



銀娛GEG

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

Stock Code: 27

2022

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

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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

Mrs. Jenifer Sin Li Mei Wah



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

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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 was one of the three original concessionaires in Macau when the gaming industry was liberalized in 2002. In 2022, GEG was awarded a new gaming concession valid from 1 January 2023 to 31 December 2032. GEG has 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 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 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 is 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 5-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



The Group has the largest development pipeline of any casino operator in Macau. The Group is currently expanding its Cotai footprint by a further one million square meters 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 over 700 rooms and suites 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 the suites, creating customized experiences and a personalized ambience. Guests are also invited to step back in time to enjoy Raffles' European heritage afternoon tea experience in the Raffles Lounge & Terrace. For breakfast or poolside refreshments, guests may escape to the privacy of the Belvedere to enjoy the outdoors, set within an indoor environment. Located amidst a Mediterranean-inspired garden within a few steps of the Raffles' private infinity edge pool on level 6, the Belvedere is designed exclusively for distinguished guests of the hotel to enjoy made-to-order breakfast favorites. 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.

CORPORATE PROFILE

GALAXY INTERNATIONAL CONVENTION CENTER (GICC)

Galaxy International Convention Center (GICC) is the latest addition to Galaxy Entertainment Group's ever-expanding integrated resort precinct and will usher in a new era for the MICE industry and entertainment in Macau. GICC — Asia's most iconic and advanced MICE destination — is a world-class event venue seamlessly situated within Galaxy Macau™, featuring 40,000 sqm of total flexible MICE space that can cater for up to 8,500 banquet guests, or cocktail parties for as many as 16,000 guests. The 10,000-sqm pillar-less exhibition hall located on the ground floor, can accommodate up to 7,000 delegates. The exhibition hall is also perfectly suited for banquets of approximately 6,500 guests or cocktail parties for 8,500 guests.

Conveniently set within GICC, the 16,000-seat Galaxy Arena is set to become Macau's ultimate integrated entertainment venue for world-tour concerts and sporting events with its cutting-edge technology and fully flexible event space.

Andaz Macau, a vibrant lifestyle hotel rooted in local art and culture, sits atop of the GICC and offers immersive experiences that are specifically tailored for both business and leisure travellers. Featuring more than 700 uniquely appointed rooms and suites, Andaz Macau is also home to an exciting selection of culinary options.

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 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.

FUTURE DEVELOPMENT OPPORTUNITIES

GEG is progressing plans for its Hengqin project and we are also expanding our focus beyond Hengqin and Macau to potentially include opportunities within the rapidly expanding Greater Bay Area. These projects will help GEG develop and support Macau in its vision of becoming a World Centre of Tourism and Leisure.

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 with Monte-Carlo SBM.

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\$11.5 billion, decreased 42% year-on-year
- Adjusted EBITDA of HK\$(0.6) billion versus HK\$3.5 billion in 2021
- Net profit attributable to shareholders (“NPAS”) of HK\$(3.4) billion versus HK\$1.3 billion in 2021
- Adjusted NPAS of HK\$(2.3) billion after adjusting for non-recurring and other charges
- Played unlucky in gaming operations which decreased Adjusted EBITDA by approximately HK\$33 million in 2022. Normalized Adjusted EBITDA was HK\$(0.5) billion versus HK\$3.2 billion in 2021
- As of 31 December 2022, balance sheet remains liquid and healthy with cash and liquid investments of HK\$26.4 billion and net cash (include liquid investments) of HK\$18.9 billion. Debt was HK\$7.5 billion primarily reflects ongoing treasury yield management initiatives where interest income on cash holdings exceeds corresponding borrowing costs



GALAXY MACAU™

- Net Revenue of HK\$7.4 billion, decreased 44% year-on-year
- Adjusted EBITDA of HK\$0.3 billion, decreased 90% year-on-year
- Played unlucky in gaming operations which decreased Adjusted EBITDA by approximately HK\$33 million in 2022. Normalized Adjusted EBITDA was HK\$0.3 billion versus HK\$2.7 billion in 2021
- Hotel occupancy for 2022 across the five hotels was 31%
- Non-gaming revenue of HK\$1.9 billion, decreased 24% year-on-year



STARWORLD MACAU

- Net Revenue of HK\$1.0 billion, decreased 68% year-on-year
- Adjusted EBITDA of HK\$(0.5) billion versus HK\$0.4 billion in 2021
- There was no luck impact on StarWorld Macau Adjusted EBITDA in 2022
- Hotel occupancy for 2022 was 38%
- Non-gaming revenue of HK\$103 million, decreased 36% year-on-year



BROADWAY MACAU™, CITY CLUBS AND CONSTRUCTION MATERIALS DIVISION

- Broadway Macau™: Adjusted EBITDA of HK\$(62) million, versus HK\$(84) million in 2021
- City Clubs: Adjusted EBITDA of HK\$(21) million, versus HK\$62 million in 2021
- Construction Materials Division: Adjusted EBITDA of HK\$566 million, down 42% year-on-year

FINANCIAL & OPERATIONAL HIGHLIGHTS

DEVELOPMENT UPDATE

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



Banyan Tree Macau

FINANCIAL & OPERATIONAL HIGHLIGHTS

GROUP

Key Financial Data

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

**Gaming Statistics¹**

(HK\$'m)	2021	2022
Rolling Chip Volume ²	159,174	31,157
Win Rate %	3.4%	3.0%
Win	5,453	923
Mass Table Drop ³	46,013	23,685
Win Rate %	24.4%	26.1%
Win	11,238	6,188
Electronic Gaming Volume	17,627	11,679
Win Rate %	3.6%	3.5%
Win	642	405
Total GGR Win ⁴	17,333	7,516

Key Financial Metrics

	2021	2022
Net Profit/(Loss) Attributable To Shareholders (HK\$'m)	1,326	(3,434)
Earnings/(Loss) Per Share (HK cents)	30.5	(78.7)
Total Assets (HK\$'m)	85,243	80,961
Cash and Liquid Investments (HK\$'m)	33,393	26,380
Debt (HK\$'m)	6,386	7,505
Share Price on 31 December (HK\$)	40.4	51.6
Market Capitalization (HK\$'m)	176,126	225,436

¹ Gaming statistics are presented before deducting commission and incentives.

² Reflects sum of junket VIP and inhouse premium direct.

³ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁴ Total GGR win includes gaming win from City Clubs.

FINANCIAL & OPERATIONAL HIGHLIGHTS

GALAXY MACAU™

Key Financial Data

(HK\$'m)	2021	2022
Revenues:		
Net Gaming	10,832	5,560
Hotel/F&B/Others	1,097	782
Mall	1,347	1,076
Total Net Revenue	13,276	7,418
Adjusted EBITDA	2,905	295
Adjusted EBITDA Margin	22%	4%

Gaming Statistics⁵

(HK\$'m)	2021	2022
Rolling Chip Volume ⁶	117,626	31,157
Win Rate %	3.5%	3.0%
Win	4,081	923
Mass Table Drop ⁷	29,519	17,282
Win Rate %	28.1%	29.0%
Win	8,287	5,012
Electronic Gaming Volume	12,736	7,556
Win Rate %	4.1%	4.3%
Win	528	323
Total GGR Win	12,896	6,258

⁵ Gaming statistics are presented before deducting commission and incentives.

⁶ Reflects sum of junket VIP and inhouse premium direct.

⁷ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

FINANCIAL & OPERATIONAL HIGHLIGHTS

STARWORLD MACAU

Key Financial Data

(HK\$m)	2021	2022
Revenues:		
Net Gaming	3,116	945
Hotel/F&B/Others	135	85
Mall	27	18
Total Net Revenue	3,278	1,048
Adjusted EBITDA	374	(527)
Adjusted EBITDA Margin	11%	NEG ⁸

星際酒店
StarWorld Hotel

Gaming Statistics⁹

(HK\$m)	2021	2022
Rolling Chip Volume ¹⁰	40,608	0
Win Rate %	3.3%	0
Win	1,331	0
Mass Table Drop ¹¹	13,477	5,280
Win Rate %	18.2%	18.7%
Win	2,447	985
Electronic Gaming Volume	2,303	1,567
Win Rate %	2.6%	2.4%
Win	60	37
Total GGR Win	3,838	1,022

⁸ NEG represents negative margin.

⁹ Gaming statistics are presented before deducting commission and incentives.

¹⁰ Reflects junket VIP.

¹¹ 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 review the financial performance of GEG in 2022. Macau like the rest of the world continued to experience the impact of COVID-19 throughout 2022, with sporadic outbreaks in Mainland China, Macau and Hong Kong and the subsequent travel and quarantine restrictions impacting visitor arrivals. I am pleased to report that in early 2023 all the travel restrictions were lifted and Macau is well-positioned to welcome Mainland and international visitors in 2023.

Thanks to the reopening of borders in early 2023, various economy activities in Macau have experienced solid demand and associated revenue and we were particularly encouraged by the performance over the Chinese New Year Golden Week. We are hopeful for a sustainable recovery and remain cautiously optimistic about the market.

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

Dr. Lui Che Woo

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

Hong Kong, 23 February 2023

FINANCIAL CALENDAR FOR 2023 AGM

Book close dates for 2023 AGM	:	16 May 2023 (Tuesday) to 22 May 2023 (Monday) (both days inclusive)
Record date for 2023 AGM	:	22 May 2023 (Monday)
Date and time of 2023 AGM	:	3:00 p.m. on 22 May 2023 (Monday)
Latest time to lodge transfer documents with the Company's share registrar to attend and vote at 2023 AGM	:	4:30 p.m. on 15 May 2023 (Monday)
Latest time to lodge proxy forms with the Company's registered office at 22nd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong	:	3:00 p.m. on 20 May 2023 (Saturday)
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
GEG Top 10 Companies of the 2nd Greater China Hotel Business Sustainability Index	Centre for Hospitality and Real Estate Research, School of Hotel and Tourism Management, The Chinese University of Hong Kong
Top 20 Companies of the 7th Hong Kong Business Sustainability Index	Centre for Business Sustainability, The Chinese University of Hong Kong
Top 20 Companies of the 3rd Greater Bay Area Business Sustainability Index	
Green Booth Award of 2022 Macao International Environmental Co-operation Forum & Exhibition	Macao Fair and Trade Association
Volunteer Award of Outstanding Enterprise 2022 in Macao	Association of Volunteer Social Service Macao
Most Outstanding Company in Hong Kong – Casinos & Gaming Sector	Asiamoney
Charitable Community Award	International Gaming Awards 2022
GALAXY MACAU™	
GBA Low Carbon Buildings Top 100 Award	Greater Bay Area Carbon Neutrality Association
LEED v4 Gold Certificate – Galaxy Macau Phase 3C Lot 3	U.S. Green Building Council
EarthCheck Certified 2022 – Gold Certification – Banyan Tree Macau – Silver Certification – Galaxy Hotel™ – Silver Certification – Hotel Okura Macau	EarthCheck
Green Key Award – Galaxy Hotel™ – Hotel Okura Macau	The Foundation for Environmental Education
2021 Macao Green Hotel Award – Gold Award – Hotel Okura Macau	Environmental Protection Bureau of the Macau SAR Government
2022 Forbes Travel Guide – Five-Star Hotel – The Ritz-Carlton, Macau – Five-Star Hotel – Banyan Tree Macau – Five-Star Hotel – Hotel Okura Macau – Four-Star Hotel – Galaxy Hotel™ – Five-Star Spa – The Ritz-Carlton Spa, Macau – Five-Star Spa – Banyan Tree Spa Macau	Forbes Travel Guide
2022 The Best Travel Destination Hotels & Resort	KOL Credibility List
Best Hotels for Business Travelers 2022	CNBC
Luxury Resort Hotel of the Year	MICE Trend
2022 Best Hotel & Resort Value Award – Best Integrated Resort	Voyage

