</b>
Employment of capital	56,779,229	63,645,300	75,028,582	68,839,424	<b>70,376,928</b>
Represented by:					
Share capital and shares held for share award scheme	21,468,693	22,016,854	22,433,668	22,808,468	<b>23,598,057</b>
Reserves	34,013,004	40,263,405	51,153,725	44,615,313	<b>44,826,622</b>
Equity attributable to owners of the Company	55,481,697	62,280,259	73,587,393	67,423,781	<b>68,424,679</b>
Non-controlling interests	533,896	550,941	567,486	613,401	<b>651,061</b>
Long term borrowings	259,392	251,392	8,931	–	–
Other non-current liabilities	504,244	562,708	864,772	802,242	<b>1,301,188</b>
Capital employed	56,779,229	63,645,300	75,028,582	68,839,424	<b>70,376,928</b>
Net assets per share (dollars)	12.88	14.40	16.98	15.52	<b>15.70</b>

# INDEPENDENT AUDITOR'S REPORT



**To the Members of Galaxy Entertainment Group Limited**  
*(incorporated in Hong Kong with limited liability)*

羅兵咸永道

## OPINION

### What we have audited

The consolidated financial statements of Galaxy Entertainment Group Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 114 to 192, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

## INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A key audit matter identified in our audit is summarised as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Assessment of recoverable amounts of hotel properties, gaming licence and reacquired right</b></p> <p>Refer to notes 3.9, 5(a), 14, 15 and 16 to the consolidated financial statements.</p> <p>The Group's revenue inflow is highly dependent on its gaming operations which are complemented by its hotel and entertainment operations. The gaming operations are operated under the gaming licence, together with the reacquired right, which will be subject to tendering in June 2022. Beginning on 27 June 2017, the Macao Government may redeem the gaming licence by providing the Group at least one year's prior notice. Any tendering of the licence is subject to Macao Government's decision.</p> <p>As at 31 December 2021, the aggregate carrying amounts of all hotel properties together with the gaming licence, the reacquired right and other net working capital relating to the gaming and hotel operations was HK\$52.3 billion.</p>	<p>We obtained the valuation model (fair value model under the income approach) used by management to determine the recoverable amounts of the relevant assets.</p> <p>We obtained an understanding of the assessment process of recoverable amounts of hotel properties, gaming licence and reacquired right and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>We tested the mathematical accuracy of the underlying calculations in the valuation model and agreed them to the financial budget and future forecasts. We compared historical actual results to those budgeted to assess the quality of management's forecast.</p> <p>We also assessed the key quantitative and qualitative assumptions made by management in the valuation model. Quantitative factors comprised forecasted revenue and operating costs, future business trend, gaming mix and discount rate used. When assessing these key assumptions, we discussed with management to understand and evaluate their basis for selecting the assumptions, and compared them to various sources including independent research reports, future economic recovery and growth forecasts and historical data for both the Group and industry performance. We assessed the reasonableness of the discount rate used by checking it to the discount rates of comparable companies within the same industry.</p>

## INDEPENDENT AUDITOR'S REPORT

**Key Audit Matter**

As regards to the assets and intangible assets with definite useful lives, the Group is required to review for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.

The Group performs an assessment of the recoverable amounts for all hotel properties together with the gaming licence, the reacquired right and other net working capital. For the purpose of performing the recoverability assessment, management identifies the gaming and entertainment division as a single Cash Generating Unit ("CGU"). The recoverable amount of the underlying CGU is determined based on the higher of the fair value less cost of disposal or the value in use. Management concluded that the assets and intangible assets were not impaired as at 31 December 2021.

The assessment contains a number of significant assumptions, both quantitative and qualitative, including revenue trend, potential recovery from COVID-19 in 2022 and 2023, cost structure, gaming mix, discount rate, timely completion of development projects and retention of the gaming licence and subsequent tendering in 2022. Changes in these assumptions may lead to potential impairment charges on the carrying value of the hotel properties, gaming licence and the reacquired right. The use of assumptions in the assessment also requires estimates and judgments which may be affected by unexpected future market, economic or political conditions. There is inherent estimation uncertainty in determining the recoverable amount of the underlying CGU as significant judgements are required by management, particularly management's view on key internal inputs and external market conditions which impact future cash flows, the discount rate and the long-term growth rate.

We focused on this area as these assets are significant to the Group's operations and the assessment performed by management involved significant estimates and judgements.

**How our audit addressed the Key Audit Matter**

We obtained and tested management's sensitivity analysis around the quantitative key assumptions, to ascertain that the selected adverse changes to the key assumptions, both individually and in aggregate, would not cause the carrying amount of the CGU to exceed the recoverable amount.

Qualitative factors comprised ongoing compliance with legal requirements, timely completion of development projects and retention of the gaming licence and subsequent tendering in 2022. We discussed with management to understand their assessment on each of the qualitative factors and corroborated management's explanation to the underlying documentation, rules and regulations and market information.

For the timely completion of development projects, we discussed with management to understand the time management in complying the land development deadlines with the current project status. We also understood and evaluated the procedures performed by management to identify any instances of non-compliance with the rules and regulations of the Gaming Inspection and Coordination Bureau of Macau SAR which may have an adverse impact on the Group's operations.

We further evaluated management's assessment on the expected useful lives of relevant assets which concluded that they remained appropriate as of the balance sheet date by referencing with the Group's historical experience of using those assets and our understanding in the industry.

We assessed the adequacy of the disclosures related to the recoverable amounts of hotel properties, gaming licence and reacquired right in the context of HKFRSs disclosure requirements.

Based on the audit procedures performed, we found the Group's estimates and judgment used in the recoverability assessment and review of useful lives of the assets to be supported by the available evidence.

## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Wan Sau Mei.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 23 February 2022

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue (Note)	6	<b>19,695,530</b>	12,876,099
Other income/gains, net	8(a)	<b>1,101,301</b>	979,237
Special gaming tax and other related taxes to the Macau Government		<b>(6,742,753)</b>	(4,484,995)
Raw materials and consumables used		<b>(1,488,489)</b>	(1,171,549)
Amortisation and depreciation	8(b)	<b>(2,264,113)</b>	(2,816,740)
Employee benefit expenses	8(b)	<b>(5,765,754)</b>	(6,710,777)
Other operating expenses	8(c)	<b>(3,329,344)</b>	(2,848,597)
Finance costs	10	<b>(67,963)</b>	(38,057)
Share of profits less losses of:			
Joint ventures	17(a)	<b>382,666</b>	452,691
Associated companies	18(a)	<b>(29)</b>	73
Profit/(loss) before taxation	8(b)	<b>1,521,052</b>	(3,762,615)
Taxation charge	11	<b>(88,694)</b>	(150,628)
Profit/(loss) for the year		<b>1,432,358</b>	(3,913,243)
Attributable to:			
Equity holders of the Company	28	<b>1,326,231</b>	(3,973,078)
Non-controlling interests		<b>106,127</b>	59,835
		<b>1,432,358</b>	(3,913,243)
Earnings/(loss) per share	12	<b>HK cents</b>	HK cents
Basic		<b>30.5</b>	(91.6)
Diluted		<b>30.4</b>	(91.6)
		<b>HK\$'000</b>	HK\$'000
<b>Note: Analysis of revenue</b>			
Gross revenue from gaming operations		<b>16,805,415</b>	11,017,024
Commission and incentives		<b>(2,794,917)</b>	(2,451,298)
Net revenue from gaming operations		<b>14,010,498</b>	8,565,726
Revenue from hotel, mall operations and others		<b>2,662,546</b>	1,571,157
Sales of construction materials		<b>3,022,486</b>	2,739,216
		<b>19,695,530</b>	12,876,099

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Profit/(loss) for the year	<b>1,432,358</b>	(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	<b>(1,137,012)</b>	(912,670)
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	<b>30,793</b>	106,694
Share of translation differences of joint ventures	<b>36,924</b>	121,097
Other comprehensive loss for the year, net of tax	<b>(1,069,295)</b>	(684,879)
Total comprehensive income/(loss) for the year	<b>363,063</b>	(4,598,122)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	<b>247,097</b>	(4,697,583)
Non-controlling interests	<b>115,966</b>	99,461
	<b>363,063</b>	(4,598,122)

# CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	<b>41,781,428</b>	36,209,638
Right-of-use assets	15	<b>4,885,646</b>	4,838,991
Intangible assets	16	<b>152,858</b>	357,204
Joint ventures	17	<b>1,993,905</b>	1,954,136
Associated companies	18	<b>2,280</b>	2,310
Financial assets at amortised cost	19	<b>8,518,439</b>	18,753,138
Financial assets at fair value through other comprehensive income	20	<b>4,202,038</b>	5,371,458
Long-term bank deposits	25	<b>–</b>	4,450,079
Other non-current assets	21	<b>144,138</b>	329,745
		<b>61,680,732</b>	72,266,699
<b>Current assets</b>			
Inventories	22	<b>203,922</b>	201,716
Debtors and prepayments	23	<b>1,691,356</b>	1,740,568
Amounts due from joint ventures	24	<b>161,839</b>	162,720
Taxation recoverable		<b>68,713</b>	41,476
Current portion of financial assets at amortised cost	19	<b>3,062,039</b>	2,473,234
Cash and cash equivalents and other bank deposits	25	<b>18,374,824</b>	15,840,366
		<b>23,562,693</b>	20,460,080
<b>Total assets</b>		<b>85,243,425</b>	92,726,779

## CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>EQUITY</b>			
Share capital and shares held for share award scheme	26	23,598,057	22,808,468
Reserves	28	44,826,622	44,615,313
Equity attributable to owners of the Company		68,424,679	67,423,781
Non-controlling interests		651,061	613,401
<b>Total equity</b>		<b>69,075,740</b>	68,037,182
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation liabilities	30	205,414	207,953
Lease liabilities	15	433,638	296,773
Retention payable	33	456,980	181,092
Non-current deposits and other payables	33	205,156	116,424
		1,301,188	802,242
<b>Current liabilities</b>			
Creditors and accruals	31	8,349,548	14,542,294
Amounts due to joint ventures	24	31,412	625
Current portion of lease liabilities	15	49,235	48,116
Borrowings	29	6,386,231	9,233,014
Provision for tax		50,071	63,306
		14,866,497	23,887,355
<b>Total liabilities</b>		<b>16,167,685</b>	24,689,597
<b>Total equity and liabilities</b>		<b>85,243,425</b>	92,726,779
<b>Net current assets/(liabilities)</b>		<b>8,696,196</b>	(3,427,275)
<b>Total assets less current liabilities</b>		<b>70,376,928</b>	68,839,424

Francis Lui Yiu Tung  
Director

Joseph Chee Ying Keung  
Director

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>			
Cash used in operations	32(a)	(3,274,964)	(7,418,491)
Hong Kong profits tax paid		(56,769)	(21,377)
Mainland China tax and Macau complementary tax paid		(74,154)	(118,467)
Interest paid		(81,326)	(73,003)
Net cash used in operating activities		(3,487,213)	(7,631,338)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	32(b)	(6,907,668)	(5,772,299)
Purchase of intangible assets		(23,093)	(24,719)
Proceeds from disposal of property, plant and equipment		5,115	1,342
Return of capital from investments in joint ventures		–	26,837
Increase in advances to joint ventures and associated companies		(10,545)	(43,018)
(Increase)/decrease in deferred receivable		(578)	3,190
Decrease in finance lease receivable		21,254	300
Purchase of financial assets		(1,243,318)	(1,161,267)
Proceeds from redemption/disposal of financial assets		10,889,043	7,453,627
Interest received		862,670	1,071,344
Decrease in short-term bank deposits with maturity over three months, short-term pledged deposits and long-term bank deposits		614,866	7,485,876
Dividends received from joint ventures		376,952	430,156
Dividends received from listed and unlisted investments		–	30,725
Net cash from investing activities		4,584,698	9,502,094
<b>Cash flows from financing activities</b>			
Issue of new shares		566,788	223,556
Shares repurchased by the trustee		(19,030)	(36,800)
New bank loans	32(c)	8,550,000	10,260,180
Repayment of bank loans	32(c)	(11,368,816)	(1,621,596)
Principal elements of lease payments	32(c)	(53,350)	(52,455)
Decrease in loan from non-controlling interests		(7,325)	–
Dividends paid to non-controlling interests		(78,282)	(53,546)
Dividends paid to shareholders	13	–	(1,950,596)
Net cash (used in)/from financing activities		(2,410,015)	6,768,743
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		14,907,498	6,248,151
Translation differences		11,775	19,848
Cash and cash equivalents at end of year	25	13,606,743	14,907,498