SELECTED MAJOR AWARDS

Award	Presenter
2023 Annual Luxury Integrated Resort	2023 Go Travel Annual
The Recommended Travel Destination of the Year	2022 – 2023 City Travel Hotel Award
The Most Popular Hotel – Hotel Okura Macau	Hotelbeds
Michelin Guide Hotel Selection – The Ritz-Carlton, Macau – Banyan Tree Macau – JW Marriott Hotel Macau	The MICHELIN Guide Hong Kong Macau 2022
Reader's Choice Awards 2022 Top 10 Best Hotels in Macau – 5th (Silver): Banyan Tree Macau	DestinAsian
Macao's Best Resort Spa 2022 – Banyan Tree Spa Macau	World Spa Awards
Travelers' Choice Awards – JW Marriott Hotel Macau – Best of The Best – The Ritz-Carlton, Macau – Rank 17 of Top 25 Hotels – The Ritz-Carlton, Macau – The Ritz-Carlton Spa, Macau	Tripadvisor Traveler's Choice Awards
Best Wellness Service of the Year – The Ritz-Carlton Spa, Macau	SpaChina Awards 2022
2022 China Hotel Awards – Best Resort Hotel – The Ritz-Carlton, Macau	2022 China Hotel Awards
BROADWAY MACAU™	
CEM Energy Saving Contest 2022 – Excellence Award CEM Energy Saving Contest 2022 – Continuous Energy Saving Award	Companhia de Electricidade de Macau – CEM, S.A.
2021 Macao Green Hotel Award – Silver Award – Broadway Hotel	Environmental Protection Bureau of the Macau SAR Government
CONSTRUCTION MATERIALS DIVISION	
Hong Kong Green Organization – Hong Kong Green Organization Recognition	Environmental Campaign Committee
BOCHK Corporate Environmental Leadership Awards 2021 – EcoPartner – 5 Years Plus EcoPioneer	Bank of China (Hong Kong) and Federation of Hong Kong Industries
Caring Company Logo 2021/22 – 20 Years Plus Caring Company Logo	The Hong Kong Council of Social Service
Social Capital Builder Logo Award Certificate	The Community Investment and Inclusion Fund

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 2022:

Award	Presenter
GALAXY MACAU™	
Best Grower Champagne List – Hong Kong, Macao, Taiwan – Terrazza Italian Restaurant	China Best Champagne List
Michelin – One-Star – Lai Heen – One-Star – 8½ Otto e Mezzo BOMBANA – Selected Restaurant – Terrazza Italian Restaurant – Selected Restaurant – Yamazato – Selected Restaurant – The Ritz-Carlton Café	The MICHELIN Guide Hong Kong Macau 2022
Wine Spectator's 2022 Best of Award of Excellence – Terrazza Italian Restaurant	Wine Spectator's Restaurant Awards
The 8th MingXing Tea Specialists National Final Competition – Guangdong – Hong Kong – Macao Greater Bay Area – Champion (Ms. Yang)	2022 Global Tea Fair (Shenzhen) China Spring
Three Glasses Awards – Excellent – Terrazza Italian Restaurant	China's Wine List of the Year Award 2022
Ctrip Gourmet List 2022 – Platinum Restaurant – Lai Heen – Platinum Restaurant – 8½ Otto e Mezzo BOMBANA – Gold Restaurant – The Ritz-Carlton Café – Gold Restaurant – Pang's Kitchen – Gold Restaurant – Café de Paris – Gold Restaurant – Pak Loh Chiu Chow Restaurant – Gold Restaurant – Urban Kitchen	Ctrip Gourmet
SCMP 100 Top Tables 2022 – Yamazato – Lai Heen – 8½ Otto e Mezzo BOMBANA	South China Morning Post
Travelers' Choice Best of the Best 2022 – #4 – Top Everyday Eats – China – Urban Kitchen – #7 – Best Fine Dining Restaurants – China – Lai Heen – The Ritz-Carlton Bar & Lounge – The Ritz-Carlton Café	Tripadvisor Traveler's Choice Awards
2022 Forbes Travel Guide Five-Star Restaurant – Lai Heen	Forbes Travel Guide
STARWORLD MACAU	
Michelin Two Stars – Feng Wei Ju	The MICHELIN Guide Hong Kong Macau 2022
SCMP 100 Top Tables 2022 – Feng Wei Ju	South China Morning Post
Ctrip Gourmet List 2022 – Gold Restaurant – Feng Wei Ju	Ctrip Gourmet
BROADWAY MACAU™	
Ctrip Gourmet List 2022 – Gold Restaurant – Dragon Portuguese Cuisine	Ctrip Gourmet

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

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

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

REVIEW OF OPERATIONS

Group Financial Results

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

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

The Group's total GGR on a management basis¹ in 2022 was \$7.5 billion, down 57% year-on-year. Mass GGR was \$6.2 billion, down 45% year-on-year. VIP GGR was \$923 million, down 83% year-on-year. Electronic GGR was \$405 million, down 37% year-on-year.



Grand Resort Deck

¹ The primary difference between statutory gross revenue and management basis gross revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gross gaming revenue is reported on a management basis. At the Group level the gaming statistics include Company owned resorts plus City Clubs.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

in HK\$'m	Q4 2021	Q3 2022	Q4 2022	YoY	QoQ	FY2021	FY2022
Adjusted EBITDA	1,043	(581)	(163)	-116%	72%	3,537	(553)
Luck ²	(45)	(20)	(40)	-	-	164	(33)
Expense reversal benefit	168	-	-	-	-	168	-
Normalized Adjusted EBITDA	920	(561)	(123)	-113%	78%	3,205	(520)

Balance Sheet

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

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

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

Gaming Statistics³

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

² Reflects luck associated with our rolling chip program.

³ Gaming statistics are presented before deducting commission and incentives.

⁴ Reflects sum of junket VIP and inhouse premium direct.

⁵ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁶ 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 2022, Net Revenue was \$7.4 billion, down 44% year-on-year. Adjusted EBITDA was \$295 million, down 90% year-on-year.

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

The combined five hotels occupancy⁷ was 31% for 2022.

Galaxy Macau™ Key Financial Data

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

Gaming Statistics⁹					
(HK\$'m)	Q4 2021	Q3 2022	Q4 2022	FY2021	FY2022
Rolling Chip Volume ¹⁰	19,908	2,782	6,815	117,626	31,157
Win Rate %	2.7%	2.0%	2.2%	3.5%	3.0%
Win	542	56	148	4,081	923
Mass Table Drop ¹¹	7,827	2,422	4,916	29,519	17,282
Win Rate %	29.5%	26.4%	27.2%	28.1%	29.0%
Win	2,306	641	1,335	8,287	5,012
Electronic Gaming Volume	3,109	1,021	1,925	12,736	7,556
Win Rate %	4.2%	5.1%	4.2%	4.1%	4.3%
Win	130	52	81	528	323
Total GGR Win	2,978	749	1,564	12,896	6,258

⁷ Hotel occupancy is based upon available rooms.

⁸ NEG represents negative margin.

⁹ Gaming statistics are presented before deducting commission and incentives.

¹⁰ Reflects sum of junket VIP and inhouse premium direct.

¹¹ 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 2022, StarWorld Macau's Net Revenue was \$1.0 billion, down 68% year-on-year. Adjusted EBITDA was \$(527) million versus \$374 million in 2021.

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

Hotel occupancy¹² was 38% for 2022.

StarWorld Macau Key Financial Data

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

Gaming Statistics¹⁴

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

¹² Hotel occupancy is based upon available rooms.

¹³ NEG represents negative margin.

¹⁴ Gaming statistics are presented before deducting commission and incentives.

¹⁵ Reflects junket VIP.

¹⁶ 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 2022, Broadway Macau™'s Net Revenue was \$60 million, up 5% year-on-year. Adjusted EBITDA was \$(62) million, versus \$(84) million in 2021.

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

City Clubs

In 2022, City Clubs' Net Revenue was \$61 million, down 2% year-on-year¹⁷. Adjusted EBITDA was \$(21) million, versus \$62 million in 2021.

CONSTRUCTION MATERIALS DIVISION

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

Hong Kong and Macau

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

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

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

Mainland China

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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



GGBS production plant of Guangdong Shaogang Jia Yang New Materials Co., Ltd in Shaoguan of Guangdong Province



Production facility of K. Wah Concrete Company Limited at Tai Po in Hong Kong

DEVELOPMENT UPDATE

Galaxy Macau™ and StarWorld Macau

We continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests.

Cotai – The Next Chapter

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

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

Phases 3 & 4 combined will have approximately 3,000 high end and family rooms and villas, 400,000 square feet of MICE space, a 500,000 square feet 16,000-seat multi-purpose arena, F&B, retail and casinos, among others. As you can see, we remain highly confident about the future of Macau where Cotai Phases 3 & 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

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 GICC,
Galaxy Arena and Andaz Macau towers



The latest photograph of Cotai Phase 4

MANAGEMENT DISCUSSION AND ANALYSIS

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

GROUP OUTLOOK

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 31 December 2022, the Group invested \$9,019 million (\$11,580 million as at 31 December 2021) in listed debt securities and \$3,349 million (\$3,449 million as at 31 December 2021) in listed investment of Wynn Resorts, Limited (“Wynn Resorts”). As at 31 December 2022, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.6% (4.5% as at 31 December 2021) of the issued share capital of Wynn Resorts. Investment cost was \$7,142 million. Principal businesses of Wynn Resorts are to develop and operate high end hotels and casinos and its shares are listed on the Nasdaq Stock Exchange (stock code: WYNN). This listed investment is denominated in the U.S. dollar. The directors of the Group considered that the closing price as at 31 December 2022 was the fair value of this listed investment. As of 31 December 2022, fair value of our investment in Wynn Resorts was \$3,349 million, representing 4.1% of the Group’s total asset of \$80,961 million. The market value of Wynn Resorts as of 31 December 2021 and 31 December 2022, and the performance of the investment during the year ended 31 December 2021 and 2022 are as follows:

(HK\$’m)	2021	2022
Market value	3,449	3,349
Unrealised loss for the year ended 31 December	(1,100)	(100)
Dividend income for the year ended 31 December	–	–

The Group considers this investment a long term asset and will continue to closely monitor the performance of our passive minority equity investment in Wynn Resorts, which is a globally recognized entertainment corporation with exceptionally high quality assets and significant development pipeline.

The Group’s total cash and bank balances (including fixed deposits) were \$14,011 million as at 31 December 2022 compared to \$18,364 million as at 31 December 2021 while total borrowings were \$7,505 million as at 31 December 2022 as compared to \$6,386 million as at 31 December 2021. The Group was in a net cash position as at 31 December 2022 and 31 December 2021.

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

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

TREASURY POLICY

The Group continues to adopt a conservative treasury policy in liquidity and financial management. Surplus cash is generally placed in fixed deposits and high-quality listed debt securities mostly denominated in Hong Kong dollar, Macau Patacas, the U.S. dollar, Renminbi or in the local currencies of the operating subsidiaries. Forward foreign exchange contracts are utilized and borrowings in foreign currencies are arranged when suitable opportunities arise and when considered appropriate, to hedge against foreign exchange exposure, which are considered necessary for the Group’s treasury management activities.

The Group’s borrowings were largely denominated in Hong Kong dollar, Macau Patacas, the U.S. dollar, Euro and Renminbi. Euro bank loan was utilized to fund and hedge the foreign exchange risk on the Euro-denominated Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco investment in August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CHARGES ON GROUP ASSETS

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

GUARANTEES

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

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group, excluding associated companies and joint ventures, employed approximately 17,000 employees in Hong Kong, Macau and Mainland China. Employee costs, excluding Directors' emoluments, amounted to \$5,622 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.