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital HK\$'000	Shares held for share award scheme HK\$'000	Reserves HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2020	22,433,674	(6)	51,153,725	73,587,393	567,486	74,154,879
Comprehensive income						
(Loss)/profit for the year	-	-	(3,973,078)	(3,973,078)	59,835	(3,913,243)
Other comprehensive (loss)/income						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	(912,670)	(912,670)	-	(912,670)
Translation differences of subsidiaries	-	-	82,265	82,265	24,429	106,694
Share of translation differences of joint ventures	-	-	105,900	105,900	15,197	121,097
Total other comprehensive (loss)/income, net of tax	-	-	(724,505)	(724,505)	39,626	(684,879)
Total comprehensive (loss)/income for the year	-	-	(4,697,583)	(4,697,583)	99,461	(4,598,122)
Transactions with equity holders						
Dividends paid to non-controlling interests	-	-	-	-	(53,546)	(53,546)
Share award scheme – shares issued to the trustee	31	(31)	-	-	-	-
Share award scheme – shares purchased by the trustee	-	(36,800)	-	(36,800)	-	(36,800)
Shares vested pursuant to share award scheme	83,171	36,817	(119,988)	-	-	-
Issue of shares upon exercise of share options	291,612	-	(68,056)	223,556	-	223,556
Fair value of share awards granted	-	-	122,591	122,591	-	122,591
Fair value of share options granted	-	-	175,220	175,220	-	175,220
Special dividends (note 13)	-	-	(1,950,596)	(1,950,596)	-	(1,950,596)
<b>At 31 December 2020</b>	<b>22,808,488</b>	<b>(20)</b>	<b>44,615,313</b>	<b>67,423,781</b>	<b>613,401</b>	<b>68,037,182</b>
Comprehensive income						
Profit for the year	-	-	1,326,231	1,326,231	106,127	1,432,358
Other comprehensive (loss)/income						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	(1,137,012)	(1,137,012)	-	(1,137,012)
Translation differences of subsidiaries	-	-	24,645	24,645	6,148	30,793
Share of translation differences of joint ventures	-	-	33,233	33,233	3,691	36,924
Total other comprehensive (loss)/income, net of tax	-	-	(1,079,134)	(1,079,134)	9,839	(1,069,295)
Total comprehensive income for the year	-	-	247,097	247,097	115,966	363,063
Transactions with equity holders						
Return of capital to non-controlling interests	-	-	-	-	(24)	(24)
Dividends paid to non-controlling interests	-	-	-	-	(78,282)	(78,282)
Share award scheme – shares purchased by the trustee	-	(19,030)	-	(19,030)	-	(19,030)
Shares vested pursuant to share award scheme	54,179	19,040	(73,219)	-	-	-
Issue of shares upon exercise of share options	735,400	-	(168,612)	566,788	-	566,788
Fair value of share awards granted	-	-	80,451	80,451	-	80,451
Fair value of share options granted	-	-	125,592	125,592	-	125,592
<b>At 31 December 2021</b>	<b>23,598,067</b>	<b>(10)</b>	<b>44,826,622</b>	<b>68,424,679</b>	<b>651,061</b>	<b>69,075,740</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Galaxy Entertainment Group Limited (“GEG” or the “Company”) is a limited liability company incorporated in Hong Kong and has its listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”). The address of its registered office and principal place of business is 22nd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are operation in casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials in Hong Kong, Macau and Mainland China.

These consolidated financial statements have been approved for issue by the Board of Directors on 23 February 2022.

## 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 preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5 below.

### (a) The adoption of amended standards

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1 Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December and the share of post-acquisition results and reserves of its joint ventures and associated companies attributable to the Group.

Results attributable to subsidiaries, joint ventures and associated companies acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or to the date of disposal as applicable.

The profit or loss on disposal of subsidiaries, joint ventures or associated companies is calculated by reference to the share of net assets at the date of disposal including the attributable amount of goodwill not yet written off.

**3.2 Subsidiaries**

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.2 Subsidiaries (Continued)**

The excess of the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and income and expenses on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the balance sheet of the Company, investments in subsidiaries are accounted for at cost less impairment losses. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

**3.3 Non-controlling interests*****Change in ownership interests in subsidiaries without change of control***

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

***Disposal of subsidiaries***

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**3.4 Joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.5 Associated companies**

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence but no control is exercised in its management, generally accompanying a shareholding of between 20% to 50% of the voting rights.

Investments in associated companies are accounted for under the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investments in associated companies of the Group include goodwill, net of any accumulated impairment loss, identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The share of post-acquisition profits or losses of associated companies attributable to the Group is recognised in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses of the Group in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies of the Group.

**3.6 Goodwill**

Goodwill arises on the acquisition of subsidiaries, and represents the excess of the consideration transferred over the Group's interest in fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill on acquisition of subsidiaries is included in intangible assets while goodwill on acquisition of joint ventures and associated companies is included in investments in joint ventures and associated companies.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.7 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

No depreciation is provided on assets under construction until it is completed and is ready for use. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings and improvements	20 to 50 years
Leasehold improvements	2 to 20 years
Plant and machinery	3 to 20 years
Gaming equipment	3 to 10 years
Other assets	2 to 20 years

The residual values and useful lives of the assets are reviewed and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its estimated recoverable amount.

Gains and losses on disposal is determined as the difference between the net sales proceed and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

**3.8 Leases**

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the Group's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date, less any lease incentive received.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.8 Leases (Continued)**

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature.

**3.9 Gaming licence and reacquired right**

Gaming licence and reacquired right are carried at cost less accumulated amortisation and impairment losses. They have finite useful lives and are amortised on a straight-line basis over the remaining term of the licence which will expire in June 2022. Beginning on 27 June 2017, the Macau Government may redeem the gaming licence by providing the Group at least one year's prior notice. The renewal and early redemption depends on Macau Government's decision.

**3.10 Computer software**

Costs incurred to acquire and bring to use the specific computer software licences are capitalised and are amortised over their estimated useful lives of three years on a straight line basis. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

**3.11 Impairment of investments in subsidiaries, associated companies, joint ventures and non-financial assets**

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group assesses at the end of reporting period whether there is any indication that an impairment loss recognised in prior periods for a non-financial asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset. A reversal of an impairment loss shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount. Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase. The increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation).

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.12 Financial assets****(i) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

**(ii) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**(iii) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.12 Financial assets (Continued)****(iii) Measurement (Continued)***Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(iv) Impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.13 Derivative financial instruments and hedging activities**

Derivative financial instruments, including put option of shares and embedded derivative liability of convertible notes, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair value of hedging derivative is classified as a non-current asset or liability where the remaining maturity of the hedged item is more than twelve months, and as a current asset or liability, where the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

**3.14 Debtors**

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less expected credit loss. The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debtors and contract assets. To measure the expected credit losses, trade debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the debtors for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets. The carrying amount of debtors is reduced through the use of an allowance account and the amount of the loss allowance is recognised in the consolidated income statement within other operating expenses. When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement against other operating expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.15 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of construction materials is calculated on the weighted average basis, comprising materials, direct labour and an appropriate proportion of production overhead expenditure. Cost of playing cards is determined using the first-in, first-out method and food and beverages using the weighted average method. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

**3.16 Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances, deposits with banks, financial institutions repayable within three months from the date of placement and cash chips of other casinos less bank overdrafts. Cash chips of other casinos include those that form part of the Group's overall cash management and are readily convertible to known amount of cash and subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

**3.17 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When the Company re-purchases its equity share capital, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the equity holders and the shares are cancelled.

**3.18 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.19 Creditors and accruals**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**3.20 Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, before any tax effects, that reflect current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**3.21 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, joint ventures and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred taxation arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.21 Current and deferred taxation (Continued)**

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation liabilities are provided on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**3.22 Special gaming tax and other related taxes to the Macau Government**

According to the gaming concession granted by the Macau government and the relevant legislation, the Group is required to pay 35% gaming tax and 4% public development and social related contributions on the net gaming wins from gaming operations. In addition, the Group is also required to make certain variable and fixed payments to the Macau Government based on the number of tables and slot machines in its possession. These expenses are reported as "special gaming tax and other related taxes to the Macau Government" in the consolidated income statement and are charged to the consolidated income statement as incurred.

**3.23 Commission and incentives**

Commission and incentives is calculated based on certain percentages of net gaming wins or rolling amount and is recognised when the relevant services have been rendered.

**3.24 Contributions from the operations of the City Club Casinos**

Contributions from the operations of the City Club Casinos are 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.25 Employee benefits****(a) Employees entitlement, benefits and bonus**

Contributions to publicly or privately administered defined contribution retirement or pension plans on a mandatory, contractual or voluntary basis are recognised as employee benefit expense in the financial period when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Provisions for bonus plans due wholly within twelve months after the balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

**(b) Share-based compensation****(i) Share options**

The fair value of the employee services received in exchange for the grant of the options under the equity-settled, share-based compensation plan is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, estimates of the number of options that are expected to become exercisable are revised. The impact of the revision of original estimates, if any, is recognised in the consolidated income statement over the remaining vesting period with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

On lapse of share options according to the plan, corresponding amount recognised in employee's share-based compensation reserve is transferred to retained earnings.

The grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value of the share options, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

**(ii) Share awards**

The Group also grants shares of the Company to employees under its share award scheme, under which the awarded shares are either newly issued or are purchased from the open market. The cost of share purchased from the open market is recognised in equity as treasury stock. The fair value of the employee services received in exchange for the grant of shares under the scheme is recognised as staff costs in the consolidated income statement with a corresponding increase in a share award reserve under equity. The fair value of the awarded shares is measured by the quoted market price of the shares at grant date and is charged to the consolidated income statement over the respective vesting period. During the vesting period, the number of awarded shares that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited in the consolidated income statement for the year of the review, unless the original staff costs qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as staff costs is adjusted to reflect the actual number of awarded shares that vest (with a corresponding adjustment to the employee share-based compensation reserve) and the cost of awarded shares recognised in equity as treasury stock is transferred to the employee share-based compensation reserve.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.26 Borrowing costs**

Interest and related costs on borrowings directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to complete and prepare the assets for its intended use or sale are capitalised as part of the cost of that asset until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the consolidated income statement in the financial period in which they are incurred.

**3.27 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, net of value-added tax, returns, rebates and discounts and allowance for credit.

Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

**(a) Gaming operations**

Revenue from gaming operations, representing the net gaming wins, is recognised when the relevant services have been rendered and is measured at the entitlement of economic inflows of the Group from the business after deduction of commission and incentives, including the allocation of revenue from gaming operations to revenue from hotel operations for services provided on a complimentary basis. Contributions from the operations of the City Club Casinos are recognised in the consolidated income statement as set out in note 3.24 above.

**(b) Hotel operations**

Revenue from hotel room rental and food and beverages sales is recognised when the relevant services have been rendered.

**(c) Construction materials**

Revenue from sales of construction materials is recognised when or as the control of the goods are transferred to the customer. The timing of revenue recognition for sale of certain construction materials is recognised at a point in time when the underlying construction materials is legally or physically transferred to the customer.

**(d) Rental income**

Rental income from mall operations, net of any incentives given to the lessee, is recognised over the periods of the respective leases on a straight-line basis.

**(e) Administrative fee**

Administrative fee is recognised when the services have been rendered.

**(f) Interest income**

Interest income is recognised on a time proportion basis using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

**(g) Dividend income**

Dividend income is recognised when the right to receive payment is established.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.28 Foreign currency translation**

Items included in the consolidated financial statements of each of the entities in the Group are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollar, which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the balance sheet date are recognised in the consolidated income statement.

Translation differences on non-monetary financial assets held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets held at fair value through other comprehensive income are included in other comprehensive income.

The results and financial position of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the exchange rate ruling at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group’s ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rates ruling at the balance sheet date. Exchange differences arising are recognised in equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.29 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

**3.30 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

**3.31 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**3.32 Financial guarantee contract**

A financial guarantee contract is a contract that requires the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries, associates, joint ventures and related companies to secure loans, overdrafts and other banking facilities.

The Group regards its financial guarantees provided to its subsidiaries, joint ventures and associated companies as insurance contracts. The Group assesses at each balance sheet date the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the consolidated income statement.

**4. FINANCIAL RISK MANAGEMENT**

The major financial instruments of the Group include trade and other receivables, amounts due from related parties, cash and bank balances, restricted bank deposits, cash chips of other casinos, non-current and other investments, trade and other creditors, amounts due to related parties and borrowings. Details of these financial instruments are disclosed in respective notes. The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and other price risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group seeks to minimise the effects of certain risks by using derivative financial instruments to manage the risk exposures. It does not enter into or trade derivative financial instruments for speculative purpose. The management of the Group identifies, evaluates and manages significant financial risks in the individual operating units of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**4. FINANCIAL RISK MANAGEMENT (Continued)****4.1 Financial risk factors****(a) Market risk***(i) Foreign exchange risk*

The Group operates principally in Hong Kong, Macau and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar, Renminbi, Macau Patacas and other non-Hong Kong dollar currencies. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of different group companies.

Foreign currency exposures are covered by forward foreign exchange contracts and arrangement of foreign currency borrowings whenever considered appropriate.

The foreign exchange risk mainly arises on the debt securities denominated in United States dollar and cash and bank balances denominated in United States dollar and Renminbi. As at 31 December 2021, if United States dollar weakened/strengthened against Hong Kong dollar by 0.5%, profit (2020: loss) after tax for the year would have been HK\$89,152,000 lower/higher (2020: HK\$141,741,000 higher/lower) as a result of foreign exchange loss/gain on translation of that balance. As at 31 December 2021, if Renminbi weakened/strengthened against Hong Kong dollar by 2%, profit (2020: loss) after tax for the year would have been HK\$85,582,000 lower/higher (2020: HK\$41,052,000 higher/lower) as a result of foreign exchange loss/gain on translation of that balance.

The Group is not exposed to material foreign exchange risk in respect of Hong Kong dollar against Macau Patacas as long as these currencies are pegged.

The foreign exchange risk arisen from assets denominated in other foreign currencies are not significant.

*(ii) Price risk*

The Group is exposed to equity price changes arising from equity investments held by the Group classified on the consolidated balance sheet as financial asset at fair value through other comprehensive income (see note 20). Other than unquoted securities held for strategic purposes, all of these investments are listed. The Group is not exposed to commodity price risk.

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually, based on the information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

At 31 December 2021, if the market values of the Group's financial asset at fair value through other comprehensive income at that date had been 10% higher or lower with all other variables held constant, total comprehensive income (2020: loss) for the year would have been HK\$420,204,000 higher or lower (2020: HK\$537,146,000 lower or higher).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**4. FINANCIAL RISK MANAGEMENT (Continued)****4.1 Financial risk factors (Continued)****(a) Market risk (Continued)****(iii) Interest rate risk**

The Group is exposed to interest rate risk through the impact of changes in the rates on interest bearing assets and liabilities. The Group follows a policy of developing banking facilities as considered appropriate to match its investments in Hong Kong, Macau, Mainland China and other countries. The policy also involves close monitoring of interest rate movements and replacing and entering into new banking facilities when favourable pricing opportunities arise.