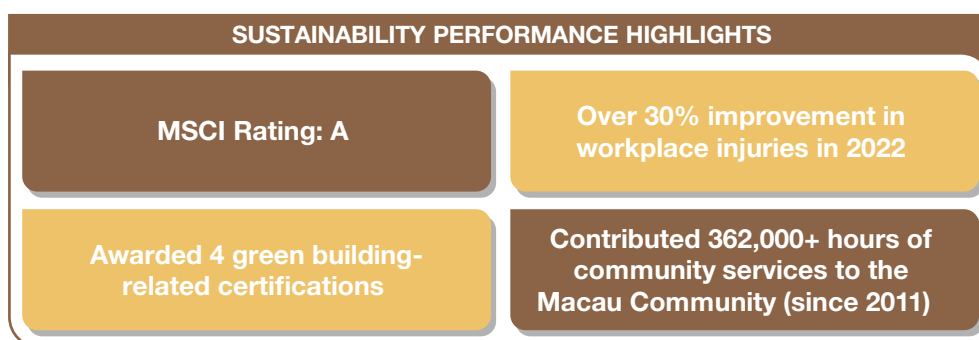
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

With a vision to be “Globally recognized as one of Asia’s leading gaming and entertainment corporations”, GEG believes that being a good corporate citizen is essential for ensuring our sustainable and vibrant future. As such, GEG strives to address the needs of our stakeholders in a responsible and transparent manner, and engages our stakeholders with aims of helping us deliver results that better aligns with their expectations, and meets the needs of the community and the environment in general.

Reporting Framework and Scope

The GEG 2022 Environmental, Social and Governance (“ESG”) report (“Report”) was prepared with materiality, quantitative and consistency principles in mind. It presents information relevant to the sustainability performance of GEG’s gaming and entertainment division, namely Galaxy Macau™, Broadway Macau™, StarWorld Macau and the Group’s construction materials division, K. Wah Construction Materials Limited (“KWCM”), and all quantitative data presented are for the 2022 calendar year, except when otherwise specified.

The Report complies with the ESG Reporting Guide set out in Appendix 27 of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Since GEG supports the United Nations’ Sustainability Development Goals (“SDGs”), the Report presents the relevant SDGs alongside GEG’s 2022 activities.



ESG GOVERNANCE

GEG’s ESG governance is implemented by decision-makers at the highest level of our corporate structure, with oversight by the Board of Directors of GEG (“Board”). The standards and vision in relation to ESG governance and established by the Board, are maintained throughout GEG by the ESG Taskforce which is chair by the Deputy Chairman with the support of our senior management team. With an ESG strategy and approach that aims at driving long-term corporate values in ways that are responsible, accountable and transparent, operational execution of the ESG functions are led by the ESG Taskforce, which reports progress to the Board’s Corporate Governance Committee. Please refer to the section headed “Corporate Governance Report” on page 90 of this annual report for details.

Our Board maintains a high level of engagement throughout the year on matters relating to ESG. As part of our ongoing education on ESG, the Board, through the leadership of the ESG Taskforce, continues to interact with and learn from internal and external experts on critical Corporate Social Responsibility (“CSR”) topics. Furthermore, the Board conducted an annual review of GEG’s performance against our ESG goals and target-setting of new goals. In 2022, the Board reviewed and approved all outcomes from the materiality assessment and all related disclosures contained in this Report.

This Report provides details of the policies and structure that govern our ESG programs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

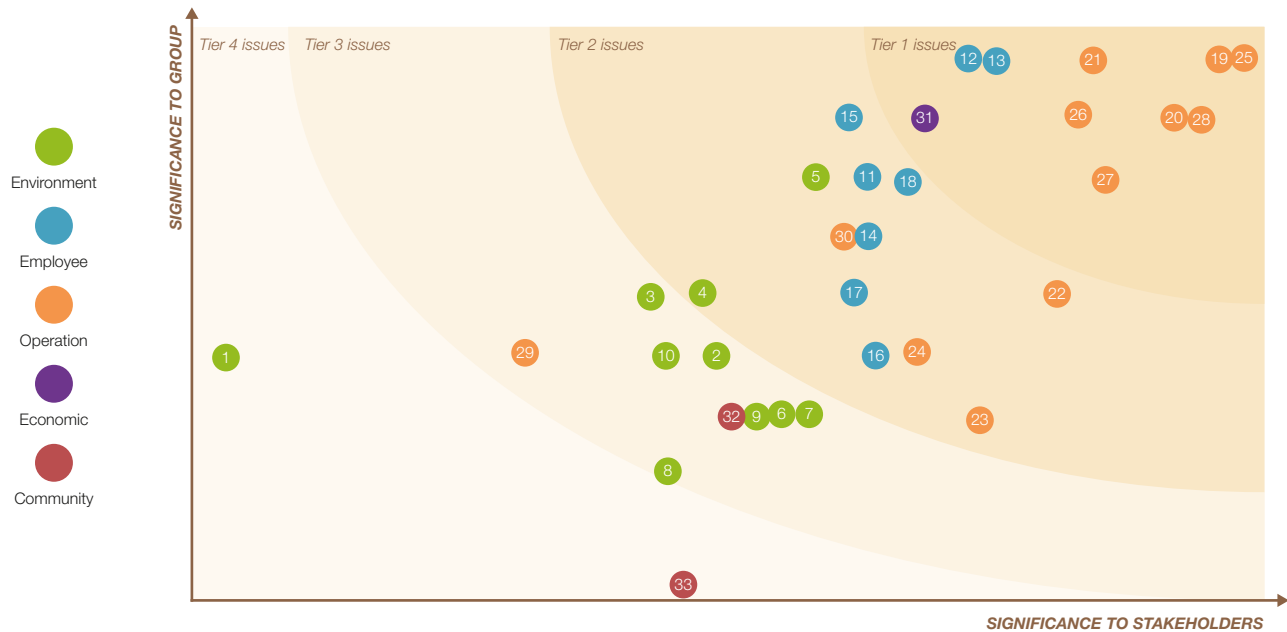
Stakeholder Engagement

GEG engages our stakeholders regularly with aims of understanding how our business may impact them and how they may influence our business. Having identified a total of eight stakeholder groups that are relevant to our business, namely management, employees, customers, investors, governmental organizations, industry associations, charitable organizations, and suppliers and business partners, we have established different engagement strategies based on their relationships with us.

Process to Identify Materiality

To effectively engage our stakeholders in our ESG journey, in 2022, we conducted a materiality assessment to evaluate our pool of sustainability topics. With the help of an external specialist, GEG broadened our pool of sustainability topics by reviewing ESG issues that were considered material by our industry peers. In addition, we looked at the priorities of our internal and external stakeholders, and evaluated the materiality of all relevant topics by using a stakeholder weighted approach to determine the impact on the society, the environment and the degree of influence on stakeholder decisions. The materiality assessment exercise helped us identified the following 10 material topics (in alphabetical order), which may potentially impact GEG’s business over time, if not addressed adequately and effectively:

1. Anti-Competitive Behaviour
2. Business Resilience
3. Business Ethics and Integrity
4. Compliance with Regulation
5. Customer Experience and Satisfaction
6. Economic Performance
7. Privacy and Cybersecurity
8. Product Safety and Responsibility
9. Talent Management
10. Workplace Safety and Health



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

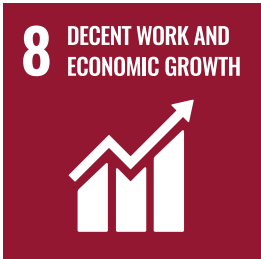
Tier 1	Tier 2	Tier 3	Tier 4
12 Talent Management	4 GHG Emissions	2 Waste Management and Recycling	1 Water Stress
13 Workplace Safety and Health	5 Addressing Climate Change	3 Energy and GHG Management	33 Support for SMEs
19 Compliance with Regulation	11 Employee Wellbeing	6 Environmental Construction Material Product and Services	
20 Anti-Competitive Behavior	14 Employee Communication	7 Air Pollutant Emissions	
21 Business Resilience	15 Employee Training and Development	8 Green Building and Biodiversity	
25 Customer Experience Satisfaction	16 Employee Inclusion and Diversity	9 Efficient Use of Materials	
26 Product Safety and Responsibility	17 Labour Standards	10 Transportation	
27 Privacy and Cybersecurity	18 Remuneration and Benefits	29 Construction Materials Product Service Labelling	
28 Business Ethics and Integrity	22 Ethical and Sustainable Supply Chain	32 Community Engagement and Investment	
31 Economic Performance	23 Green Procurement		
	24 Green Supply Chain Management		
	30 Responsible Gaming		

- Environment
- Employee
- Operation
- Economic
- Community


The material topics will be discussed in further detail in the remaining sections of this Report. However, to avoid duplicating the information, please refer to the Financial & Operational Highlights section on page 7 for more information regarding our Economic Performance.

While GEG supports all of the SDGs and maps our disclosures according to the SDGs, we have identified eight ESG targets that closely align with our business, and references them when establishing our strategy and setting our priorities.

Material Topics	Related UNSDG Targets	2022 Related Operational Highlights
<p>Ethical Corporate Behavior</p> <ul style="list-style-type: none"> • Anti-Competitive Behaviour • Business Resilience • Business Ethics and Integrity • Compliance with Regulation • Economic Performance • Privacy and Cybersecurity • Product Safety and Responsibility 	<ul style="list-style-type: none"> • SDG Target 8.3 (Promote policies to support job creation and growing enterprises) • SDG Target 8.9 (Promote sustainable tourism) • SDG Target 16.3 (Promote the rule of law and ensure equal access to justice) • SDG Target 16.5 (Substantially reduce corruption and bribery) • SDG Target 16.10 (Ensure public access to information and protect fundamental freedoms) 	<ul style="list-style-type: none"> • Conveyed Anti-Bribery and Anti-Corruption policies with 2 corruption prevention talks conducted by ICAC • Launched a Whistleblowing System • Assessed 213 suppliers with no significant environmental risks



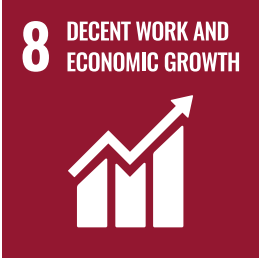


8 DECENT WORK AND ECONOMIC GROWTH



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Material Topics	Related UNSDG Targets	2022 Related Operational Highlights	
Planet <ul style="list-style-type: none"> GHG Emissions 	<ul style="list-style-type: none"> SDG Target 7.3 (Double the improvement in energy efficiency) SDG Target 12.6 (Encourage companies to adopt sustainable practices and sustainability reporting) 	<ul style="list-style-type: none"> Adopted solar power systems at Hotel Okura Macau Commenced analysis of climate-related risks Established an Energy and Environment Assessment Program Received Green Product Certification from Construction Industry Council Improved waste diversion by 8.0%, 79.3% and 34.8% respectively at Galaxy Macau™, Broadway Macau™ and StarWorld Macau when compared to baseline level 	
			
People <ul style="list-style-type: none"> Customer Experience and Satisfaction Talent Management Workplace Safety and Health 	<ul style="list-style-type: none"> SDG Target 8.8 (Protect labor rights and promote safe working environments) 	<ul style="list-style-type: none"> Established a Workplace Health and Safety policy Developed two digital platforms to manage safety matters more effectively Held an annual Health, Safety and Environment (“HSE”) Conference to raise safety awareness Held a People Management Program for over 200 managers 	

CUSTOMER FIRST

Aligned with our vision to be “Globally recognized as one of Asia’s leading gaming and entertainment corporations”, GEG takes pride in our ability to deliver “World Class, Asian Heart” services to our customers. We engage all team members in understanding our “World Class, Asian Heart” service philosophy through a high-performance culture of commitment, collaboration, accountability, and continuous improvement. Demonstrating our commitment to place customers at the center of all our initiatives, GEG established a dedicated Customer Experience Management (“CEM”) department to develop programs that fully aligns our departments in delivering a branded experience at every customer touchpoint so that customers feel a heart-warming connection and sense of uniqueness that distinguishes GEG from our competitors.