Interest rate exposures are covered by interest rate swap contracts whenever appropriate.

As the Group has no significant interest bearing assets, other than bank deposits, debt securities and loan receivables, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The interest rate risk of the Group mainly arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. At 31 December 2021, if interest rates on borrowings at variable rates at that date had been 0.5% higher or lower with all other variables held constant, profit (2020: loss) after tax for the year would have been HK\$31,931,000 lower or higher (2020: HK\$45,571,000 higher or lower), mainly as a result of higher or lower interest expense on floating rate borrowings.

At 31 December 2021, if interest rates on bank deposits and debt securities which bear interest at floating rate at that date had been 0.5% higher or lower with all other variables held constant, profit (2020: loss) after tax for the year would have been HK\$1,644,000 higher or lower (2020: HK\$25,357,000 lower or higher).

**(b) Credit risk**

Credit risk arises from contractual cash flow of debt instruments carried at amortised cost, FVOCI, deposits with banks and financial institutions, debt securities, cash chips of other casinos and loan receivables, as well as credit exposures to customers, including outstanding receivables and committed transactions, and the gaming counterparties. For bank deposits, only banks and financial institutions with sound credit ratings are selected to mitigate the risk. Investment in debt securities are limited to financial institutions and corporations with high quality, and are regularly monitored. The issuance and redemption of cash chips are heavily regulated by the rules and regulation of the Macau Government. Cash chips of other casinos can be redeemed for cash at casinos with sound credit quality to mitigate the risk. Management assesses the credit quality of the casinos taking into account their financial position, past experience and other factors.

The Group has policies and guidelines in place to assess the credit worthiness of customers and gaming counterparties to ensure that credits are made to parties with an appropriate credit history and a good history of performance records. Due to the credit driven nature of the VIP business in the gaming industry and also latest situation of Macau VIP gaming market, the Group is exposed to heightened risk in respect of the recoverability of concentration risk arising from the existing VIP gaming operators. The Group monitors the issuance of credit on an ongoing basis to minimise the exposure to credit risk. The activities of individual credit account are monitored regularly for management to decide if the credit facility should be continued, changed or cancelled. Management regularly evaluates the expected credit losses, trade debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due. See note 23 for details of debtors and further disclosure on credit risks.

The maximum exposure to credit risk at 31 December 2021 is the unimpaired carrying amounts of respective financial assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. FINANCIAL RISK MANAGEMENT (Continued)

## 4.1 Financial risk factors (Continued)

## (c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements (for example, currency restrictions).

Group Treasury invests surplus cash in interest bearing bank deposits and high quality debt securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The contractual maturity of the Group for its financial liabilities, drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay and include both interest and principal, is set out below.

	Within one year HK\$'000	Between one to two years HK\$'000	Between two to five years HK\$'000	Over five years HK\$'000	Total HK\$'000
<b>At 31 December 2021</b>					
Bank loans	6,390,481	–	–	–	6,390,481
Creditors and accruals (including non-current retention payable, non-current deposits and other payables)	8,297,822	332,438	332,491	21,916	8,984,667
Lease liabilities	51,856	39,478	75,908	672,039	839,281
Amounts due to joint ventures	31,412	–	–	–	31,412
<b>At 31 December 2020</b>					
Bank loans	9,251,942	–	–	–	9,251,942
Creditors and accruals (including non-current retention payable and non-current deposits received)	14,500,276	60,133	250,405	4,746	14,815,560
Lease liabilities	46,417	15,968	9,561	633,587	705,533
Amounts due to joint ventures	625	–	–	–	625

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**4. FINANCIAL RISK MANAGEMENT (Continued)****4.2 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations and may raise funding through capital market or bank borrowings as necessary. The Group may also adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total assets less cash and bank balances (excluding long-term bank deposits). Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and bank balances. The Group intends to make use of excess funds to improve its capital structure through early repayment of borrowings to achieve finance cost saving in the future.

The gearing ratios at 31 December 2021 and 2020 were as follows.

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Total borrowings (note 29)	<b>(6,386,231)</b>	(9,233,014)
Less: cash and bank balances (excluding long-term bank deposits) (note 25)	<b>18,363,558</b>	15,840,115
Net cash	<b>11,977,327</b>	6,607,101
Total assets less cash and bank balances (excluding long-term bank deposits)	<b>66,879,867</b>	76,886,664
Gearing ratio (note)	<b>n/a</b>	n/a

Note: The Group was in a net cash position as at 31 December 2021 and 2020.

**4.3 Fair value estimation**

The table below analyses financial instruments that are measured in the consolidated balance sheet at fair value, by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. FINANCIAL RISK MANAGEMENT (Continued)

## 4.3 Fair value estimation (Continued)

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

At 31 December 2021	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Financial assets at fair value through other comprehensive income				
– Equity securities	4,184,162	–	17,876	4,202,038
<b>Total</b>	<b>4,184,162</b>	<b>–</b>	<b>17,876</b>	<b>4,202,038</b>

At 31 December 2020

Assets

Financial assets at fair value through other comprehensive income

– Equity securities	5,354,502	–	16,956	5,371,458
---------------------	-----------	---	--------	-----------

<b>Total</b>	<b>5,354,502</b>	<b>–</b>	<b>16,956</b>	<b>5,371,458</b>
--------------	------------------	----------	---------------	------------------

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representative of the fair value in the given circumstances. These instruments are included in level 1. Instruments included in level 1 comprise primarily financial assets at fair value through other comprehensive income.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. FINANCIAL RISK MANAGEMENT (Continued)

## 4.3 Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

The following table presents the changes in level 3 instruments (note 20) for the year ended 31 December 2021 and 2020.

	<b>Financial assets at fair value through other comprehensive income</b>	
	<b>2021 HK\$'000</b>	2020 HK\$'000
At beginning of the year	<b>16,956</b>	23,315
Gain/(loss) recognised in other comprehensive income	<b>750</b>	(6,359)
Addition	<b>170</b>	–
At end of the year	<b>17,876</b>	16,956
Total gains for the year included in profit or loss for assets held at the end of the year	<b>–</b>	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Estimates and judgments used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

**(a) Carrying amount of non-financial assets other than goodwill**

The Group tests for possible impairment or reversal of impairment for non-financial assets other than goodwill. The Group performs an assessment of the recoverable amounts of all hotel properties together with the gaming licence, the reacquired right and other net working capital with a total carrying amount of HK\$52.3 billion. The Group considers these assets are grouped together as one cash-generating unit as it is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount has been determined based on the higher of fair value less cost of disposal and value-in-use. The methodologies are based upon number of significant assumptions, both quantitative and qualitative, including revenue growth, cost structure, gaming mix, discount rate, timely completion of development projects and retention of the gaming licence and subsequent tendering in 2022. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in impairment charge or reversal of impairment in future periods. In addition, a reversal of an impairment loss is only recognised where there is an increase in the estimated service potential of an asset since the date when an entity last recognised an impairment loss for that asset. The determination of whether there is an increase/decrease in services potential of an asset requires significant judgment. Details of accounting policies and accumulated impairment made are set out in note 3.9 and 16.

Under the land concession for Galaxy Macau™ Phase 3 and Phase 4, the Group is required to complete the relevant development of Phase 3 and Phase 4 by required deadlines. The Group has continuously communicated with the Macau Government and will apply for extension when deemed necessary. If the Group is unable to meet the required deadlines and the deadlines for either development are not extended, the Group could lose its land concessions for Galaxy Macau™ Phase 3 or Phase 4, which would prohibit the Group from operating those facilities developed under the respective land concessions.

**(b) Depreciation of right-of-use assets, property, plant and equipment**

The management determines the estimated useful lives and residual values for its right-of-use assets, property, plant and equipment. Management will revise the depreciation charge using the straight-line method where useful lives or lease terms are different from previous estimates, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold.

**(c) Fair value of financial assets at fair value through other comprehensive income**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The fair value also reflects the discounted cash flows that could be expected from the ultimate sale after deducting the estimated expenses directly associated with the sale.

**(d) Share-based payments**

The fair value of share options granted is estimated by independent professional valuers based on the various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options or share awards at the date of granting.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

## (e) Taxation

The Group is subject to taxation in Hong Kong, Macau and Mainland China. Significant judgment is required in determining the provision for taxation for each entity in the Group. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred taxation provisions in the financial period in which such determination is made.

## (f) Loss allowance for debtors

The policy of loss allowance of the Group is based on the evaluation of collectability and ageing analysis of trade and other debtors and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the risk of default and expected loss rates. The cumulative provision for loss allowance as at 31 December 2021 was HK\$1,236,444,000 (2020: HK\$1,169,584,000). If the financial conditions of counterparties were to deteriorate, resulting in an impairment of their ability to make payments, additional loss allowance might be required.

## 6. REVENUE

Revenue recognised during the year are as follows:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**6. REVENUE (Continued)**

Notes:

- (a) In respect of the operations of City Club Casinos (the “City Club Casinos”), the Group entered into agreements (the “Agreements”) with third parties for a term equal to the life of the concession agreement with the Government of the Macau Special Administrative Region (the “Macau Government”) up to June 2022.

Under the Agreements, the service providers (the “Service Providers”) undertake for the provision of a steady flow of customers to the City Club Casinos and for procuring and/or introducing customers to these casinos. The Service Providers also agree to indemnify the Group against substantially all risks arising under the leases of the premises used by these casinos; and to guarantee payments to the Group of certain operating and administrative expenses. Revenue attributable to the Group is determined by reference to various rates on the net gaming wins.

After analysing the risks and rewards attributable to the Group, and the Service Providers under the Agreements, revenue from the City Club Casinos is recognised based on the established rates for the net gaming wins which reflect the gross inflow of economic benefits to the Group. In addition, all relevant operating and administrative expenses relating to the operations of the City Club Casinos are not recognised as expenses of the Group in the 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.

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

**7. 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.

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 operations in casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials in Hong Kong, Macau and Mainland China.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
<b>Year ended 31 December 2021</b>				
Reportable segment revenue	17,187,456	3,022,486	-	20,209,942
Adjusted for:				
City Club Casinos arrangement set out in note 6				
Revenue not recognised	(579,562)	-	-	(579,562)
Contributions	52,129	-	-	52,129
Others	13,021	-	-	13,021
Revenue recognised under HKFRS	16,673,044	3,022,486	-	19,695,530
Adjusted EBITDA including share of results of joint ventures and associated companies	2,693,994	975,781	(132,501)	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				9,580
Profit for the year				1,432,358
Share of results of joint ventures and associated companies	1,657	380,980	-	382,637

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
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 6				
Revenue not recognised	(486,222)	–	–	(486,222)
Contributions	17,138	–	–	17,138
Others	10,050	–	–	10,050
Revenue recognised under HKFRS	10,136,883	2,739,216	–	12,876,099
Adjusted EBITDA including share of results of joint ventures and associated companies	(1,992,734)	1,118,386	(145,157)	(1,019,505)
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				(3,913,243)
Share of results of joint ventures and associated companies	(5,788)	458,552	–	452,764

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
<b>As at 31 December 2021</b>				
Total assets	69,790,956	5,552,153	9,900,316	85,243,425
Total assets include:				
Joint ventures	59,791	1,934,114	–	1,993,905
Associated companies	–	2,280	–	2,280
Total liabilities	8,846,411	1,430,401	5,890,873	16,167,685

## As at 31 December 2020

Total assets	78,471,290	5,489,243	8,766,246	92,726,779
Total assets include:				
Joint ventures	84,625	1,869,511	–	1,954,136
Associated companies	–	2,310	–	2,310
Total liabilities	14,234,591	1,500,290	8,954,716	24,689,597

**Year ended 31 December 2021**

Additions to non-current assets	7,668,945	223,730	–	7,892,675
---------------------------------	-----------	---------	---	-----------

## Year ended 31 December 2020

Additions to non-current assets	5,957,401	126,602	1,339	6,085,342
---------------------------------	-----------	---------	-------	-----------



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2021 HK\$'000	2020 HK\$'000
<b>(a) Other income/gains, net</b>		
Interest income		
Bank deposits	<b>330,384</b>	438,185
Financial assets at amortised cost (note 19)	<b>620,282</b>	714,630
Loans to joint ventures (note 24(a))	<b>2,064</b>	1,624
Deferred receivables	<b>670</b>	909
Dividend income from unlisted investments	–	2,500
Dividend income from listed investments	–	28,225
Gross earnings on finance lease	<b>335</b>	448
Loss on disposal and loss on write-off of property, plant and equipment	<b>(237,402)</b>	(194,974)
Loss on write-off of intangible assets	<b>(223)</b>	–
Foreign exchange gain/(loss)	<b>264,319</b>	(172,281)
Insurance recovery for business interruption caused by COVID-19	–	100,000
Consultancy fee income	<b>54,831</b>	–
Others	<b>66,041</b>	59,971
	<b>1,101,301</b>	979,237
<b>(b) Profit/(loss) before taxation is stated after charging</b>		
Depreciation		
Property, plant and equipment	<b>1,902,020</b>	2,452,492
Right-of-use assets	<b>133,314</b>	139,936
Amortisation		
Gaming licence	<b>106,337</b>	106,631
Computer software	<b>32,938</b>	27,515
Reacquired right	<b>87,925</b>	87,926
Quarry site development	<b>1,579</b>	2,240
Short term and low-value asset lease expenses	<b>13,697</b>	19,274
Staff costs, including Directors' remuneration (notes i & ii)	<b>5,765,754</b>	6,710,777
Auditor's remuneration		
Audit services		
Provision for the year	<b>10,866</b>	10,203
Over-provision in prior years	<b>(2,053)</b>	(2,381)
Non-audit services		
Provision for the year	<b>2,400</b>	1,934
Under-provision in prior years	<b>34</b>	486

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### (b) Profit/(loss) before taxation is stated after charging (Continued)

Notes:

(i) Staff costs, including Directors' remuneration  
Staff costs are stated after amount capitalised in assets under construction in the aggregate of HK\$256,011,000 (2020: HK\$261,027,000), and include share option expenses and share award expenses of HK\$125,592,000 (2020: HK\$175,220,000) and HK\$80,451,000 (2020: HK\$122,591,000) respectively.

(ii) Retirement benefit schemes  
In Hong Kong, the Group makes monthly contributions to the Mandatory Provident Fund (MPF) Scheme equal to 5% of the relevant income of the employees in compliance with the legislative requirement. In addition, the Group also makes defined top-up contributions to the same scheme or the Occupational Retirement Scheme Ordinance (ORSO) Scheme for employees depending on circumstance. For the top-up schemes, the Group's contributions to the schemes may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the Schemes are held separately from those of the Group in independently administered funds.

The Group also operates a defined contribution scheme which is a unitised scheme, for eligible employees in Macau. This Pension Fund Scheme is established and managed by an independent management company appointed by the Group. Both the Group and the employees make equal share of monthly contributions to the scheme.

Employees in Mainland China participate in various pension plans organised by the relevant municipal and provincial governments under which the Group is required to make monthly defined contributions to these plans at rates ranging from 14% to 16%, dependent upon the applicable local regulations. The Group has no other obligations for the payment of pension and other post-retirement benefits of employees other than the above payments.

The costs of the retirement benefit schemes charged to the consolidated income statement during the year comprise contributions to the schemes of HK\$204,524,000 (2020: HK\$236,929,000), after deducting forfeitures of HK\$44,672,000 (2020: HK\$31,164,000), leaving HK\$587,000 (2020: HK\$2,826,000) available to reduce future contributions.

	2021 HK\$'000	2020 HK\$'000
<b>(c) Other operating expenses</b>		
Utilities and rentals	666,486	742,563
Advertising and promotion	516,384	301,495
Repair and maintenance	446,528	466,463
Operating supplies and consumables	307,905	203,518
Food and beverage costs	176,993	111,835
Other support services	153,940	187,942
Distribution costs	245,150	180,681
Subcontracting charges	76,548	56,297
Provision for loss allowance, net	81,983	117,952
Other expenses	657,427	479,851
	<b>3,329,344</b>	2,848,597

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

## (a) Directors' emoluments

	(note iii)					2021 Total HK\$'000
	Directors' fees (note i) HK\$'000	Salary, allowance and benefit in kind (note iv) HK\$'000	Discretionary bonuses (note v) HK\$'000	Retirement benefit scheme contributions HK\$'000	Estimated money value of other benefits (note ii) HK\$'000	
<b>Executive Directors</b>						
Dr. Lui Che Woo	-	-	2,155	-	29,731	31,886
Mr. Francis Lui Yiu Tung	-	6,360	5,980	-	42,049	54,389
Mr. Joseph Chee Ying Keung	-	4,523	1,266	416	1,662	7,867
Mrs. Paddy Tang Lui Wai Yu	-	2,344	-	124	1,530	3,998
	-	13,227	9,401	540	74,972	98,140
<b>Non-executive Directors</b>						
Mr. James Ross Ancell	-	-	-	-	-	-
Dr. William Yip Shue Lam	-	-	-	-	-	-
Professor Patrick Wong Lung Tak	-	-	-	-	-	-
Dr. Charles Cheung Wai Bun	-	-	-	-	-	-
Mr. Michael Victor Mecca	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Total 2021</b>	-	13,227	9,401	540	74,972	98,140

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS  
(Continued)

## (a) Directors' emoluments (Continued)

	(note iii)					2020 Total HK\$'000
	Directors' fees (note i) HK\$'000	Salary, allowance and benefit in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Estimated money value of other benefits (note ii) HK\$'000	
<b>Executive Directors</b>						
Dr. Lui Che Woo	–	10,192	21,620	586	42,603	75,001
Mr. Francis Lui Yiu Tung	–	14,505	33,474	623	59,243	107,845
Mr. Joseph Chee Ying Keung	–	4,469	1,836	411	1,079	7,795
Mrs. Paddy Tang Lui Wai Yu	–	2,158	–	124	2,220	4,502
	–	31,324	56,930	1,744	105,145	195,143
<b>Non-executive Directors</b>						
Mr. James Ross Ansell	–	–	–	–	–	–
Dr. William Yip Shue Lam	–	–	–	–	–	–
Professor Patrick Wong Lung Tak	–	–	–	–	–	–
Dr. Charles Cheung Wai Bun	–	–	–	–	–	–
Mr. Michael Victor Mecca	–	–	–	–	–	–
	–	–	–	–	–	–
Total 2020	–	31,324	56,930	1,744	105,145	195,143

## Notes:

- (i) The amounts represented emoluments paid or payable in respect of a person's services as a director of the Company undertaking for 2020 and 2019. Since all directors of the Company have agreed to waive their directors' fee, no directors' fee for the year ended 31 December 2020 and 2019 were payable to the directors.
- (ii) Other benefits represent share options and share awards. The value of the share options and share awards granted to the Directors under the share option schemes and share award schemes of the Company represents the fair value of these options and awards charged to the consolidated income statement for the year according to their vesting periods.
- (iii) The amounts represented emoluments paid or payable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.
- (iv) There were arrangements under which Dr. Lui Che Woo and Mr. Francis Lui Yiu Tung agreed to waive their salaries for the year ended 31 December 2021. The amount for Mr. Francis Lui Yiu Tung represented the housing benefits in 2021.
- (v) The amounts for Dr. Lui Che Woo and Mr. Francis Lui Yiu Tung represented the deferred compensation payment granted in 2017. The discretionary bonuses paid in 2021 for Mr. Joseph Chee Ying Keung were in relation to performance and services for 2020.

Save as disclosed above, there was no other arrangement under which a Director waived or agreed to waive any emoluments during the current and prior years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### (b) Directors material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2020: two) Directors whose emoluments are reflected in note (a) above. The emoluments of the remaining three individuals (2020: three) are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and other emoluments	25,392	23,389
Discretionary bonuses	–	15,786
Retirement benefits	570	600
Share options and share awards (note 27)	23,868	33,696
	<b>49,830</b>	73,471

The emoluments of these individuals fell within the following bands:

	Number of individuals	
	2021	2020
HK\$14,000,001 – HK\$14,500,000	1	–
HK\$16,000,001 – HK\$16,500,000	1	–
HK\$19,000,001 – HK\$19,500,000	1	–
HK\$21,000,001 – HK\$21,500,000	–	1
HK\$23,000,001 – HK\$23,500,000	–	1
HK\$29,000,001 – HK\$29,500,000	–	1
	<b>3</b>	3

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest expenses		
Bank loans and overdrafts	75,376	65,584
Lease liabilities	15,220	15,647
Other borrowing costs	3,676	3,981
	<b>94,272</b>	85,212
Amount capitalised in assets under construction (note 14)	<b>(26,309)</b>	(47,155)
	<b>67,963</b>	38,057

## 11. TAXATION CHARGE

	2021 HK\$'000	2020 HK\$'000
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 (note 30)	(2,539)	6,735
	<b>88,694</b>	150,628

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%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**11. TAXATION CHARGE (Continued)**

The taxation on the profit/(loss) before taxation of the Group differs from the theoretical amount that would arise using the applicable taxation rate being the weighted average of rates prevailing in the countries in which the Group operates, is as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) before taxation	<b>1,521,052</b>	(3,762,615)
Share of profits less losses of		
Joint ventures	<b>(382,666)</b>	(452,691)
Associated companies	<b>29</b>	(73)
	<b>1,138,415</b>	(4,215,379)
Tax calculated at applicable tax rate	<b>122,861</b>	(513,212)
Income not subject to tax	<b>(7,917)</b>	(24,106)
Profit exempted from Macau Complementary Tax (note a)	<b>(332,846)</b>	–
Expenses not deductible for tax purpose	<b>76,336</b>	94,126
Utilisation of previously unrecognised tax losses	<b>(2,754)</b>	(2,129)
Tax losses not recognised	<b>190,246</b>	535,692
Net (over)/under provision in prior years	<b>(24,314)</b>	1,305
Mainland China withholding tax	<b>30,674</b>	22,544
Lump sum in lieu of Macau complementary tax on dividend (note b)	<b>36,408</b>	36,408
<b>Taxation charge</b>	<b>88,694</b>	150,628

Notes:

- (a) Pursuant to the Despatch No. 193/2018 issued by the Chief Executive of the Macau Government on 20 August 2018, the Group is exempted from Macau Complementary Tax on its gaming activities effective from the 2019 year of assessment till June 2022.
- (b) In August 2019, Galaxy Casino, S.A. ("GCSA"), the Company's principal subsidiary, entered into a Shareholder Dividend Tax Agreement with the Macau Government. The agreement provided for an annual payment in lieu of Macau Complementary Tax otherwise due by the GCSA's shareholders on dividend distributions to them from gaming profits, effective from 1 January 2019 through 26 June 2022 to correspond to the Macau Complementary Tax exemption on its gaming activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**12. 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:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) attributable to equity holders of the Company	<b>1,326,231</b>	(3,973,078)

	<b>Number of shares</b>	
	<b>2021</b>	2020
Weighted average number of shares for calculating basic earnings/(loss) per share	<b>4,352,120,295</b>	4,337,820,915
Effect of dilutive potential ordinary shares		
Share options	<b>8,670,460</b>	–
Share awards	<b>591,138</b>	–
Weighted average number of shares for calculating diluted earnings/(loss) per share	<b>4,361,381,893</b>	4,337,820,915

**13. DIVIDENDS**

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

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-end are given in note 39.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Gaming equipment and other assets (note a) HK\$'000	Assets under construction HK\$'000	Total HK\$'000
Cost						
At 31 December 2020	22,779,108	681,951	9,986,486	12,209,485	13,216,207	58,873,237
Exchange differences	11,780	(750)	39,796	125	1,168	52,119
Additions	42,375	7,149	92,215	57,463	7,488,586	7,687,788
Transfer/reclassification	131,938	31	44,346	168,332	(344,647)	-
Disposals/write-off	(115,408)	(19,992)	(102,326)	(598,004)	-	(835,730)
At 31 December 2021	22,849,793	668,389	10,060,517	11,837,401	20,361,314	65,777,414
Accumulated depreciation and impairment						
At 31 December 2020	5,798,321	597,963	6,197,782	10,069,533	-	22,663,599
Exchange differences	3,862	502	19,320	(104)	-	23,580
Charge for the year (note d)	723,426	31,434	586,723	560,437	-	1,902,020
Disposals/write-off	(97,156)	(12,026)	(83,894)	(400,137)	-	(593,213)
At 31 December 2021	6,428,453	617,873	6,719,931	10,229,729	-	23,995,986
Net book value <b>At 31 December 2021</b>	<b>16,421,340</b>	<b>50,516</b>	<b>3,340,586</b>	<b>1,607,672</b>	<b>20,361,314</b>	<b>41,781,428</b>
Cost						
At 31 December 2019	22,882,443	677,986	9,819,947	12,346,130	8,062,627	53,789,133
Exchange differences	24,213	510	81,534	1,345	1,125	108,727
Additions	2,694	5,312	145,535	348,611	5,551,994	6,054,146
Transfer/reclassification	3,039	926	154,278	241,296	(399,539)	-
Disposals/write-off	(133,281)	(2,783)	(214,808)	(727,897)	-	(1,078,769)
At 31 December 2020	22,779,108	681,951	9,986,486	12,209,485	13,216,207	58,873,237
Accumulated depreciation and impairment						
At 31 December 2019	5,086,365	548,270	5,651,924	9,765,939	-	21,052,498
Exchange differences	4,747	(401)	34,924	1,792	-	41,062
Charge for the year (note d)	743,993	52,535	709,025	946,939	-	2,452,492
Disposals/write-off	(36,784)	(2,441)	(198,091)	(645,137)	-	(882,453)
At 31 December 2020	5,798,321	597,963	6,197,782	10,069,533	-	22,663,599
Net book value At 31 December 2020	16,980,787	83,988	3,788,704	2,139,952	13,216,207	36,209,638

## Notes:

- (a) Other assets comprise barges, furniture and equipment, operating equipment, vessel, aircrafts, and motor vehicles.
- (b) During the year, borrowing costs of HK\$26,309,000 were capitalised and included in assets under construction (2020: HK\$47,155,000). In 2021, a capitalisation rate of 0.8% (2020: 1.1%) was used representing the effective finance costs of the loans used to finance the assets under construction.
- (c) During the year, staff costs of HK\$256,011,000 (2020: HK\$261,027,000) were capitalised and included in assets under construction.
- (d) During the year, charge for the year included provision for impairment of HK\$11,041,000 (2020: HK\$76,571,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

**(a) Amounts recognised in the consolidated balance sheet**

The consolidated balance sheet shows the following amounts relating to leases:

	2021 HK\$'000	2020 HK\$'000
<b>Right-of-use assets</b>		
Leasehold land and land use rights (note)	4,765,750	4,782,051
Other property, plant and equipment	119,896	56,940
	<b>4,885,646</b>	4,838,991
<b>Lease liabilities</b>		
Current	49,235	48,116
Non-current	433,638	296,773
	<b>482,873</b>	344,889

The Group leases various land, properties and equipment. Rental contracts are typically made for fixed periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Additions to the right-of-use assets during the 2021 financial year were HK\$116,916,000 (2020: HK\$18,588,000).