GEG Customer Experience Management Programs

Customer Journey Experience – We carefully consider and design every service touchpoint along our customer’s journey, identifying the moments that matter to deliver exceptional service and memorable experiences unique to our brand. The customer journeys are mapped and regularly reviewed to assess performance, competition gaps, alignment with evolving customer profile; improvement opportunities, and action plans.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Voice of Customer Feedback – We have deployed multiple and varied customer satisfaction and feedback “listening posts” for all key touchpoints, elements, and episodes of the customer journeys to gather information, build relationships, and respond to customer needs. We view all of our interactions entirely from the customers’ perspective across the full journey and make it easy for them to give us feedback.

Service Response and Recovery – To ensure effective and timely follow-up on customer feedback and complaints, we have established a comprehensive guest response and recovery approach. The GEG Service Recovery Program consists of complaint handling policies and guidelines, tracking and escalation of issues, closed loop responses, incident reporting and root cause analysis. Performance reviews are conducted regularly to assess the effective handling of complaints and to identify improvement areas for problem prevention.

Customer Understanding and Insights – We integrate and analyze the data from our Voice of Customer and Voice of Operations listening posts in order to develop a comprehensive understanding of the total customer experience and our performance. We have implemented an industry leading Customer Experience System to provide our business leaders with real-time customer feedback, improvement priorities, competitor sentiment comparisons, and action plan linkage to “focus area” metrics.

Service Quality Excellence – We conduct regular Service Quality Excellence Audits to evaluate our ability to deliver the high standards we set. We have in place customer experience improvement feedback loops to drive positive changes for individual and organizational growth. These consist of a response loop that responds to customer feedback and promotes individual learning and behavior change, and a process improvement loop that identifies key issues and root causes and makes structural changes.

Strongly committed to creating a safe and healthy environment for our customers and team members, GEG has obtained the annual Indoor Environmental Quality (“IEQ”) Certification issued by SGS Société Générale de Surveillance SA (“SGS”). In addition, GEG has a Protection of People and Asset policy in place to ensure a safer and more secure environment for our customers, which is overseen by the Security Operations and Asset Protection (“SOAP”) department. GEG has also established a Guest Incident Working Taskforce, whose members includes representatives from the CEM department, the Workplace Health & Safety department, Risk Management and relevant business units from Galaxy Macau™, StarWorld Macau and Waldo Casino, to manage guest-related safety incidents reporting, investigation and hazard prevention. With meetings held each month, the Guest Incident Working Taskforce aims to identify root causes and come up with possible prevention and control measures that can further enhance the customer experience, health and safety of our facilities, and operational processes.

ETHICAL & RESPONSIBLE BUSINESS

Risk Management and Internal Controls

Since GEG operates in a complicated business environment and is exposed to potential risks that may, in various ways, impact our stakeholders, GEG endeavors to cultivate our team members’ risk awareness and their ability to initiate proper measures using different mechanisms for risk management and internal controls.

To pursue sustainable business growth, GEG established a Risk Management Committee to oversee our corporate risk management and internal control systems. This committee is responsible for identifying, assessing, evaluating and mitigating a range of risks to provide a safe, healthy, efficient and eco-friendly workplace for our team members, protect our assets, empower our employees and enhance shareholder value on an ongoing basis. For further details on Risk Management, please see our Corporate Governance Report on page 93.

Anti-Corruption and Anti-Money Laundering

Upholding high standards of business ethics and integrity is our constant pursuit, which is essential for sustaining our success and license to operate. GEG has formulated and implemented comprehensive policies to meet or exceed the requirements of all relevant regulations and laws at local, national, and international levels in all markets that we operate in, enabling us to reduce risk throughout the value chain and maintain the trust of our stakeholders.

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GEG has zero tolerance for any form of bribery, corruption or fraud, and strictly abides by our Anti-Bribery and Anti-Corruption policy, which has been clearly conveyed to all our affiliates and subsidiaries, in order to ensure that our business practices fully comply with all applicable laws and regulations. Accordingly, we require all team members and associated persons, including agents, consultants, contractors, representatives, intermediaries, advisors, suppliers, vendors, and any other persons or entities acting on GEG's behalf, to understand and fully comply with the applicable laws and GEG's policy against corruption. Our Internal Audit department is responsible for monitoring compliance with the Anti-Bribery and Anti-Corruption policy and providing guidelines for handling different kinds of situations with dedicated approval personnel, criteria, internal declaration of interest, and any other related matters when involving potential corruption. Such guidelines cover but are not limited to:

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

Integrity and ethical practices are clearly stipulated in GEG's values. To strive for the highest level of integrity in operations, we have documented a Code of Business Conduct, which includes guidelines on soliciting or accepting an advantage. GEG includes an 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. They are subsequently asked to sign forms to acknowledge receipt and understanding of the contexts. In August 2022, KWCM arranged two sessions of the "Corruption Prevention Talk for Construction Industry" workshop delivered by the Independent Commission Against Corruption ("ICAC") of the Hong Kong Special Administrative Region ("Hong Kong SAR") for senior management, managers, and general staff. To ensure team members bear in mind the ethics and integrity issues, we are targeting to roll out the GEG Values and Ways of Working in early 2023.

GEG's Anti-Money Laundering ("AML") and Combating the Financing of Terrorism ("CFT") policy statements help manage and maintain high ethical standards in gaming-related transactions at our integrated resorts and hotels. Anti-money laundering standards are strictly applied by our team members and independent third parties who work on our behalf. To ensure that all relevant operational divisions adhere to these policies, GEG has set up a Compliance Committee and a designated Compliance Officer to supervise GEG's AML and CFT compliance. Our internal auditors also conduct independent, periodic reviews of GEG's AML and CFT initiatives with respect to the laws and regulations of the Macau Special Administrative Region ("Macau SAR").

Anti-money laundering training is provided to our team members and we have introduced the Know Your Customer ("KYC") and Enhanced Due Diligence ("EDD") controls to help team members detect suspicious financial activities and 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. Besides, GEG also maintains close relationships with regulatory authorities to ensure awareness and compliance of the latest regulations, and our internal auditors also review our AML and CFT policy, as well as associated guidelines regularly to ensure effectiveness.

To further enhance our commitment to the highest standards of ethical and professional business conduct and practices, in 2022, GEG launched a Whistleblowing System to encourage reporting of any suspected or potential misconduct of behavior. Meanwhile, GEG also conducted a training for Board members, senior management and relevant employees in 2022 as part of a refresher from the previous years' training, on topics that covered Anti-bribery and corruption regulations in Hong Kong and Macau, risk factors and enforcement trends, and senior management's role in responding to fraud allegations. In 2022, around 20 Board members and team members joined the training programs.

During the reporting year, GEG was not involved in any corruption cases and not aware of any non-compliance of relevant laws and regulations that have a significant impact on GEG relating to bribery, extortion, fraud and money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

16 PEACE, JUSTICE
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UNSDG Target 16.5: Substantially reduce corruption and bribery in all their forms

The Group's commitment to zero tolerance for any form of bribery, corruption or fraud contributes to the Peace, Justice and Strong Institutions.

Privacy and Cyber Security

A Cyber Security Guideline that adheres 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 is in place. It is accessible to all GEG team members and all its business partners for awareness and general knowledge of GEG's requirements on:

A Cyber Security Guideline

- IT resources management
- Adherence to legal and regulatory requirements (on cyber security laws and personal data protection)
- Governance
- Environmental management
- System and network security
- Data classification (i.e., what constitutes as confidential, restricted, internal use and public information) and how such information should be treated/stored/protected based on their classifications
- Data protection
- Incident response and reporting
- Security awareness, and other topics

Our Privacy policy is available on the GEG website and clearly explains to customers, employees, and other stakeholders how GEG will collect, use, and store data for ensuring of security and confidentiality. Furthermore, GEG has a Cyber Security policy and IT Acceptable Use policy in place to prevent information leakage from the internet, mobile and portable storage devices, cloud technology, social media, and other information sharing technologies, and educates all team members to remain conversant with all relevant aspects. Only authorized persons on a need-to-know and need-to-use basis have access to related information.

Intellectual Property Protection

GEG places a high priority on intellectual property rights since they are crucial corporate assets that will enable our continuous expansion. GEG abides by the laws and rules that have been passed by the governments of Macau SAR and Hong Kong SAR. In order to protect the intellectual property rights of the parties concerned, we also leverage on contractual vehicles such as confidentiality agreements and mutual nondisclosure agreements.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 over 90 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 over 141,000 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 2022 included:

- Responsible Gaming Chinese New Year Roadshow: “Stay Rational for Festive Fun”;
- “Tips for Win-win Family Relationships” Workshop for Men;
- Responsible Gaming Easter Parent-child Activity: “The Magical Egg” Workshop;
- Responsible Gaming Management Team Annual Training 2022;
- Responsible Gaming Children’s Day Parent-child Activity: “One-And-All” Ball Ball Cup Cake Workshop;
- Responsible Gaming Mid-Autumn Festival Activity: “Teochew Mooncake Workshop”;
- Responsible Gaming Roadshow: “Rational Play, Healthy Home”;
- Responsible Gaming Training for Table Games Team Members;
- 10th GEG Responsible Gaming Awareness Week 2022; and
- Responsible Gaming World Cup Roadshow: “Stay smart when enjoying the FIFA goal”.

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 participating in community activities such as the Gaming Industry Responsible Gaming Promotion Day, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2022, GEG's casinos in Galaxy Macau™ and StarWorld Hotel were both awarded as “Responsible Gambling Model Units” by the “Working Group on Responsible Gambling” executive unit, and received the related accreditation medals during the “Responsible Gambling Promotions 2022” Closing Ceremony. Members of the executive unit include the Gaming Inspection and Coordination Bureau, the Social Welfare Bureau, the Education and Youth Development Bureau, the Institute for the Study of Commercial Gaming at University of Macau and the Centre for Gaming and Tourism Studies of Macao Polytechnic University, who conducted field reviews in the two casinos and listened to the explanation by the responsible gaming ambassador from each casino frontline department about the facilities and procedures.

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.

16 PEACE, JUSTICE
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UNSDG Target 16.10: Ensure public access to information and protect fundamental freedoms

GEG promotes responsible gaming not only to all customers by posting responsible gaming rules at gaming venues and promotional materials, but also to team members by holding workshops and a number of trainings.

During the reporting year, GEG was not aware of any non-compliance of relevant laws and regulations that have a significant impact on GEG relating to advertising and labelling, customer health and safety, and privacy matters relating to the provision of products and services.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Geographical region	Number of suppliers	Percentage of suppliers %
Macau	971	62%
Hong Kong	458	29%
Mainland China	42	3%
USA	17	1%
Other countries	82	5%
Total	1,570	100%

At GEG, we understand that responsible supply chain management is an essential consideration for moving towards sustainability. We hope to provide quality and excellence in products and services while reducing environmental and social impact. By implementing green procurement and more comprehensive supplier management, we have integrated social and environmental responsibility into our supply chain practices, while at the same time enhancing the sustainability of our business.