Note: The Group received land concessions from Macau Government which have initial terms of 25 years and are renewable at the Group's option, in accordance with Macau law, grants the Group exclusive use of the land. Rights-of-use assets for leasehold land and land use right in Macau included a piece of land in Cotai, Macau amounting to HK\$2,847 million (2020: HK\$2,874 million), for which net book value of HK\$1,243 million (2020: HK\$1,270 million) is developed, HK\$1,604 million (2020: HK\$1,604 million) is under development and no land is held for development for specific uses (2020: nil).

**(b) Amounts recognised in the consolidated income statement**

During the year ended 31 December 2021, the depreciation charges of right-of-use assets for leasehold land and land use rights are HK\$87,493,000 (2020: HK\$94,312,000) and the depreciation charges of right-of-use assets for other property, plant and equipment are HK\$45,821,000 (2020: HK\$45,624,000) (note 8(b)).

During the year ended 31 December 2021, the interest expense of lease liabilities are HK\$15,220,000 (2020: HK\$15,647,000) (note 10).

During the year ended 31 December 2021, the total expenses relating to short-term leases are HK\$13,697,000 (2020: HK\$19,274,000) and the expenses in relation to low-value asset leases are not material.

During the year ended 31 December 2021, the total cash outflow for leases is HK\$69,918,000 (2020: HK\$75,076,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 16. INTANGIBLE ASSETS

	<b>Gaming licence (note a)</b>	<b>Reacquired right (note b)</b>	<b>Computer software</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost				
At 31 December 2019	16,887,329	786,700	435,493	18,109,522
Exchange difference	–	–	42	42
Additions	–	–	24,719	24,719
Write-off	–	–	(858)	(858)
<b>At 31 December 2020</b>	<b>16,887,329</b>	<b>786,700</b>	<b>459,396</b>	<b>18,133,425</b>
Exchange difference	–	–	(35)	(35)
Additions	–	–	23,093	23,093
Write-off	–	–	(1,899)	(1,899)
<b>At 31 December 2021</b>	<b>16,887,329</b>	<b>786,700</b>	<b>480,555</b>	<b>18,154,584</b>
Accumulated amortisation and impairment				
At 31 December 2019	16,622,794	566,886	365,318	17,554,998
Exchange differences	–	–	9	9
Charge for the year	106,631	87,926	27,515	222,072
Write-off	–	–	(858)	(858)
<b>At 31 December 2020</b>	<b>16,729,425</b>	<b>654,812</b>	<b>391,984</b>	<b>17,776,221</b>
Exchange differences	–	–	(19)	(19)
Charge for the year	106,337	87,925	32,938	227,200
Write-off	–	–	(1,676)	(1,676)
<b>At 31 December 2021</b>	<b>16,835,762</b>	<b>742,737</b>	<b>423,227</b>	<b>18,001,726</b>
Net book value				
<b>At 31 December 2021</b>	<b>51,567</b>	<b>43,963</b>	<b>57,328</b>	<b>152,858</b>
At 31 December 2020	157,904	131,888	67,412	357,204

## Notes:

- (a) Gaming licence represents the fair value of licence acquired on the acquisition of Galaxy Casino, S.A. in 2005 and has been amortised on a straight line basis over the remaining term of the gaming licence which will expire in June 2022. Accumulated amortisation and impairment included an impairment charge made in 2008 amounted to HK\$12,330,305,000.
- (b) Reacquired right represents the right and obligations in regard to the provision of service in the casino at Grand Waldo Hotel pursuant to certain agreements for a term equal to the life of the gaming licence and has been amortised on a straight line basis over the remaining term of the gaming licence which will expire in June 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17. JOINT VENTURES

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Share of net assets	<b>1,993,905</b>	1,954,136

- (a) The share of assets, liabilities and results of the joint ventures, which are individually immaterial, attributable to the Group using the equity method is summarised below:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Non-current assets	<b>1,699,419</b>	1,569,524
Current assets	<b>1,255,346</b>	1,241,257
Current liabilities	<b>(680,992)</b>	(684,884)
Non-current liabilities	<b>(279,868)</b>	(171,761)
	<b>1,993,905</b>	1,954,136
Income	<b>2,776,683</b>	2,573,200
Expenses	<b>(2,394,017)</b>	(2,120,509)
Share of results for the year	<b>382,666</b>	452,691

- (b) Details of the joint ventures are given in note 42(b).

## 18. ASSOCIATED COMPANIES

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Share of net assets	<b>2,280</b>	2,310

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 18. ASSOCIATED COMPANIES (Continued)

- (a) The share of assets, liabilities and results of the associated companies, which are individually immaterial, attributable to the Group using the equity method is summarised as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Non-current assets	<b>9,386</b>	3,631
Current assets	<b>2,626</b>	4,580
Current liabilities	<b>(910)</b>	(3,085)
Non-current liabilities	<b>(8,822)</b>	(2,816)
	<b>2,280</b>	2,310
Income	–	122
Expenses	<b>(29)</b>	(49)
Share of results for the year	<b>(29)</b>	73

- (b) Details of the associated companies are given in note 42(c).

## 19. FINANCIAL ASSETS AT AMORTISED COST

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Listed debt securities in Hong Kong, at amortised cost (note b)	<b>6,371,390</b>	10,928,858
Listed debt securities in overseas, at amortised cost (note b)	<b>5,209,088</b>	10,282,025
Unlisted debt securities, at amortised cost (note b)	–	15,489
	<b>11,580,478</b>	21,226,372
Less: current portion of financial assets at amortised cost		
– listed debt securities in Hong Kong, at amortised cost (note b)	<b>(3,062,039)</b>	(2,473,234)
	<b>8,518,439</b>	18,753,138

## Notes:

- (a) The financial assets at amortised cost represents the Group's investment in debt securities issued by large financial institutions and corporations to generate interest income for the Group. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.
- (b) As at 31 December 2021 and 2020, the listed/unlisted debt securities were predominantly denominated in U.S. dollar with weighted average tenor of approximately 2 years (2020: 2 years) and significant majority in investment grade rating.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19. FINANCIAL ASSETS AT AMORTISED COST (Continued)

Notes: (Continued)

- (c) As at 31 December 2021 and 2020, the carrying amounts of these listed/unlisted debt securities approximated their fair values. These financial assets were considered to be of low credit risk and the expected credit loss was minimal.
- (d) As at 31 December 2021 and 2020, none of the debt securities in any individual investee company held by the Group equaled or exceeded 5 percent of the Group's total assets.
- (e) The interest income generated from the above financial assets at amortised cost for the year ended 31 December 2021 amounted to HK\$620 million (2020: HK\$715 million) as disclosed in note 8(a).

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 HK\$'000	2020 HK\$'000
Unlisted investments in overseas, at fair value (note a)	17,876	16,956
Listed investments in overseas, at fair value (note b)	4,184,162	5,354,502
	<b>4,202,038</b>	5,371,458

Notes:

- (a) Unlisted investments are mainly denominated in Macau Patacas and U.S. dollar.
- (b) As at 31 December 2021, the listed investments in overseas, at fair value included 5.2 million (2020: 5.2 million) shares of Wynn Resorts, Limited ("Wynn Resorts") which represented approximately 4.5% (2020: 4.8%) of the issued share capital of Wynn Resorts. Investment cost was HK\$7.14 billion. Principal businesses of Wynn Resorts are to develop and operate high end hotels and casinos and its shares are listed on the Nasdaq Stock Exchange (stock code WYNN). This listed investment is denominated in U.S. dollar. The directors of the Group considered that the closing price as at 31 December 2021 and 2020 was the fair value of this listed investment. As of 31 December 2021, fair value of our investment in Wynn Resorts was HK\$3.4 billion (2020: HK\$4.5 billion), representing 4.0% (2020: 4.9%) of the Group's total asset of HK\$85.2 billion (2020: HK\$92.7 billion). The market value of Wynn Resorts as of 31 December 2021 and 31 December 2020, and the performance of the investment during the year ended 31 December 2021 and 2020 are as follows:

	Market value		Unrealised loss for the year ended 31 December		Dividend income for the year ended 31 December	
	31 December 2021 HK\$'000	31 December 2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Wynn Resorts, Limited	3,448,559	4,548,662	(1,100,103)	(1,075,962)	-	28,225

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21. OTHER NON-CURRENT ASSETS

	2021 HK\$'000	2020 HK\$'000
Finance lease receivable (note a)	14,649	34,894
Interest receivable	–	232,127
Deposits paid for property, plant and equipment	89,855	28,435
Deferred expenditure – quarry site development	11,182	13,393
Advances to investee companies (note b)	17,010	17,010
Less: Provision for impairment	(17,010)	(17,010)
Others	28,452	20,896
	<b>144,138</b>	329,745

Notes:

(a) Finance lease receivable

	2021 HK\$'000	2020 HK\$'000
Gross receivable	31,588	53,274
Unearned finance income	(260)	(692)
	<b>31,328</b>	52,582
Current portion included in current assets (note 23)	(16,679)	(17,688)
	<b>14,649</b>	34,894

Finance lease receivable represents reimbursement of gaming equipment from the Service Providers. There are no unguaranteed residual values accrued to the Group and no contingent income was recognised during the year.

The finance lease is receivable in the following years:

	Minimum receipts		Present value	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Within one year	16,863	18,060	16,679	17,688
Between two to five years	14,725	35,214	14,649	34,894
	<b>31,588</b>	53,274	<b>31,328</b>	52,582

(b) Advances to investee companies are denominated in Hong Kong dollar, unsecured, interest free and have no fixed terms of repayment. They are considered equity in nature.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22. INVENTORIES

	2021 HK\$'000	2020 HK\$'000
Gaming and entertainment		
Playing cards	2,474	2,703
Food and beverages	50,490	50,655
Consumables	15,021	20,205
	<b>67,985</b>	73,563
Construction materials		
Aggregates and sand	25,168	10,658
Concrete pipes and piles	10,036	7,385
Slag	3,927	4,484
Cement	34,614	38,921
Spare parts	20,046	22,944
Consumables	42,146	43,761
	<b>135,937</b>	128,153
	<b>203,922</b>	201,716

## 23. DEBTORS AND PREPAYMENTS

	2021 HK\$'000	2020 HK\$'000
Trade debtors, net of loss allowance (note a)	589,889	494,581
Other debtors and deposit paid, net of loss allowance (note b)	862,734	992,615
Contract assets (note c)	75,747	102,886
Prepayments	146,307	132,798
Current portion of finance lease receivable (note 21(a))	16,679	17,688
	<b>1,691,356</b>	1,740,568

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. DEBTORS AND PREPAYMENTS (Continued)

Notes:

- (a) Trade debtors mainly arise from the sales of construction materials and mall operations. The Group has established credit policies which follow local industry standards. The Group normally allows an approved credit period ranging from 30 to 60 days (2020: 30 to 60 days) for customers in Hong Kong, 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:

	2021 HK\$'000	2020 HK\$'000
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
	<b>589,889</b>	494,581

The carrying amounts of trade debtors of the Group are denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
Hong Kong dollar	453,818	371,389
Macau Patacas	132,108	120,257
Renminbi	3,963	2,935
	<b>589,889</b>	494,581

Included in the Group's trade debtors were debtors with a carrying amount of HK\$478,455,000 (2020: HK\$430,587,000) which were not yet due. Debtors with a carrying amount of HK\$111,434,000 (2020: HK\$63,994,000) were past due over their credit terms. The ageing analysis of these trade debtors based on due dates are as follows:

	2021 HK\$'000	2020 HK\$'000
Overdue:		
Within one month	69,651	40,599
Two to three months	30,753	8,075
Four to six months	4,650	4,914
Over six months	6,380	10,406
	<b>111,434</b>	63,994

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**23. DEBTORS AND PREPAYMENTS (Continued)**

Notes: (Continued)

(a) (Continued)

As at 31 December 2021, cumulative loss allowance for trade debtors of the Group was HK\$298,000 (2020: HK\$773,000). The factors the Group considered in determining whether the trade debtors were impaired are disclosed in note 3.14.

Movements in the loss allowance of trade debtors are as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Balance at 1 January	<b>773</b>	6,958
Increase in loss allowance	<b>282</b>	–
Reversal of loss allowance	<b>(759)</b>	(1,024)
Receivables written off during the year as uncollectible	–	(5,167)
Exchange differences	<b>2</b>	6
Balance at 31 December	<b>298</b>	773

(b) Other debtors and deposit paid, net of loss allowance mainly include interest receivables and advances to customers and gaming counterparties, which are denominated in Hong Kong dollar and U.S. dollar, and repayable on demand. The advances to customers and gaming counterparties are granted with reference to their credit history and business volumes. Such advances are interest free and the Group has the right, pursuant to the relevant credit agreements, to set off the overdue advances with payables due from the Group to these counterparties.

During the year, loss allowance for other debtors and deposits paid of HK\$232,520,000 (2020: HK\$251,523,000) have been provided and HK\$150,059,000 (2020: HK\$131,402,000) have been reversed. As of 31 December 2021, cumulative loss allowance for other debtors of the Group was HK\$1,236,146,000 (2020: HK\$1,168,811,000).

(c) Contract assets primarily relate to the Group's rights to consideration for work completed but not billed. Contract assets are transferred to receivables when the rights become unconditional which usually occurs when the customers are billed.

**24. AMOUNTS DUE FROM/(TO) JOINT VENTURES**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Amounts due from joint ventures (note a)	<b>161,839</b>	162,720
Amounts due to joint ventures (note b)	<b>(31,412)</b>	(625)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24. AMOUNTS DUE FROM/(TO) JOINT VENTURES (Continued)

Notes:

- (a) The amounts receivable of HK\$109,844,000 (2020: HK\$99,747,000) are unsecured, interest free and have no fixed terms of repayment. The remaining amounts receivable carry interest at prevailing market rate and are repayable within one year, all of which are unsecured. The amounts receivable are mainly denominated in Hong Kong dollar, Renminbi and Macau Patacas.

With respect to credit risk arising on amounts due from joint ventures, management regularly assess credit risk for these amounts and reviewing financial information of the joint ventures on a regular basis to minimise credit risk. In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to joint ventures through exercising joint control over the relevant activities and reviewing their financial positions on regular basis. The Group exposure to credit risk arising from default of the counterparty is limited as the counterparty has good history of repayment and the Group does not expect to incur a significant loss for uncollected advances to these parties.

- (b) Amounts payable are unsecured, interest free and have no fixed terms of repayment. The amounts payable are mainly denominated in Renminbi and Macau Patacas.

## 25. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

	2021 HK\$'000	2020 HK\$'000
Cash and bank balances (excluding long-term bank deposits)	<b>18,363,558</b>	15,840,115
Other cash equivalents – cash chips of other casinos	<b>11,266</b>	251
Cash and cash equivalents and other bank deposits	<b>18,374,824</b>	15,840,366
Less: Short-term pledged bank deposits and short-term bank deposits with maturity over three months	<b>(4,768,081)</b>	(932,868)
Cash and cash equivalents	<b>13,606,743</b>	14,907,498
Add: Short-term pledged bank deposits	<b>291,262</b>	410,078
Add: Short-term bank deposits with maturity over three months	<b>4,476,819</b>	522,790
Add: Long-term bank deposits	–	4,450,079
Total cash and cash equivalents and bank deposits	<b>18,374,824</b>	20,290,445

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS (Continued)

The carrying amounts of cash and cash equivalents and bank deposits are denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
Hong Kong dollar	7,152,866	10,387,041
Macau Patacas	87,361	132,555
Renminbi	4,316,302	2,539,279
U.S. dollars	6,815,945	7,226,655
Others	2,350	4,915
	<b>18,374,824</b>	20,290,445

Cash and short-term deposits of HK\$429 million (2020: HK\$487 million) are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on expatriating capital from the country, other than through normal dividends.

The credit quality of cash and cash equivalents and bank deposits of the Group can be assessed by reference to external credit ratings (if available) as follows:

	2021 HK\$'000	2020 HK\$'000
Counterparties with external credit rating (Standard & Poor's or Moody's)		
AA- to AA+	127,062	337,947
A- to A+	17,589,550	18,862,379
BBB	2,973	24,179
Unrated and cash on hand	643,973	1,065,689
Other cash equivalents – cash chips of other casinos (note)	11,266	251
	<b>18,374,824</b>	20,290,445

Note: Represented cash chips of other casinos listed on either the SEHK or New York Stock Exchange, with no defaults in the past.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26. SHARE CAPITAL AND SHARES HELD FOR SHARE AWARD SCHEME

	Number of ordinary shares	Ordinary shares capital HK\$'000	Shares held for share award scheme HK\$'000	Total HK\$'000
Ordinary shares, issued and fully paid:				
At 31 December 2019 and 1 January 2020	4,333,820,007	22,433,674	(6)	22,433,668
Share award scheme – shares issued to the trustee	3,094,403	31	(31)	–
Share award scheme – shares purchased by the trustee	–	–	(36,800)	(36,800)
Shares vested pursuant to share award scheme	–	83,171	36,817	119,988
Issue of shares upon exercise of share options	7,163,463	291,612	–	291,612
At 31 December 2020 and 1 January 2021	<b>4,344,077,873</b>	<b>22,808,488</b>	<b>(20)</b>	<b>22,808,468</b>
Share award scheme – shares purchased by the trustee (note a)	–	–	<b>(19,030)</b>	<b>(19,030)</b>
Shares vested pursuant to share award scheme	–	<b>54,179</b>	<b>19,040</b>	<b>73,219</b>
Issue of shares upon exercise of share options	<b>15,475,668</b>	<b>735,400</b>	–	<b>735,400</b>
<b>At 31 December 2021</b>	<b>4,359,553,541</b>	<b>23,598,067</b>	<b>(10)</b>	<b>23,598,057</b>

## Notes:

- (a) During the year ended 31 December 2021, the trustee of Share Award Scheme 2014 as defined in note 27(b) purchased on SEHK a total of 439,866 shares (2020: 587,302 shares) of the Company for a total consideration of HK\$19.0 million (2020: HK\$36.8 million).
- (b) As at 31 December 2021, a total of 1,031,819 shares (2020: 2,015,532 shares) of the Company were held by the trustee under the Share Award Scheme 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27. EMPLOYEE SHARE-BASED ARRANGEMENTS

## (a) Share option scheme

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

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

Movements in the number of share options outstanding and their related weighted average exercise price during the year are as follows:

	2021		2020	
	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$	Number of share options
At beginning of year	44.86	51,186,466	43.29	58,407,872
Granted	62.19	9,274,000	52.58	1,667,000
Exercised	36.62	(15,475,668)	31.21	(7,163,463)
Lapsed	55.89	(1,322,140)	55.83	(1,724,943)
At end of year	51.13	43,662,658	44.86	51,186,466
Vested at end of year	46.98	30,020,756	41.37	36,689,807

The weighted average share price at the date of exercise for share options exercised during the year was HK\$55.91 (2020: HK\$58.52).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27. EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)

## (a) Share option scheme (Continued)

The options outstanding at 31 December 2021 have exercise prices ranging from HK\$28.35 to HK\$62.36 (2020: HK\$24.80 to HK\$62.36) with weighted average remaining contractual life of 3.3 years (2020: 3.25 years). Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Exercise period	Exercise price per share HK\$	Number of share options	
		2021	2020
<b>Directors</b>			
24 December 2016 to 23 December 2021	24.80	–	5,056,334
28 December 2017 to 27 December 2022	33.49	<b>2,869,000</b>	2,869,000
12 March 2018 to 11 September 2022	28.35	<b>3,059,358</b>	3,083,679
26 July 2018 to 25 July 2023	46.95	<b>130,000</b>	130,000
27 December 2018 to 26 December 2023	62.36	<b>1,536,000</b>	1,536,000
28 December 2019 to 27 December 2024	48.65	<b>6,656,000</b>	6,656,000
30 December 2020 to 29 December 2025	57.70	<b>4,687,000</b>	4,687,000
29 September 2021 to 28 September 2026	52.58	<b>200,000</b>	200,000
17 June 2022 to 16 June 2027	62.19	<b>3,644,000</b>	–
<b>Employees and others</b>			
24 December 2016 to 23 December 2021	24.80	–	2,931,520
28 December 2017 to 27 December 2022	33.49	<b>1,129,336</b>	2,400,210
12 March 2018 to 11 September 2022	28.35	<b>947,365</b>	1,452,848
26 July 2018 to 25 July 2023	46.95	<b>439,000</b>	865,670
27 December 2018 to 26 December 2023	62.36	<b>1,398,000</b>	3,462,000
21 November 2019 to 20 November 2024	46.75	<b>3,601,909</b>	5,560,538
28 December 2019 to 27 December 2024	48.65	<b>1,418,012</b>	1,858,001
30 December 2020 to 29 December 2025	57.70	<b>5,414,186</b>	7,038,666
29 September 2021 to 28 September 2026	52.58	<b>1,267,666</b>	1,399,000
17 June 2022 to 16 June 2027	62.19	<b>5,265,826</b>	–
		<b>43,662,658</b>	51,186,466

The fair value of the options granted on 17 June 2021 is estimated at HK\$16.29 per option based on the Black-Scholes valuation model. The significant inputs into the model was share prices of HK\$62.00 at the date of grant, the exercise price of HK\$62.19, standard deviation of expected share price returns of 39.40%, expected life of options of 3.5 to 4.5 years, expected dividend paid out rate of 2% and annual risk-free interest rate of 0.404% to 0.659%. The volatility measured at the standard deviation of expected share price returns is based on the historical share price movement of the Company in the relevant periods matching expected time to exercise prior to the dates of grant. Changes in the subjective input assumptions could materially affect the fair value estimate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**27. EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)****(b) Share award scheme**

On 4 August 2014, the Group has adopted a share award scheme (the “Share Award Scheme 2014”) as part of a long term incentive arrangement to attract and retain the best quality personnel for the benefits of the Group and its subsidiaries. The Group may, from time to time, at their absolute discretion select any quality personnel for participation in the share award scheme and determine the terms and conditions of the awards and the number of shares to be awarded.

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

Pursuant to the two share award schemes, existing shares may be acquired by an independent trustee (the “Trustee”) at the cost of the Company and/or new shares may be allotted and issued to the Trustee under general mandates granted by the shareholders. Such shares will be held in trust for the award holders until the vesting criteria and conditions have been satisfied. As of 31 December 2021, 1,031,819 shares (2020: 2,015,532 shares) of the Company were held by the Trustee for the Share Award Scheme 2014 and the Company has not purchased or allotted shares to the Trustee in respect of the Share Award Scheme 2021 as the Trustee arrangement is yet to be approved.

The aggregate of the maximum number of awarded shares underlying all awards (whether the awards are vested or not) and the total number of shares issued and to be issued upon exercise of options under the share option scheme (whether exercised or outstanding) in any 12-month period granted to each qualifying grantee must not exceed 1% of the shares in issue.

Movements in the number of shares held for the Share Award Scheme 2014 and Share Award Scheme 2021 and awarded shares for the year are as follows:

	2021		2020	
	Weighted average fair value per share HK\$	Number of share awards	Weighted average fair value per share HK\$	Number of share awards
At beginning of year	53.34	2,581,151	53.58	5,115,433
Granted (note)	60.88	1,773,300	–	–
Vested	51.43	(1,423,579)	53.97	(2,223,355)
Lapsed	55.35	(274,075)	52.73	(310,927)
At end of year	59.19	2,656,797	53.34	2,581,151

Note:

During the year ended 31 December 2021, 421,600, 35,300 and 1,316,400 share awards were granted under the Share Award Scheme 2021 to the Directors of the Company and their associates and the employees of the Group respectively (2020: nil).

The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the respective grant date. The expected dividends during the vesting period have taken into account when assessing the fair value of these awarded shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 28. RESERVES

	Legal reserve (note) HK\$'000	Investment reserve HK\$'000	Share option reserve HK\$'000	Share award reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2021	231,055	(2,130,568)	667,592	65,345	65,157	45,716,732	44,615,313
Profit for the year	-	-	-	-	-	1,326,231	1,326,231
Other comprehensive (loss)/income							
Change in fair value of financial assets at fair value through other comprehensive income	-	(1,137,012)	-	-	-	-	(1,137,012)
Translation differences of subsidiaries	-	-	-	-	24,645	-	24,645
Share of translation differences of joint ventures	-	-	-	-	33,233	-	33,233
Total other comprehensive (loss)/income, net of tax	-	(1,137,012)	-	-	57,878	-	(1,079,134)
Total comprehensive (loss)/income for the year	-	(1,137,012)	-	-	57,878	1,326,231	247,097
Transactions with equity holders							
Shares vested pursuant to share award scheme	-	-	-	(73,219)	-	-	(73,219)
Issue of shares upon exercise of share options	-	-	(168,612)	-	-	-	(168,612)
Fair value of share awards granted	-	-	-	80,451	-	-	80,451
Fair value of share options granted	-	-	125,592	-	-	-	125,592
Share options lapsed	-	-	(156,810)	-	-	156,810	-
<b>At 31 December 2021</b>	<b>231,055</b>	<b>(3,267,580)</b>	<b>467,762</b>	<b>72,577</b>	<b>123,035</b>	<b>47,199,773</b>	<b>44,826,622</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 28. RESERVES (Continued)

	Legal reserve (note) HK\$'000	Investment reserve HK\$'000	Share option reserve HK\$'000	Share award reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2020	231,055	(1,209,607)	730,508	62,742	(123,008)	51,462,035	51,153,725
Loss for the year	-	-	-	-	-	(3,973,078)	(3,973,078)
Other comprehensive (loss)/income							
Change in fair value of financial assets at fair value through other comprehensive income	-	(912,670)	-	-	-	-	(912,670)
Translation differences of subsidiaries	-	-	-	-	82,265	-	82,265
Share of translation differences of joint ventures	-	-	-	-	105,900	-	105,900
Total other comprehensive (loss)/income, net of tax	-	(912,670)	-	-	188,165	-	(724,505)
Total comprehensive (loss)/income for the year	-	(912,670)	-	-	188,165	(3,973,078)	(4,697,583)
Transactions with equity holders							
Shares vested pursuant to share award scheme	-	-	-	(119,988)	-	-	(119,988)
Issue of shares upon exercise of share options	-	-	(68,056)	-	-	-	(68,056)
Fair value of share awards granted	-	-	-	122,591	-	-	122,591
Fair value of share options granted	-	-	175,220	-	-	-	175,220
Share options lapsed	-	-	(170,080)	-	-	170,080	-
Transfer of reserve to retained earnings	-	(8,291)	-	-	-	8,291	-
Special dividends (note 13)	-	-	-	-	-	(1,950,596)	(1,950,596)
At 31 December 2020	231,055	(2,130,568)	667,592	65,345	65,157	45,716,732	44,615,313

## Note:

A subsidiary of the Group, incorporated in Macau and limited by shares, is required under the Macau Commercial Code No. 432 to set aside a minimum of 10% of this subsidiary's profit after taxation to the legal reserve until the balance of the reserve reaches a level equivalent to 25% of the subsidiary's capital. At 31 December 2021 and 2020, the legal reserve reached 25% of the subsidiary's share capital. Legal reserve is not distributable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. BORROWINGS

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Secured (note a)	–	118,816
Unsecured	<b>6,386,231</b>	9,114,198
Total borrowings	<b>6,386,231</b>	9,233,014
Short-term bank loans	<b>(6,386,231)</b>	(9,233,014)
Non-current portion of borrowings	–	–

Notes:

(a) No bank loans as at 31 December 2021 (2020: HK\$119 million) are secured by bank deposits (2020: HK\$119 million) (note 25).