In 2022, we had a total of 1,570 supplier partners in Macau, Hong Kong, Mainland China, the United States and other countries. With 62% of our suppliers being located in Macau, we are committed to supporting local procurement and employment, thus playing our part in contributing to Macau's economic growth.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Procurement

GEG's procurement policy and practices ensure that we consider the environmental impact of procurement decisions, in addition to the cost of the products we procure. By working closely with our suppliers and internal stakeholders, we use end-to-end sourcing of products and services in our operations and select products that have the least impact on the environment. To help us manage our supply chain activities and achieve a more positive environmental outcome, we have established a dedicated supplier management team in our Corporate Procurement department and have developed a Green Procurement policy with aims of providing a reliable guideline for our procurement team members to make procurement decisions that fosters environmental sustainability. Specifically, the following are factors taken into consideration during the selection and purchase of products within the product categories:

- Existence of a comparable or better alternative that is safer and environmentally friendlier;
- Extent of environmental designs applied to improve durability, disassembly for recovery or recycling, overall recyclability, resource saving or efficiency, biodegradability, etc;
- Origin of the produce, with greater preference for local rather than imported goods;
- Ease of maintenance and repair;
- Use of natural, non-toxic, biodegradable and certified organic products in food and beverages, and other raw materials in consumables and products for direct body contact, etc.;
- Size, volume and packaging considerations, with greater preference for bundle or bulk purchases;
- Avoidance of products containing exotic/endangered materials and/or containing unnecessary/inappropriate, banned, restricted or hazardous/toxic/poisonous/dangerous substance(s); and
- Avoidance, if possible, products requiring special disposal considerations or identification/confirmation of appropriate and accessible facilities to enable proper and safe disposal after its useful lifespan.

GEG chooses products from suppliers that meet higher environmental and social requirements in order to drive our operations and business practices to become more responsible and environmentally sustainable. Thus, we give priority to working closely with suppliers who perform well in the following areas:

- Control, and where possible, minimize adverse environmental impact;
- Prevent pollution, reduce waste and improve the efficiency of resource use; and
- Meet or exceed all relevant legal obligations and codes of practice.

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 meals provided to team members;
- Expanding the procurement of LED bulbs in our properties;
- Sourcing bio-degradable alternatives to plastic bags and other single-use items;
- Replacing PET water bottles with bottles made from recycled PET materials ("rPET") and continuing our recycling program;
- Placing business focus on reduction of plastics in all our operations;
- Placing business focus on reduction of food waste in team member dining operations;
- Transitioning to greener shuttle services; and
- Partnering with waste management companies for proper waste disposal and recycling services.

KWCM adheres to the same green procurement concept as GEG does and has developed a Green Purchasing Specifications. By emphasizing particular attributes, such as hazardous material content, recycled content and energy efficiency in green procurement requirements, KWCM provides clear instructions for purchasing environmentally friendly items that meet cost and performance criteria. In the long term, procurement staff also re-confirm the conformity to green features with suppliers while placing the purchasing orders to ensure compliance with the latest green product specifications. At the same time, this measure helps us instill environmental and sustainability awareness in our corporate culture.

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Supplier Code of Conduct

To enable suppliers to follow responsible business practices consistent with our core values, GEG has developed the Code of Conduct which covers several aspects of supplier management, including governing law, prevention of bribery and conflict of interest, general safety rules, environmental standards, etc. This further clarifies the key foundations of our collaborative relationships with suppliers and also demonstrates our commitment to sustainability.

Apart from standard contractual terms and conditions, compliance to the Code of Conduct for GEG suppliers is ensured through periodic review and assessment exercises, benchmarking and third-party audits covering compliance to policies, processes, certifications and regulatory requirements.

All new suppliers are required to go through due diligence before being registered as GEG suppliers. Any instance of non-compliance makes a supplier subject to further assessment and potentially be rejected if not found fit.

Supplier Review and Evaluation

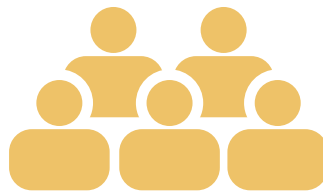
Periodically, GEG conducts reviews and assessments of our suppliers, and as a general rule for assuring quality and health and safety, GEG requires all suppliers, vendors, and contractors that need to enter our properties to perform work or services, to comply with Macau's industrial safety laws and observe our health and safety guidelines, the details of which are sent out to them via emails.

When sourcing products and services, we take into consideration quality, service, cost, operations, technology, food safety and environmental safety. These key areas are the criteria in which we evaluate our suppliers, based on their performance derived from system data, business units, procurement and warehousing feedback covering a specified period. These inputs are calculated into numerical ratings to complete our final supplier scorecard.

KWCM uses various methods and approaches, including vendor master maintenance form, significant vendor assessment questionnaire and vendor communication workshop, etc., to comprehensively evaluate vendors' performance and maintain a healthy working relationship with vendors. For example, the vendor communication workshop allows vendors to understand KWCM's vendor control system and requirements, and helps KWCM to convey our expectations in quality, safety and green practices.

Environmental and Social Risk Management of Supply Chain

GEG evaluates environmental and social impacts at various stages along the supply chain, from the selection of products and services to the selection and performance of suppliers. Such evaluation could include identification of county of origin, environmental policies of suppliers (both direct and upstream), farming, catching, harvesting methods and certification of products under accepted industry standards where applicable.



A total of **213 suppliers** were evaluated in FY2022 with no significant negative environmental impacts identified.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental performance of suppliers is also assessed by consideration of their:

- Environmental values and commitments;
- Environmental certificates, awards, measures and enforcement of programs such as:
 - ◆ Energy Saving Trust – Energy efficiency
 - ◆ Forest Stewardship Council – Sustainable wood harvesting
 - ◆ Rainforest Alliance – Protection of natural resources or habitats
 - ◆ Fairtrade – Ethical impact
 - ◆ ISO 45001 and BS 8800 – Health and safety standards
 - ◆ International Labour Organization – International labor standards
- Establishment of Environmental Management System (“EMS”) or Quality Management System (“QMS”) that incorporates relevant environmental considerations and complies with industrial standards such as the ISO 14001; and
- Compliance with applicable environmental laws and regulations, and adoption of the environmental purchases’ specifications recommended by the Environmental Protection Bureau of the Macau SAR Government (“DSPA”).

With regard to social impact, GEG also evaluates the labor standards of our suppliers to ensure that all our suppliers meet the related laws and regulations. Should our Corporate Procurement department discover any issues with any of our suppliers’ labor standards, they will conduct assessments and may revoke the registration of the supplier concerned should there be high-risk anomalies identified in the assessment process. At GEG, we only register suppliers who have satisfactorily completed the necessary background checks and pose no risk of child or forced labor. Any supplier from high-risk geographical regions is not allowed to become registered.

ENVIRONMENTAL STEWARDSHIP

While pursuing business excellence, GEG is committed to reducing the environmental impacts of our business and embeds environmental sustainability into our business strategy. In addition to aligning the ISO 50001 framework in our operations of Galaxy Macau™, Broadway Macau™ and KWCM Head Office and Puer cement plant, GEG maintains effective environmental management by arranging external and internal assessments and audit-related training programs, upholding the Energy and Environmental Management Statement in our daily operations, and regulating and monitoring our energy, water, waste and emission performances to ensure compliance with all environment-related laws and regulations.

To strengthen our environmental management, GEG also established an Energy and Environmental Management Committee to promote collaboration across the different business functions and to launch different sustainability programs such as the Climate Change and Risk Assessment Program and Energy and Environment Assessment Program to better manage our environmental performance. Meanwhile, we also comply with the Green Building Standards in the construction of new properties and as part of our environmental management approach, we combine green facilities initiatives with training programs and efficient management systems.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Awareness Program	<p>Retail Awareness Program</p> <p>This year, GEG continued to organize a Retail Awareness Program that allows retail tenants to better understand GEG’s environmental commitments, expectations and standards on topics such as internal temperature controls, which GEG hopes to maintain at 24°C or above for optimal efficiency.</p>
	<p>Guided Sustainable Facilities Tour</p> <p>To further raise the environmental awareness of our team members and the community, GEG organized several sustainable facilities tours for stakeholders to better understand the environmental initiatives that have been implemented in our operations.</p>
	<p>Macau Recycling Facilities Tour</p> <p>In 2022, GEG hosted two visits to Macau’s recycling facilities to help promote recycling knowledge. On one occasion, GEG team members visited the Mong Ha Recycle Fun Station and the Electronic & Electrical Equipment Recycling Facility to learn about waste sorting, the recycling process of electronics, and behavioral and lifestyle changes that they can make to minimize wastes in general.</p>
	<p>Raising Internal Awareness</p> <p>GEG maintains a high level of engagement with our team members through our use of internal platforms and various communication channels. We share Environmental and Energy Conservation tips and reminders to team members every month, publish a sustainability newsletter each quarter, and use GEG Buzz to engage team members as well as to share environmental and energy conservation initiatives and monthly ideas with team members.</p>
Green Facilities	<p>Together with our biodiversity initiatives, such as the installation of green walls and the addition of greenery at our hotels, which are discussed in the “Nurturing our Environment” section of this Report, we also strive to mitigate our impact on the environment by installing intelligent hand washing machines in the team member canteens at Galaxy Macau™. These intelligent hand washing machines help us better control the amount of water, hand sanitizers and paper towels used in every washing as they can help us reduce water consumption as well as hand sanitizer and paper use by up to 90% and 60% respectively, when compared with traditional hand washing methods.</p>

Regarding our construction materials division, KWCM has a Sustainability policy in place to promote sustainable practices and implemented an Integrated Management System to achieve the following objectives:

- Conduct operations and services, and purchase materials in such a way as to maintain compliance obligations;
- Mitigate risk and minimize adverse environmental impacts with “green design and purchasing” concept;
- Conserve energy and make use of alternative raw materials to reduce carbon intensity of product; and
- Reduce waste production.

During the reporting year, GEG was not aware of any non-compliance with relation to the relevant laws and regulations that relates to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

RESOURCES MANAGEMENT**Energy**

GEG actively promotes energy saving initiatives and innovative solutions to reduce energy consumption under the ISO 50001 Energy Management System. Monitoring energy consumption, practicing responsible use of energy, incorporating energy saving standards are steps taken to ensure that our energy consumption does not make a significant impact on the environment and nearby local communities. To improve energy efficiency, GEG introduced the following energy efficiency measures during the reporting year.

Air Conditioning	Lighting	Temperature	Others
<ul style="list-style-type: none"> • Recommissioned the central air conditioning system at Broadway Macau™ • Optimized the central air-conditioning system based on real-time weather conditions 	<ul style="list-style-type: none"> • Replaced LED lights and added motion sensors to LED lights at the back-of-house areas at all properties • Installed occupancy sensors in production kitchens at Galaxy Macau™ and Broadway Macau™ • Reduced the lighting levels on external signage across all properties • Minimized lighting level in unoccupied areas at StarWorld Macau 	<ul style="list-style-type: none"> • Increased the temperature setpoint for non-peak hours in the front-of-house areas at all properties • Installed high accuracy temperature sensors in chiller plants at Galaxy Macau™ and Broadway Macau™ • Installed smart temperature sensors in walk-in freezers at StarWorld Macau • Replaced analog thermostats with digital ones in the back-of-house areas at all properties 	<ul style="list-style-type: none"> • Installed high efficiency motors on fan coil units at the back-of-house areas at Galaxy Macau™ and Broadway Macau™ • Equipped energy saving pumps with variable speed drives at StarWorld Macau • Installed electric heating devices in the hot water system to save 3% to 6% of energy consumption per year at Galaxy Macau™

Renewable Energy

We keep seeking opportunities to expand our use of renewable energy and to support the transition to a low-carbon economy. In 2022, GEG installed a Solar Panel System in the Imperial Suite Garden area at Hotel Okura Macau. Apart from that, StarWorld Macau also adopted a Solar Power System for its roof lighting, providing renewable energy to its LED spotlights and light tubes. Our solar panels generate 630 kWh of renewable energy every month, thus saving us 7,560 kWh of electricity every year.

7 AFFORDABLE AND CLEAN ENERGY**UNSDG Target 7.3: Double the improvement in energy efficiency**

GEG implements various energy saving measures at all properties, promotes innovative solutions and adopts renewable energy to improve energy efficiency.