(b) The bank loans are repayable as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Within one year	<b>6,386,231</b>	9,233,014

(c) Effective interest rates at balance sheet date are as follows:

	<b>2021</b>					2020				
	<b>HK\$</b>	<b>EUR</b>	<b>RMB</b>	<b>US\$</b>	<b>MOP</b>	HK\$	EUR	RMB	US\$	MOP
Bank loans	<b>0.8%</b>	<b>0.5%</b>	–	<b>0.9%</b>	–	1.0%	0.5%	5.0%	1.0%	–

(d) The exposure of the Group's bank loans to interest rate changes and the contractual repricing dates or maturity (whichever is earlier) are as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Six months or less	<b>6,386,231</b>	9,114,198

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. BORROWINGS (Continued)

Notes: (Continued)

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

	Carrying amounts		Fair value	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Bank loans	<b>6,386,231</b>	9,233,014	<b>6,386,231</b>	9,233,014

The fair value of the borrowings is calculated using cash flows discounted at prevailing borrowing rates or based on quoted market price. The carrying amounts of other current borrowings approximate their fair value. All borrowings are within level 2 of the fair value hierarchy.

(f) The carrying amounts of borrowings are denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
Hong Kong dollar	<b>5,700,000</b>	8,400,000
Renminbi	–	118,816
Euro	<b>374,291</b>	404,088
U.S. dollar	<b>311,940</b>	310,110
	<b>6,386,231</b>	9,233,014

## 30. DEFERRED TAXATION LIABILITIES

	2021 HK\$'000	2020 HK\$'000
At beginning of the year	<b>207,953</b>	201,218
(Credited)/charged to income statement	<b>(2,539)</b>	6,735
At end of the year	<b>205,414</b>	207,953

Current taxation assets and liabilities, deferred taxation assets and liabilities are offset when there is a legal right to set off current taxation assets with current taxation liabilities and when the deferred taxation relates to the same authority, respectively. The above liabilities shown in the consolidated balance sheet are determined after appropriate offsetting of the relevant amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30. DEFERRED TAXATION LIABILITIES (Continued)

Deferred taxation is calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in which the Group operates. Movements on the deferred taxation liabilities are as follows:

	Depreciation allowance HK\$'000	Withholding tax on undistributed profit and others HK\$'000	Fair value adjustments HK\$'000	Total HK\$'000
At 31 December 2019	23,268	75,474	102,476	201,218
Charged/(credited) to income statement	10,473	(262)	(3,476)	6,735
At 31 December 2020 (Credited)/charged to income statement	<b>33,741</b> <b>(7,348)</b>	<b>75,212</b> <b>8,285</b>	<b>99,000</b> <b>(3,476)</b>	<b>207,953</b> <b>(2,539)</b>
<b>At 31 December 2021</b>	<b>26,393</b>	<b>83,497</b>	<b>95,524</b>	<b>205,414</b>

Deferred taxation assets of HK\$925,162,000 (2020: HK\$983,109,000) arising from unused tax losses and other temporary differences totalling of HK\$7,207,263,000 (2020: HK\$7,867,964,000) have not been recognised in the consolidated financial statements. Unused tax losses of HK\$100,708,000 (2020: HK\$96,818,000) have no expiry date and the remaining balance will expire at various dates up to and including 2026 (2020: 2025). The majority of unused tax losses arise from hotel operations which are regarded as a supporting function of the Group's gaming activities. These tax losses can be carried forward for 3 years before expiry. No significant taxable profit is expected to be generated from the hotel operations within this period, hence no deferred taxation asset is recognised in the consolidated financial statements. Majority of deferred income tax liabilities are to be recovered after twelve months.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31. CREDITORS AND ACCRUALS

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

Notes:

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

	2021 HK\$'000	2020 HK\$'000
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
	<b>2,768,918</b>	3,048,087

The carrying amounts of trade creditors of the Group are denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
Hong Kong dollar	2,315,718	2,446,762
Macau Patacas	244,771	332,074
Renminbi	207,973	264,402
Other	456	4,849
	<b>2,768,918</b>	3,048,087

- (b) Other creditors mainly represented gaming tax payable to the Macau Government and construction payable to contractors.
- (c) The loans payable of HK\$62,380,000 (2020: HK\$68,447,000) are unsecured, bear interest at prevailing market rate and repayable within twelve months. The remaining are unsecured, interest free and have no fixed terms of repayment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 32. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

## (a) Reconciliation of profit/(loss) before taxation to cash used in operations

	2021 HK\$'000	2020 HK\$'000
Profit/(loss) before taxation	<b>1,521,052</b>	(3,762,615)
Finance costs	<b>67,963</b>	38,057
Share of profits less losses of joint ventures and associated companies	<b>(382,637)</b>	(452,764)
Depreciation and amortisation	<b>2,264,113</b>	2,816,740
Loss on disposal and loss on write-off of property, plant and equipment	<b>237,402</b>	194,974
Loss on write-off of intangible assets	<b>223</b>	–
Interest income	<b>(953,400)</b>	(1,155,348)
Gross earnings on finance lease	<b>(335)</b>	(448)
Dividend income from unlisted investments	–	(2,500)
Dividend income from listed investments	–	(28,225)
Fair value of share options granted	<b>125,592</b>	175,220
Fair value of share awards granted	<b>80,451</b>	122,591
Operating profit/(loss) before working capital changes	<b>2,960,424</b>	(2,054,318)
Increase in inventories	<b>(1,406)</b>	(23,882)
Decrease in debtors and prepayments	<b>337,049</b>	389,092
Decrease in creditors and accruals	<b>(6,622,785)</b>	(5,718,494)
Increase/(decrease) in amounts due to joint ventures	<b>30,787</b>	(7,610)
Decrease/(increase) in amounts due from joint ventures	<b>20,967</b>	(3,279)
Cash used in operations	<b>(3,274,964)</b>	(7,418,491)

## (b) Purchase of property, plant and equipment

In the consolidated cash flow statement, purchase of property, plant and equipment comprise additions of the year and settlement of related payables in prior year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 32. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

## (c) The reconciliation of liabilities arising from financing activities is as follows:

	<b>Borrowings (Current)</b> HK\$'000	<b>Borrowings (Non-Current)</b> HK\$'000	<b>Lease liabilities</b> HK\$'000	<b>Total</b> HK\$'000
As of 31 December 2019	544,183	8,931	360,034	913,148
Cash flows				
– new bank loans	10,260,180	–	–	10,260,180
– repayment of bank loans	(1,612,665)	(8,931)	–	(1,621,596)
– principal element of lease payments	–	–	(52,455)	(52,455)
Non-cash changes				
– translation differences	41,316	–	2,288	43,604
– new leases entered	–	–	18,588	18,588
– finance cost	–	–	11,760	11,760
– others	–	–	4,674	4,674
<b>As of 31 December 2020</b>	<b>9,233,014</b>	<b>–</b>	<b>344,889</b>	<b>9,577,903</b>
Cash flows				
– new bank loans	<b>8,550,000</b>	–	–	<b>8,550,000</b>
– repayment of bank loans	<b>(11,368,816)</b>	–	–	<b>(11,368,816)</b>
– principal element of lease payments	–	–	<b>(53,350)</b>	<b>(53,350)</b>
Non-cash changes				
– translation differences	<b>(27,967)</b>	–	<b>541</b>	<b>(27,426)</b>
– new leases entered/lease modified	–	–	<b>178,445</b>	<b>178,445</b>
– finance cost	–	–	<b>12,348</b>	<b>12,348</b>
<b>As of 31 December 2021</b>	<b>6,386,231</b>	<b>–</b>	<b>482,873</b>	<b>6,869,104</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**33. NON-CURRENT DEPOSITS, OTHER PAYABLES AND RETENTION PAYABLE**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Non-current deposits received and other payables (note a)	<b>205,156</b>	116,424
Retention payable (note b)	<b>456,980</b>	181,092

Notes:

- (a) Non-current deposits received and other payables mainly represent deposits from tenants with remaining contract terms of over one year.
- (b) Retention payables to contractors are settled in accordance with the terms of the respective contracts and the payables are classified as non-current liabilities if they are expected to be settled in more than 12 months from the end of the reporting year.

**34. CAPITAL COMMITMENTS**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Contracted but not provided for – Property, plant and equipment	<b>5,906,448</b>	4,764,805

**35. OPERATING LEASE COMMITMENTS**

The Group lease various office, warehouses and equipment under non-cancellable operating leases expiring within 1 year to 29 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, all terms and conditions of the leases are renegotiated.

The Group has recognised right-of use assets for these leases, except for short-term and low-value asset leases, see note 15.

**36. OPERATING LEASE RENTAL RECEIVABLES**

The future aggregate minimum lease rental income in respect of land and buildings and equipment under non-cancellable operating leases is receivable in the following periods:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Less than one year	<b>617,432</b>	575,416
One to two years	<b>443,253</b>	224,769
Two to three years	<b>254,711</b>	114,486
Three to four years	<b>174,560</b>	28,990
Four to five years	<b>69,811</b>	24,982
More than the five years	<b>3,543</b>	7,022
	<b>1,563,310</b>	975,665

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**37. RELATED PARTY TRANSACTIONS**

In addition to the transactions or balances disclosed elsewhere in the consolidated financial statements, the significant related party transactions carried out in the normal course of the Group's business activities during the year are as follows:

- (a) Interest income from joint ventures amounting to HK\$2,064,000 (2020: HK\$1,624,000) are charged at terms agreed among the parties (note 24(a)).
- (b) Management fee received from joint ventures and an associated company amounted to HK\$11,300,000 (2020: HK\$9,356,000) are charged at terms agreed among the parties.
- (c) Rental expenses of HK\$1,544,000 (2020: HK\$1,445,000) were paid to a subsidiary of K. Wah International Holdings Limited, a shareholder of the Company, based on the terms of the rental agreement between the parties. This is a continuing connected transaction which is fully exempted from reporting and disclosure requirements under rule 14A.76(1) of the Rules Governing the Listing of Securities on SEHK.
- (d) Purchases from joint ventures and non-controlling interests amounted to HK\$423,492,000 (2020: HK\$327,112,000) at terms agreed among the parties.
- (e) Sales to non-controlling interests amounted to HK\$17,324,000 (2020: nil) at terms agreed among the parties.
- (f) The balances with joint ventures are disclosed in note 24.
- (g) There was no interest expense paid to joint ventures (2020: HK\$158,000) at terms agreed among the parties (note 24(b)).
- (h) Interest expense to non-controlling interests amounted to HK\$3,341,000 (2020: HK\$3,375,000) at terms agreed among the parties (note 31(c)).
- (i) Key management personnel comprise the Chairman, Deputy Chairman and other Executive Directors. Key management compensation amounted to HK\$98,140,000 for the year ended 31 December 2021 (2020: HK\$195,143,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**38. GUARANTEES**

The Company has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to HK\$6,970 million (2020: HK\$6,970 million). At 31 December 2021, facilities of HK\$700 million (2020: HK\$300 million) had been utilised by a subsidiary.

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

The banking facilities extended to a subsidiary of the Group represent a guarantee amounting to HK\$291 million for the period from 1 April 2007 until 180 days after (i) 26 June 2022 or (ii) the expiry of the Concession Agreement following an extraordinary extension thereof is granted by the Macau Government, pursuant to article 13, paragraph 3 of Law 16/2001, whichever the later, which is in favour of the Macau Government against the legal and contractual liabilities of the subsidiary of the Group under the Concession Agreement.

**39. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

**Balance sheet of the Company**

	2021 HK\$'000	2020 HK\$'000
<b>Assets</b>		
<b>Non-current assets</b>		
Subsidiaries	1	1
Amounts due from subsidiaries	71,021,142	63,081,537
	<b>71,021,143</b>	63,081,538
<b>Current assets</b>		
Debtors and prepayments	5,146	9,729
Cash and bank balances	7,893,810	8,717,277
	<b>7,898,956</b>	8,727,006
<b>Total assets</b>	<b>78,920,099</b>	71,808,544
<b>Equity</b>		
Share capital and shares held for share award scheme	23,598,057	22,808,468
Reserves (note a)	49,588,925	40,139,873
<b>Equity attributable to owners of the Company</b>	<b>73,186,982</b>	62,948,341
<b>Liabilities</b>		
<b>Current liabilities</b>		
Creditors and accruals	46,886	46,005
Short-term bank loan	5,686,231	8,814,198
	<b>5,733,117</b>	8,860,203
<b>Total liabilities</b>	<b>5,733,117</b>	8,860,203
<b>Total equity and liabilities</b>	<b>78,920,099</b>	71,808,544

Francis Lui Yiu Tung

Director

Joseph Chee Ying Keung

Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

## (a) Reserve movement of the Company

	Capital reserve HK\$'000	Share option reserve HK\$'000	Share award reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2021	235,239	667,592	65,345	39,171,697	40,139,873
Profit for the year	-	-	-	9,484,840	9,484,840
Transactions with equity holders					
Shares vested pursuant to share award scheme	-	-	(73,219)	-	(73,219)
Issue of shares upon exercise of share options	-	(168,612)	-	-	(168,612)
Fair value of share awards granted	-	-	80,451	-	80,451
Fair value of share options granted	-	125,592	-	-	125,592
Share options lapsed	-	(156,810)	-	156,810	-
<b>At 31 December 2021</b>	<b>235,239</b>	<b>467,762</b>	<b>72,577</b>	<b>48,813,347</b>	<b>49,588,925</b>
At 1 January 2020	235,239	730,508	62,742	2,469,029	3,497,518
Profit for the year	-	-	-	38,483,184	38,483,184
Transactions with equity holders					
Shares vested pursuant to share award scheme	-	-	(119,988)	-	(119,988)
Issue of shares upon exercise of share options	-	(68,056)	-	-	(68,056)
Fair value of share awards granted	-	-	122,591	-	122,591
Fair value of share options granted	-	175,220	-	-	175,220
Share options lapsed	-	(170,080)	-	170,080	-
Special dividends (note 13)	-	-	-	(1,950,596)	(1,950,596)
At 31 December 2020	235,239	667,592	65,345	39,171,697	40,139,873

As at 31 December 2021, reserves of the Company of HK\$48,813,347,000 were available for distribution to shareholders (2020: HK\$39,171,697,000).