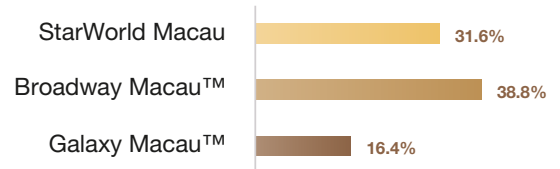
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Performance

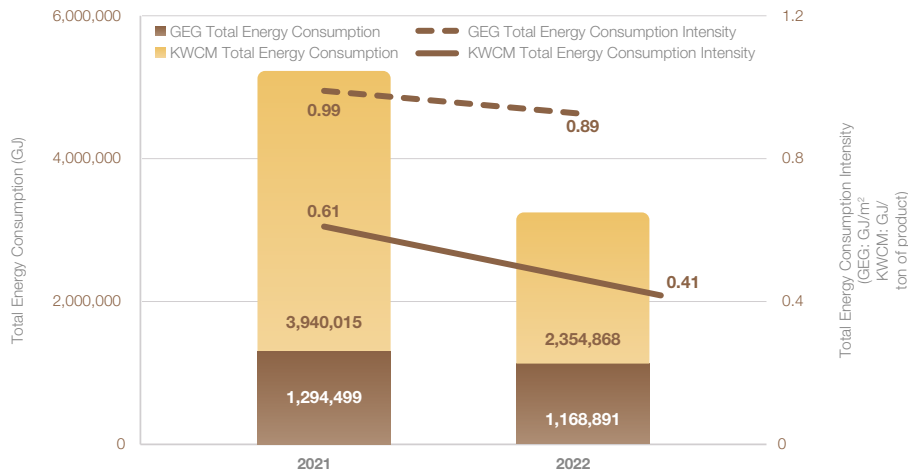
GEG had set a 2022 target on reducing energy use by 3% at Galaxy Macau™, Broadway Macau™ and StarWorld Macau compared with the 2016 baseline level. For 2023, GEG's target on energy consumption reduction at Galaxy Macau™, Broadway Macau™ and StarWorld Macau remains unchanged.

During the reporting year, the Group's total energy consumption was 3,523,759 GJ, with a 33% decrease compared to that of the previous year. Energy intensity for GEG and KWCM was 0.89 GJ/m² and 0.41 GJ/ton of product respectively.

2022 Energy Reduction Progress



Total Energy Consumption and Total Energy Consumption Intensity



Water

GEG is fully aware of the importance of judicious usage of water resources and remains steadfast in our commitment to improve water quality and efficiency. To achieve our water consumption reduction targets, we have implemented various water conservation practices in operations. During the reporting year, GEG did not encounter any difficulties in sourcing water that is fit for the purpose.

Water Conservation

To reduce water consumption and improve water efficiency, GEG introduced the following water-conservation measures during the reporting year.

Reduce	Reuse
<ul style="list-style-type: none"> Installed water-efficient fittings at the back-of-house areas across all our properties Installed water restrictors to reduce water use at the back-of-house area at all properties Optimized the operating hours of water features at Galaxy Macau™ Adjusted water consumption for landscaping based on weather conditions 	<ul style="list-style-type: none"> Implemented grey water recycling for water discharged from the swimming pool at StarWorld Macau for reuse in cleaning of the carpark and garbage area before final disposal Reused swimming pool water for floor cleaning at StarWorld Macau

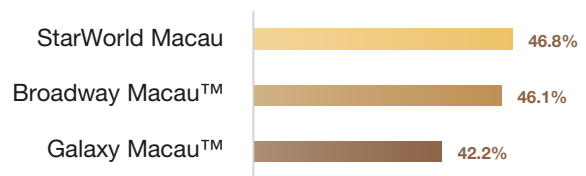
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A comprehensive preventive and corrective maintenance program have been formulated by GEG’s Facility Management team to strengthen water management. A Taskforce was also established to review the water leakage problem and reduce the potential for water loss and related damages. To ensure that we prioritize our water management, we have involved our Energy and Environmental Management Committee and senior executives such as our Facility Management Senior Vice President to drive our water program. We conduct regular inspection and maintenance to prevent water leakage problems in all our properties and minimize wastewater leakage to nearby habitat area.

Water Performance

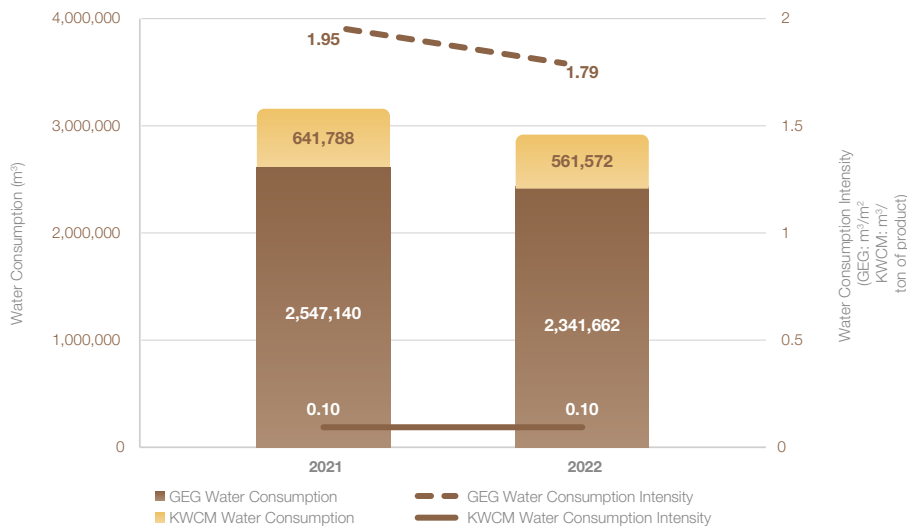
GEG had set a 2022 target for reducing domestic water consumption by 3% at Galaxy Macau™ and Broadway Macau™ compared with the 2016 baseline level. For 2023, GEG’s target on water consumption reduction at Galaxy Macau™ and Broadway Macau™ remains unchanged. GEG will continue to adopt water conservation measures to achieve our water reduction targets, including installing a descaling system in the hot water production process, increasing the cycle of concentration at the cooling tower, implementing a hibernation and suspension plan at water features and at all vacant areas at Galaxy Macau™ and Broadway Macau™, as well as monitoring our water usage at all our properties so as to avoid overuse.

2022 Water Reduction Progress



During the reporting year, the Group’s total water consumption was 2,903,234 m³, a 9% decrease compared to 2021. The water intensity for GEG and KWCM was 1.79 m³/m² and 0.10 m³/ton of product respectively.

Water Consumption and Water Consumption Intensity



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMISSION MANAGEMENT**Waste**

GEG generates both hazardous waste (including lube oil, printer cartridges, light tubes and batteries) and non-hazardous waste in the course of our operations. Following the 4R principle of “Reduce, Reuse, Recycle and Recovery”, GEG makes serious efforts to reduce waste, improve recycling and to address potential impacts. In addition, we also promote sustainable consumption and production patterns to minimize waste, and support SMEs on local sourcing and using green products that aligns with the responsible consumption and production goals.

To ensure proper waste handling, we commission qualified third-party contractors to handle and dispose all waste. Inspection and maintenance of waste disposal are conducted on a regular basis. During the reporting year, we were delighted to be awarded a certificate of appreciation from DSPA for our donation of charges that were collected for plastic bags to Green Future Macau.

At GEG, we have developed a Zero Waste Strategy and Program to minimize waste generation and improve waste diversion rate. To minimize waste generation, we have replaced all single use shampoo and conditioner bottles with refillable containers for shampoo and conditioners in Broadway Hotel, switched to 100% biodegradable utensils in our F&B outlets, and recovered all unused consumables such as liquid soaps, shampoos and toilet paper that are left behind in our guest rooms for use in our back-of-house areas. In terms of waste management, our waste handling and recycling processes standards are established under the ISO 14001 EMS program.

Waste Reduction and Recycling

To reduce waste generation, GEG introduced the following waste-reduction measures in 2022, which covers paper, plastic, and food waste.

Paper	<ul style="list-style-type: none"> • Installed paperless ticket system for the Galaxy Macau™ Car Park to eliminate paper tickets • Used digitalized warehouse receiving process to reduce paper use for warehouse filing systems
Plastic	<ul style="list-style-type: none"> • Promoted plastic usage reduction in offices by removing plastic bags from office trash cans and saving more than 100,000 plastic bags each year • Sourced biodegradable alternatives to plastic bags and other single-use items • Replaced the disposable plastic tableware used at our dining services establishments with biodegradable and environmentally friendly alternatives • Installed multiple self-service water dispensers at Broadway Macau™ to promote "waste reduction at source, energy saving and emission reduction" to the community
Food Waste	<ul style="list-style-type: none"> • Used a food waste dehydrator to significantly reduce the weight and volume of food waste that is transported to landfills and incinerators by up to 90% • Participated in the “Pilot Project for the Collection of Food Residues from Food and Beverage Establishments” organized by DSPA to reduce food waste at StarWorld Macau, Galaxy Macau™ and Broadway Macau™

To promote waste recycling, GEG took part in DSPA’s Red Packet Recycling Campaign again in 2022, and launched a Recycling Campaign at Galaxy Macau™ and StarWorld Macau for team members to donate their new and second-hand household appliances, handbags and accessories for Caritas Macau to redistribute to people in need. Meanwhile, GEG continues to maintain a comprehensive recycling program at all our properties. We have increased waste recycling by 7.3%, 4.6% and 5.4% respectively at Galaxy Macau™, Broadway Macau™ and StarWorld Macau when compared with the previous year.

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To further enhance waste management, GEG has established an Environmental Aspects and Control Register that covers various departments and business functions such as Housekeeping, Food and Beverage, Engineering and Facilities, Design and Development, as well as Contractors, to better manage resource life cycles and monitor waste disposal, reuse, and recycling processes at each GEG property.

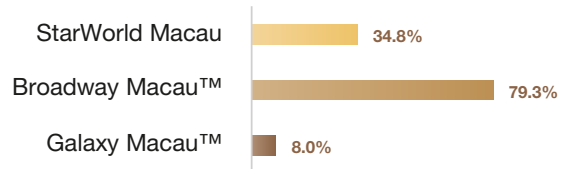
KWCM follows the circular economy approach and processes waste materials as the feedstock for the production of new construction materials, which include Ground Granulated Blastfurnace Slag (“GGBS”), Reclaimed Asphalt Pavement (“RAP”), and Eco-Block.

Waste Performance

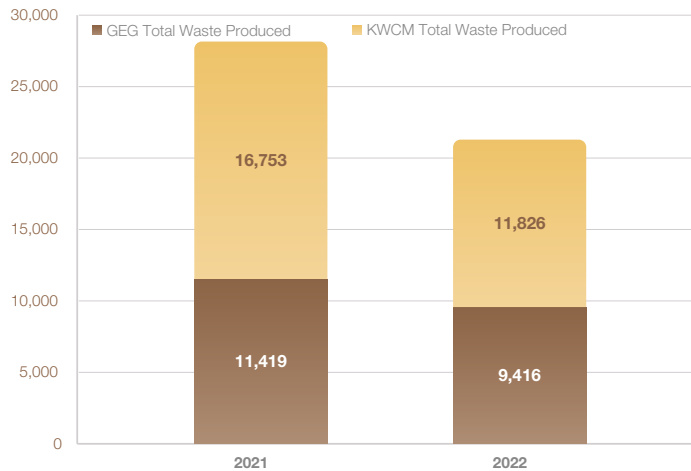
GEG established a 2022 target of improving waste diversion rate by 5% or more for Galaxy Macau™ and Broadway Macau™ when compared to the 2017 baseline, and by 4% for StarWorld Macau when compared to the 2018 baseline levels. For 2023, GEG’s target on waste diversion rate at Galaxy Macau™, Broadway Macau™ and StarWorld Macau remains unchanged.

During the reporting year, the Group generated a total of 21,242 tons of waste, with a 25% decrease compared to that of 2021.

2022 Waste Diversion Progress



Total Waste Produced (Tons)

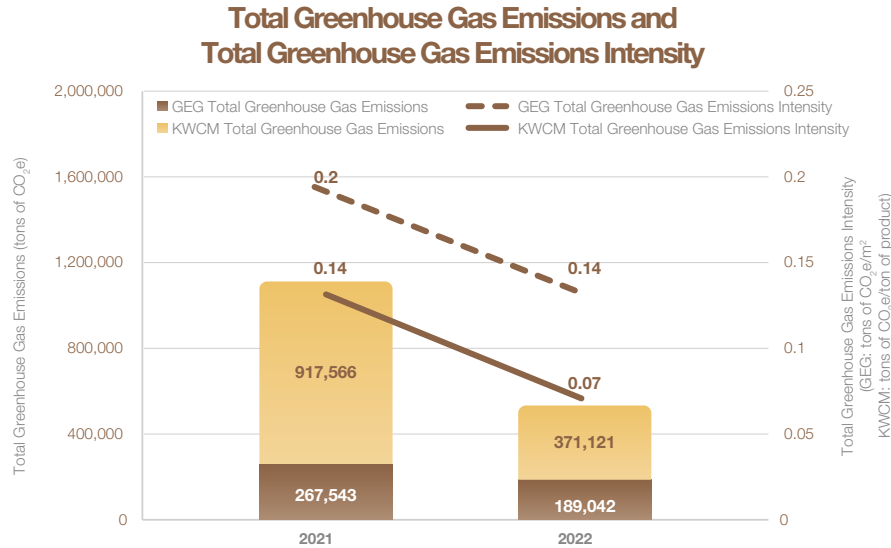


Greenhouse Gas Emission

GEG is committed to managing our greenhouse gas (“GHG”) emissions so as to tackle climate change. We endeavor to reduce emissions by optimizing fleet operations, enhancing energy and water efficiency, and increasing our use of renewable energy. For continuous improvement, we plan to establish an emission reduction target and a GEG Emission Management Program by 2023.

During the reporting year, the Group’s total GHG emissions amounted to 560,163 tons of CO₂e, of which GEG and KWCM represented around 34% and 66% respectively.

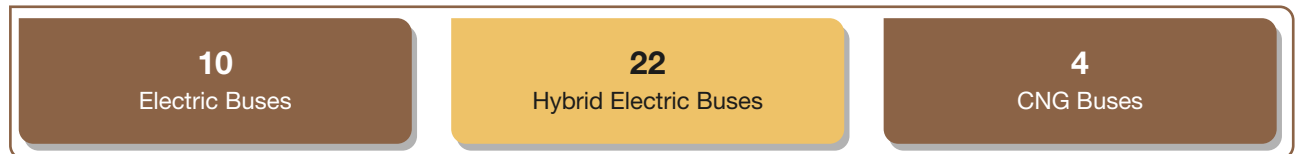
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Air Emission

GEG’s emission of air pollutants mainly comes from the diesel and petrol burned by our vehicle fleet and the liquefied petroleum gas consumed in our operations. In 2022, we generated a total of 0.23 tons of Nitrogen oxides (“NOx”), 0.00 tons¹ of Sulphur oxides (“SOx”) and 0.01 tons of Particulate matter (“PM”).

To minimize air and greenhouse gas emissions, we constantly improve our shuttle bus operations by adjusting the routes and service frequencies. We continue to replace diesel-fueled guest shuttle buses at Galaxy Macau™ and Broadway Macau™ with electric buses and compressed natural gas (“CNG”) buses. As at the end of 2022, 50% of our guest shuttle bus fleet comprised of electric and CNG buses. Meanwhile, GEG installed an electric bike battery swap station in the team member motorcycle parking lot at Galaxy Macau™ and became the first integrated resort operator in Macau to provide electric motorcycle battery swap services.



In our construction materials division, Oxy-fuel combustion technology is being used, and hot air ducts have been installed for coal handling in KWCM’s Puer cement plant to reduce coal consumption. Besides, KWCM’s Qianan GGBS plant has built a blast furnace gas pipeline to facilitate the usage of a mixed fuel consisting of natural gas and blast furnace gas to further reduce NOx emissions.

¹ The true figure is 0.0037 tons, but is represented as 0.00 for the sake of data consistency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental performance data² for GEG and KWCM for the year ended 31 December 2022:

Environmental performance in 2022							
Environmental KPIs	Units	GEG ³		KWCM ⁴		GEG and KWCM Total	
		2022	2021	2022	2021	2022	2021
Emissions							
Nitrogen oxides ("NOx")	Tons	0.23	0.32	214	501	214	501
Sulphur oxides ("SOx")	Tons	0.00 ⁵	0.01	13	28	13	28
Particulate matter ("PM")	Tons	0.01	0.01	26	40	26	40
Total greenhouse gas emissions	Tons of CO ₂ e	189,042	267,543	371,121	917,566	560,163	1,185,109
Total greenhouse gas emissions intensity	GEG: ton of CO ₂ e/m ² KWCM: ton of CO ₂ e/ ton of product	0.14	0.20	0.07	0.14	–	–
Greenhouse gas emissions (Scope 1)	Tons of CO ₂ e	13,512	13,826	306,698	790,550	320,210	804,376
Greenhouse gas emissions (Scope 2)	Tons of CO ₂ e	175,530	253,717	64,423	127,016	239,953	380,733
Waste							
Total hazardous waste produced	Tons	9	15	29	12	38	27
Total non-hazardous waste produced	Tons	9,407	11,404	11,797	16,741	21,204	28,145
Energy							
Total energy consumption	GJ	1,168,891	1,294,499	2,354,868	3,940,015	3,523,759	5,234,514
Total energy consumption intensity	GEG: GJ/m ² KWCM: GJ/ton of product	0.89	0.99	0.41	0.61	–	–
Total direct energy consumption	GJ	149,684	173,136	1,963,993	3,275,343	2,113,677	3,448,479
Coal	GJ	–	–	1,410,789	2,755,737	1,410,789	2,755,737
Blast Furnace Gas (BFG)	GJ	–	–	244,331	243,284	244,331	243,284
Liquefied Petroleum Gas (LPG)	GJ	42,124	52,575	–	–	42,124	52,575
Natural gas	GJ	–	–	203,681	182,337	203,681	182,337
Diesel	GJ	101,135	110,875	104,164	92,112	205,299	202,987
Petrol	GJ	6,398	9,686	1,029	1,874	7,427	11,560

² Environmental KPIs stated in the Report are calculated with reference to HKEX's "How to Prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs."

³ GEG's integrated resorts and hotel businesses in Macau, including Galaxy Macau™, Broadway Macau™ and StarWorld Macau.

⁴ All KWCM ESG data are independently verified by a certified body and are available in KWCM Sustainability Report. This report can be accessed at http://www.kwcm.com/en/sus_book.php.

⁵ The true figure is 0.0037 tons, but is represented as 0.00 for the sake of data consistency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental performance in 2022							
Environmental KPIs	Units	GEG ³		KWCM ⁴		GEG and KWCM Total	
		2022	2021	2022	2021	2022	2021
Renewable energy	GJ	27	–	–	–	27	–
Total indirect energy consumption	GJ	1,019,207	1,121,363	390,874	664,672	1,410,081	1,786,035
Purchased electricity	GJ	1,019,207	1,121,363	390,874	664,672	1,410,081	1,786,035
Water							
Water consumption	m ³	2,341,662	2,547,140	561,572	641,788	2,903,234	3,188,928
Water consumption intensity	GEG:m ³ /m ²	1.79	1.95	0.10	0.10	–	–
	KWCM: m ³ /ton of product						

NURTURING OUR ENVIRONMENT

Understanding the important role that biodiversity and ecology play in protecting our planet, GEG continues to integrate green spaces and natural landscapes with our business operations to enhance and develop Hong Kong and Macau's biodiversity. We ensure that we are fully compliant with local environmental regulations, and we have found no significant and harmful impacts on the environment and natural resources resulting from our business operations. Our properties' Energy and Environmental Management Statement, signed and approved by the property's respective senior management, showcases our approach to minimize adverse impacts on the environment, including commitments to:

- Develop an environmentally responsible workplace culture;
- Meet requirements of environmental legislation, and strive to surpass the stipulated standards;
- Promote sustainable resource usage; and
- Educate and train team members on sustainability initiatives.

We have developed green landscapes within our operational sites and currently, our flagship property – Galaxy Macau™ – is considered as having the industry's largest green landscape, which spans over 55,000 m² and is populated with over 2,000 trees and 1.5 million varieties of plants and seasonal flowers. Furthermore, to avoid introducing invasive or unwanted species into our community, GEG's Landscape team has developed two key measures to consider before purchasing green plants.

Measures	Significance
1. Prioritize native plants	<ul style="list-style-type: none"> • Native plants are more acquainted with the local environment • Less pesticides, which impact the environment negatively, will be required as native plants pose a lower risk for spreading pests and diseases
2. Prioritize Asian plants	<ul style="list-style-type: none"> • Purchasing plants that are native to the Asian region will reduce the transportation distance, thus reducing the associated travel emissions

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To further our positive impact, Galaxy Macau™ has installed an automatic irrigation system that takes into consideration the site's soil moisture and weather conditions. In doing so, we can control the extent and frequency of irrigation, and thus minimize the water usage for plantations.

Beyond “greening” our sites externally, GEG has also enhanced greenery in our internal facilities by adopting green wall technology. By covering parts of vertical structures with plants, GEG aims to improve the air quality at our properties and sites, better regulate the building temperatures, and achieve carbon neutrality.

GEG's focus on green landscapes benefits both the environment and our customers. Green sites have a unique appeal to travelers, as they can experience a world-class vacation while simultaneously enjoying natural sceneries. In recognition of our environmental performance, in 2022, GEG received several awards from multiple organizations.

 <p>Green Key Eco-label</p>	<p>Galaxy Hotel™ and Hotel Okura Macau</p> <p>Organizations who partook in the green key program must show a commitment to protecting ecology and reducing the environmental footprint associated with tourism. Only companies who can meet the strict criteria set out by the Foundation for Environmental Education are awarded the Eco-label certification.</p>
 <p>EarthCheck Certification</p>	<p>Banyan Tree Macau (Gold) Galaxy Hotel™, Hotel Okura Macau (Silver)</p> <p>Being a world-leading science-based environmental certification, EarthCheck tracks and benchmarks companies' sustainability performance against their peers. After undergoing an on-site audit, certifications are given to organizations that have demonstrated a strong commitment to enhancing sustainable travel experiences.</p>
 <p>GBA Low Carbon Buildings Top 100 Award</p>	<p>Phase II of Galaxy Macau™</p> <p>The GBA Low Carbon Buildings Top 100 Award is launched by the GBA Carbon Neutrality Association, and is supported by organizations such as the World Green Building Council, Global Real Estate Sustainability Benchmark, China Green Building (HK) Council, and the Hong Kong Institution of Engineers. The award is given to organizations that have showcased good progress towards reducing the carbon footprint associated with their buildings.</p>
 <p>Macau Green Hotel Award</p>	<p>Hotel Okura Macau (Gold) Broadway Macau™ (Silver)</p> <p>The Green Hotel Award is a collaborative program by the DSPA and the Macao Government Tourism Office. The program commends and highlights hotels that demonstrate industry leadership in environmental management initiatives, reduce consumption of utility-related services and waste.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



With regard to our construction materials division, KWCM has also taken steps to promote biodiversity. In 2022, Puer cement plant held a photo exhibition centered around the theme of Green Factory and Biodiversity Protection, which aimed to enhance team members' awareness regarding the importance of biodiversity conservation.

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:

- Green Mine Scheme;
- Green Factory Scheme; and
- Construction Product Carbon Labelling Scheme.