## 41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 23 February 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

## (a) Subsidiaries

Name of company	Principal place of operation	Issued share capital		Percentage of equity held by the Group	Principal activities
		Number of issued ordinary shares	Number of non-voting deferred shares		
<b>Incorporated in Hong Kong</b>					
Bright Advice Limited	Hong Kong	10,000	–	100	Investment holding
Delight Man Limited	Hong Kong	10,000	–	100	Investment holding
Doran (Hong Kong) Limited	Hong Kong	1,000	–	100	Sale and distribution of concrete pipes
Earmark Limited	Hong Kong	1	–	100	Investment holding and provision of management services
Extent Sun Limited	Hong Kong	10,000	–	100	Investment holding and provision of management services
Fast Vision Limited	Hong Kong	1	–	100	Provision of management services and investment holding
Forcecharm (Hong Kong) Enterprises Limited	Hong Kong	10,000	–	80	Provision of management services and investment holding
Forcecharm (Yunnan) Enterprises Limited	Hong Kong	10,000	–	80	Investment holding
Galaxy Entertainment Management Services 2005 Limited	Hong Kong	1	–	100	Provision of management services
Galaxy Entertainment Management Services (International) Limited	Hong Kong	1	–	100	Investment holding
K. Wah Asphalt Limited	Hong Kong	1,100,000	–	100	Manufacture, sale, distribution and laying of asphalt
K. Wah Concrete Company Limited	Hong Kong	10,002	1,000	100	Manufacture, sale and distribution of ready-mixed concrete
K. Wah Construction Materials (Changzhou) Limited	Hong Kong	10,000	–	100	Provision of management services and investment holding
K. Wah Construction Materials (Hong Kong) Limited	Hong Kong	102	2	100	Provision of management services
K. Wah Construction Materials (Hong Kong Region) Limited	Hong Kong	1	–	100	Provision of management services and investment holding
K. Wah Construction Materials (Shaoguan) Investment Company Limited	Hong Kong	2	–	100	Trading of construction materials products, provision of management services and investment holding
K. Wah Construction Products Limited	Hong Kong	10,002	1,000	100	Manufacture, sale and distribution of concrete products
K. Wah Materials Limited	Hong Kong	28,080,002	–	100	Trading of cement
K. Wah Quarry Company Limited	Hong Kong	400,002	100,000	100	Sale of aggregates
K. Wah Trading and Development Limited	Hong Kong	102	2	100	Investment holding
K. Wah UEP Asphalt Limited	Hong Kong	10,000	–	70	Provision of management services

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

### (a) Subsidiaries (Continued)

Name of company	Principal place of operation	Issued share capital		Percentage of equity held by the Group	Principal activities
		Number of issued ordinary shares	Number of non-voting deferred shares		
<b>Incorporated in Hong Kong (Continued)</b>					
KH Concrete Limited	Hong Kong	10,000	–	60	Manufacture, sale and distribution of ready-mixed concrete
KWP Quarry Co. Limited	Hong Kong	9,000,000	–	63.5	Trading of construction materials products
Lightway Limited	Hong Kong	102	2	100	Property investment
Million Cloud Limited	Hong Kong	10,000	–	100	Provision of management services and investment holding
Profit Link Asia Group Limited	Hong Kong	2	–	100	Investment holding
Quantum Limited	Hong Kong	2	–	100	Provision for handling services
Starflow Enterprises Limited	Hong Kong	1	–	100	Provision of management services and investment holding
Supreme World Investments Limited	Hong Kong	1	–	100	Provision of management services and investment holding

Name of company	Principal place of operation	Registered capital	Percentage of equity held by the Group	Principal activities
<b>Incorporated in Mainland China</b>				
<b>Wholly owned foreign enterprise</b>				
Doran Construction Products (Shenzhen) Co., Ltd.	Shenzhen	HK\$10,000,000	100	Manufacture, sale and distribution of concrete pipes
K. Wah Consultancy (Guangzhou) Co., Ltd.	Guangzhou	HK\$1,560,000	100	Provision of management services
嘉華諮詢(上海)有限公司 (K. Wah Consultancy (Shanghai) Co., Ltd.)	Shanghai	US\$350,000	100	Provision of management services
深圳嘉華混凝土管樁有限公司	Shenzhen	US\$2,100,000	100	Manufacture, sale and distribution of concrete piles
京港嘉華諮詢(北京)有限公司 (Jing Gang K. Wah Consultancy (Beijing) Co., Limited)	Beijing	HK\$1,500,000	100	Provision of management services
雲南嘉華亮訊諮詢有限公司	Anning	RMB2,000,000	100	Provision of management services
Shanghai K. Wah Concrete Co., Ltd.	Shanghai	RMB10,000,000	100	Provision of quality assurance services
珠海橫琴銀娛體育渡假發展有限公司 (Zhuhai Hengqin GEG Sports Resort Development Company Limited)	Zhuhai	RMB36,000,000	100	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

### (a) Subsidiaries (Continued)

Name of company	Principal place of operation	Registered capital	Percentage of equity held by the Group	Principal activities
<b>Incorporated in Mainland China (Continued)</b>				
<b>Equity Joint Venture</b>				
六盤水首嘉博宏建材有限公司 (Liupanshui Shougang K. Wah Bohong Construction Materials Company Limited)	Liupanshui	RMB22,600,000	27.5 <sup>^</sup>	Manufacture, sale and distribution of slag
Puer Kungang & K. Wah Cement Construction Materials Co., Ltd.	Puer	RMB383,400,000	48 <sup>^</sup>	Manufacture, sale and distribution of cement
遷安首嘉建材有限公司 (Qianan Shougang K. Wah Construction Materials Company Limited)	Qianan	RMB152,442,500	55	Manufacture, sale and distribution of slag
三河首嘉建材有限公司 (Sanhe Shougang K. Wah Construction Materials Company Limited)	Sanhe	RMB92,190,000	41.25 <sup>^</sup>	Manufacture, sale and distribution of slag
首嘉環科(遷安)有限公司	Qianan	RMB10,000,000	41.25 <sup>^</sup>	Manufacture, sale and distribution of slag

<sup>^</sup> The Group can exercise control over companies' relevant activities through its representation of the board.

Name of company	Principal place of operation	Number of issued ordinary shares	Par value per share	Percentage of equity held by the Group	Principal activities
<b>Incorporated in the Bermuda</b>					
Galaxy Entertainment Aviation CL2012 Limited	Bermuda	1	US\$1	100	Aircraft holding
<b>Incorporated in the Cayman Islands</b>					
Chelford Limited	Hong Kong	1	US\$1	100	Vessel holding
<b>Incorporated in the British Virgin Islands</b>					
Blossom Fountain Limited	BVI	1	US\$1	100	Investment holding
Canton Treasure Group Ltd.	BVI	10	US\$1	100*	Investment holding
Cheer Profit International Limited	Macau	10	US\$1	100	Property investment
Eternal Profits International Limited	Hong Kong	10	US\$1	100	Property investment
Forcecharm Investments Limited	BVI	10	US\$1	80	Investment holding
GEG Investment Holdings (Monaco) Limited	BVI	1	US\$1	100	Investment holding
High Regard Investments Limited	BVI	20	US\$1	100	Investment holding
K. Wah Construction Materials Limited	Hong Kong	10	US\$1	100*	Investment holding

\* Wholly owned and directly held by the Company

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

### (a) Subsidiaries (Continued)

Name of company	Principal place of operation	Number of issued ordinary shares	Par value per share	Percentage of equity held by the Group	Principal activities
<b>Incorporated in the British Virgin Islands (Continued)</b>					
Profit Access Investments Limited	BVI	10	US\$1	100	Investment holding
Prosperous Fields Limited	Hong Kong	10	US\$1	100	Investment holding
Right Grand Investments Limited	BVI	100	US\$1	80	Investment holding
Taksin Profits Limited	BVI	17	US\$1	100	Investment holding
Wilfred International Limited	Hong Kong	10	US\$1	100	Investment holding
<b>Incorporated in Macau</b>					
Galaxy Casino, S.A.	Macau	951,900	MOP1,000	Equity: 90 Profit sharing: 100	Casino games of chance
Galaxy Travel Transportation Cross-Border (Macau) Limited	Macau	50,000	MOP100	Equity: 90 Profit sharing: 100	Provision of cross-border transportation service
<b>Incorporated in Macau</b>					
Name of company	Principal place of operation	Number of quota	Registered capital	Percentage of equity held by the Group	Principal activities
<b>Incorporated in Macau</b>					
Broadway Macau Hotel Company Limited	Macau	2	MOP25,000	Equity: 90 Profit sharing: 100	Property holding and hospitality
Fast Concrete Limited	Macau	2	MOP200,000	75	Manufacture, sale and distribution of ready-mixed concrete
Galaxy Cotai Project Management Limited	Macau	2	MOP25,000	Equity: 90 Profit sharing: 100	Provision of project management services
GC Security Services Limited	Macau	2	MOP1,000,000	Equity: 90 Profit sharing: 100	Provision of security services
K. Wah Construction Materials (Macau) Limited	Macau	3	MOP30,000	100	Trading
Macau Hengqin Sports and Resort Development Limited	Macau	2	MOP25,000	100	Investment holding
New Galaxy Entertainment 2006 Company Limited	Macau	2	MOP1,000,000	Equity: 90 Profit sharing: 100	Property holding and hospitality
<b>Incorporated in Macau (Continued)</b>					

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

## (a) Subsidiaries (Continued)

Name of company	Principal place of operation	Number of quota	Registered capital	Percentage of equity held by the Group	Principal activities
Perfect Contract Management Services Limited	Macau	2	MOP25,000	100	Investment holding
Premium Hotel Management Limited	Macau	2	MOP25,000	100	Hospitality
San Fok Va (International) Import & Export Company Limited	Macau	2	MOP50,000	75	Import and export trading, transportation of construction materials
StarWorld Hotel Company Limited	Macau	2	MOP100,000	Equity: 90 Profit sharing: 100	Property holding and hospitality

Name of company	Principal place of operation	Number of common shares	Par value per share	Percentage of equity held by the Group	Principal activities
-----------------	------------------------------	-------------------------	---------------------	--	----------------------

**Incorporated in Japan**

Galaxy Entertainment Japan K.K.	Japan	5,000	YEN10,000	100	Investment holding
---------------------------------	-------	-------	-----------	-----	--------------------

**Incorporated in the Philippines**

Boracay Philippines Resort and Leisure Corporation	Philippines	532,216,291	PESO1	100	Investment holding
--	-------------	-------------	-------	-----	--------------------

## (b) Joint ventures

Name of company	Principal place of operation	Number of issued ordinary shares	Par value per share	Percentage of equity held by the Group	Principal activities
-----------------	------------------------------	----------------------------------	---------------------	--	----------------------

**Incorporated in the British Virgin Islands**

K. Wah Materials and Development (Huidong) Company Limited	Hong Kong	10	US\$1	50	Sale of aggregates and investment holding
--	-----------	----	-------	----	---

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

### (b) Joint ventures (Continued)

Name of company	Principal place of operation	Registered capital	Percentage of equity held by the Group	Principal activities
<b>Incorporated in Mainland China</b>				
Anhui Masteel K. Wah New Building Materials Co., Ltd.	Maanshan	US\$19,574,333	30	Manufacture, sale and distribution of slag
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Baoshan	RMB412,580,000	25.6	Manufacture, sale and distribution of cement
廣東韶鋼嘉羊新型材料有限公司 (Guangdong Shaogang Jia Yang New Materials Co., Ltd.)	Shaoguan	US\$14,349,200	28.97	Manufacture, sale and distribution of slag
湖北鄂鋼嘉華新型建材有限公司 (Hubei Egang K. Wah New Materials Company Limited)	Hubei	RMB48,000,000	49	Manufacture, sale and distribution of slag
K. Wah Materials (Huidong) Limited	Huidong	US\$14,500,000	50	Quarrying
Maanshan Masteel K. Wah Concrete Co., Ltd.	Maanshan	US\$2,450,000	30	Manufacture, sale and distribution of ready-mixed concrete
Nanjing Nangang K. Wah High Tech Materials Co., Ltd.	Nanjing	RMB176,000,000	50	Manufacture, sale and distribution of slag
Qujing Kungang & K. Wah Cement Construction Materials Co., Ltd.	Qujing	RMB374,520,000	32	Manufacture, sale and distribution of cement
惠東協孚港口綜合開發有限公司 (Huidong Server Port Integrated Development Company Limited)	Huidong	RMB8,620,000	30	Property holding
雲南昆鋼嘉華水泥建材有限公司 (Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.)	Kunming	RMB825,000,000	25.6	Manufacture, sale and distribution of cement
昭通昆鋼嘉華水泥建材有限公司 (Zhaotong Kungang & K. Wah Cement Construction Materials Co., Ltd.)	Zhaotong	RMB250,000,000	32	Manufacture, sale and distribution of cement

### (c) Associated Company

Name of company	Principal place of operation	Number of issued ordinary shares	Percentage of equity held by the Group	Principal activities
<b>Incorporated in Hong Kong</b>				
EBG K. Wah Solid Waste Treatment Holdings Limited	Hong Kong	10,000	49	Investment holding



銀娛 GEG

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