Besides our efforts to be more involved in the above industry recognized schemes, KWCM was proud to announce that we had obtained the CIC Green Product Certification which is led by the Construction Industry Council ("CIC") and the Hong Kong Green Building Council ("HKGBC") for our 15 mixes of ready-mixed concrete in 2022.

CELEBRATING OUR PLANET

GEG is committed to engaging our team members in activities that ignite their passion for sustainability.

WWF (World Wildlife Fund) Earth Hour Campaign

2022 marks the 14th consecutive year that GEG has participated in the "Monthly Earth Hour" campaign. On the first Tuesday of every month, we switch off all non-essential exterior lights in our StarWorld Macau, Galaxy Macau™ and Broadway Macau™ properties for an hour, to promote energy reduction initiatives.

World Water Day

In March of 2022, we celebrated World Water Day by organizing a week-long exhibition that promoted the ecological value of Macau's mangrove forests. Conducted on-site at Galaxy Macau™, we invited Professor Karen Arano Tagulao from the Institute of Science and Environment of the University of Saint Joseph to educate our team members about the role that Macau's mangroves play in protecting the local environment. During the exhibition, we also rolled out a green quiz to test our team members' knowledge regarding the importance of water conservation.

World Environmental Day

On World Environmental Day, we encouraged our team members to join DSPA "Dress Light, Save Energy" campaign. The campaign was organized in June 2022 and during the summer months, we encouraged change in workplace culture by maintaining the office temperature at 25°C (or above) to reduce office energy consumption.

Energy and Environmental Conservation Month

In 2022, GEG inaugurated the "Energy and Environmental Conservation Month". Through hosting a series of activities centered around the theme of promoting green lifestyle habits, we hope to further educate our team members about the different actions they can take in their day-to-day lives (e.g., energy saving initiatives) to reduce their personal carbon footprints. Our long-term goal is to nurture them into becoming active changemakers who contribute towards Macau's development as a livable green city and top tourist destination.

Our construction materials division also engages their staff in different activities to keep them engaged in sustainable development. In 2022, KWCM conducted a shoreline cleanup at Tai Po Ting Kok, and volunteers collected a total of about 250kg of wastes and recyclables.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Furthermore, KWCM always tries its best to restore biodiversity of the ecosystem at its quarries. For instance, our Puer cement plant has invested in biodiversity recovery plantation at the quarry. We also keep afforesting the quarry hills continuously in order to restore biodiversity to the greatest extent possible.



Biodiversity recovery plantation at Puer cement plant



KWCM shoreline cleanup at Tai Po Ting Kok

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



UNSDG Target 12.6: Sustainable practices in companies

The Group's commitment to conserving resources and to greening our properties and sites reflects our goal to consume in a more responsible and sustainable manner.

CLIMATE CHANGE

In 2022, we have identified several environmental aspects material to the gaming segment's sustainability performance, and have begun reviewing our medium to long-term strategies to set future targets that will address climate risks. Currently, our team is focused on exploring reduction targets on our resource usage (such as energy or water consumption, and refrigerants with high global warming potential) and waste emissions. Taking a holistic approach, we want to ensure that the targets will accurately reflect GEG's sustainability performance across all our entities.

Besides being committed to setting a quantitative reduction in consumption, we want to focus on more environmentally friendly materials and also minimize the environmental impact of the materials that we do end up using. Following the recommendations set out in the Task Force on Climate-Related Financial Disclosures ("TCFD") guidelines, GEG has kickstarted our alignment to the TCFD recommendations by conducting a scenario analysis to assess various climate-related risks within our operations.

Climate Risk Assessments

In 2022, we dedicated our resources to undertaking an analysis of the climate-related risks on GEG properties by conducting focus group interviews with the different business units to assess the potential climate-related risks, their importance to our business, and the potential impacts that they may have on our business units. Although a comprehensive analysis of climate risks affecting KWCM's operations was not undertaken this year, we will expand the scope of our analysis to provide a better overview of the Group's risks and resilience in the future.

Nevertheless, we have a foundational understanding of the climate risks material to the construction materials industry, as there are overlapping topics between the construction materials and hospitality and gaming/entertainment industries. Some financial risks we have identified are associated with decarbonization policies for keeping GHG emissions within allowed limits in existing buildings and environment, the cost of following green building codes and standards, ensuring occupational health and safety, and meeting demands of the ever-changing markets. Currently, we have internally categorized these risks in terms of physical or transitional. In the future, we will be looking into a closer alignment with the TCFD approach.

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12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION**UNSDG Target 12.6: Sustainable practices in companies**

The Group's commitment to sustainability and climate reporting contributes to our adoption of internal sustainable practices.

GEG TEAM MEMBER ENGAGEMENT**Equal Opportunities and Diversity**

GEG values equal opportunities and diversity. We believe that having a diverse culture is significant to our ability to provide quality services, innovation, and creative business operations, and upholds equal opportunities and diversity in our recruitment process. Strongly committed to treating all team members and applicants with dignity and respect, regardless of their age, background, culture, gender, race and religion, GEG ensures open communication, fairness, engagement and inclusion through the following initiatives:

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 & Administration ("HR&A"), 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. Our remuneration arrangements, whose details can be found in the Employees and Remuneration policy on page 28 are fair, justified, prudent and subject to regular review. Meanwhile, 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 also provided for team members. For KWCM, the construction materials division also has compensation schemes that attract and retain talented team members.

Work Convenience and Wellness

- GEG provides team member 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 our team member 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.

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At GEG, we do not tolerate discrimination and harassment in the workplace. The Group established an Inclusive Workplace policy to formalize our mechanisms and procedures for handling and investigating complaint of discriminations in any form, provide guidance on appropriate disciplinary actions that may be taken against any team member that is found to be in violation of the policy, and any legal actions or other remedial measures that may be taken, if necessary, to protect GEG team members and to minimize any possibility of reoccurrence.

For our construction materials division, a Recruitment policy and Non-discrimination and Equal Employment Opportunity Guidelines are adopted to ensure that the entire recruitment process is conducted in a fair and equitable manner. The one who is the most qualified for the position will be selected based on education background, work experience and skills regardless of sex, race, age, etc. The relevant policies are posted on the KWCM intranet, and communication meetings with each department and site office are held regularly. Moreover, the Employee Complaints and Grievances policy is also set to deal with related cases when they occur.

As of 2022, the Group continues to maintain a strong workforce of nearly 17,000 employees in Macau, Hong Kong, and Mainland China to foster our growth and development.

Employee KPIs	GEG		KWCM		GEG and KWCM Total	
	2022	2021	2022	2021	2022	2021
Total Workforce	16,061	16,749	892	994	16,953	17,743
By Geographical Region						
Hong Kong	48	51	352	429	400	480
Macau	16,008	16,679	56	56	16,064	16,735
Mainland China	4	/	484	509	488	509
Overseas Office	1	19	/	/	1	19
By Employee Type						
Regular (Full time)	15,395	16,096	516	992	15,911	17,088
Regular (Part time)	193	136	4	2	197	138
Contractual (Full time/Part time)	473	517	372	/	845	517
By Gender						
Female	8,527	8,809	176	189	8,703	8,998
Male	7,534	7,940	716	805	8,250	8,745
Ratio (Female/Male)	1.13	1.11	0.25	0.23	1.05	1.03
By Age Group						
Under 30	1,403	1,899	104	105	1,507	2,004
30 – 50	9,569	10,003	506	575	10,075	10,578
Over 50	5,089	4,847	282	314	5,371	5,161
Employee Turnover Rate						
By Geographical Region						
Hong Kong	14.58%	15.69%	13.07%	11.89%	13.25%	12.29%
Macau	7.81%	7.99%	8.93%	7.14%	7.81%	7.98%
Mainland China	75% ⁶	0%	5.58%	8.64%	6.15%	8.64%
Overseas Office	0%	0%	0%	0%	0%	0%
By Gender						
Female	6.45%	7.69%	9.66%	10.05%	6.51%	7.74%
Male	9.42%	8.35%	8.52%	9.94%	9.35%	8.50%

⁶ Note: In Mainland China, GEG only has four employees and three of them left in 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee KPIs	GEG		KWCM		GEG and KWCM Total	
	2022	2021	2022	2021	2022	2021
By Age Group						
Under 30	19.24%	14.27%	13.46%	20.00%	18.85%	14.57%
30 – 50	8.20%	6.98%	9.88%	11.30%	8.28%	7.21%
Over 50	4.05%	7.65%	4.96%	4.14%	4.10%	7.44%
Total	7.85%	8.00%	8.74%	9.96%	7.89%	8.11%

During the reporting year, the Group received no reports concerning any non-compliance of relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have significant impacts on the Group.

8 DECENT WORK AND ECONOMIC GROWTH



UNSDG Target 8.3: Promote policies to support job creation and growing enterprises

UNSDG Target 16.3: Promote the rule of law and ensure equal access to justice

As a leading enterprise in Macau, the Group creates a number of jobs with the commitment of equal opportunities and safe working environment.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Working Environment

As a responsible employer, GEG takes our team members' wellbeing seriously. Strongly committed to helping our team members attain work-life balance and to provide for them a safe and comfortable workplace environment, GEG fosters teamwork and companionship by empowering the GEG Staff Social Club and Team Member Services to organize different activities for our team members and their family and friends to enjoy. In 2022, GEG held:

- “Chinese New Year Fai Chun Workshop” and “Chinese New Year Selfie Corner” at the back-of-house areas of Galaxy Macau™ and StarWorld Macau for close to 800 team members to take part;
- “International Women’s Day Yoga Session” for GEG female team members’ wellness enjoyment at the Grand Resort Deck of Galaxy Macau™; and
- “Easter Cupcake”, “Magical Easter Egg”, “Mother’s Day Red Velvet Strawberry Cake”, “Children’s Day Ball Cup Cake”, “Father’s Day Butter Cream Cake”, “Mid-Autumn Teochow Mooncake” and “Christmas Snowman Pinata Cake” workshops for GEG team members to celebrate the festivities and strengthen their relationships with their children, to name a few.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



2022 Chinese New Year Fai Chun Workshop



International Women's Day Yoga Session

In 2022, GEG continued to attend to our team members' needs by implementing a broad range of mental wellbeing, flexible working, and diversity and inclusion initiatives. Furthermore, GEG continued to maintain an Employee Assistance Program so that team members and their family members have access to professional and confidential support services, including face-to-face, hotline, on-site and online counselling. Meanwhile, to help bust possible myths about the complications of COVID-19 infections or the possible side effects of vaccination, GEG organized talks and invited professionals to give expert advice to our team members on the importance of COVID-19 vaccination.

Labor Standards

The Group ensures full adherence to the laws and regulations of the Labour Affairs Bureau of the Macau SAR Government ("DSAL") and the Labour Department of the Hong Kong SAR Government. We strictly prohibit child labor and forced labor and continue to establish mechanisms for monitoring, preventing, and reporting such practices.

To ensure compliance during the recruitment process, GEG established a Recruitment policy and a Recruitment team under the Center of Excellence ("COE") to manage our candidates' sourcing, pre-screening, shortlisting, application, background and reference check, to name a few.

Placing a strong focus on ethical behavior, GEG promotes our values and Code of Business Conduct in all our programs relating to supervisory and management capabilities, and use internal communication vehicles such as back-of-house notices boards, emails and GEG Buzz to continually remind our team members of the significance of upholding GEG's values and Code of Business Conduct on a regular basis.

To keep our team members abreast of our labor standards and rules, GEG maintains copies of the GEG Team Member Handbook and the Group's rules on-site for our team members' reference. We also arrange HR&A representatives on duty at each property and office to help team members with any clarifications, and provide immediate assistance at designated Team Member Service Centers.

GEG encourages our team members to report any incidents to the management by means of a Team Member Feedback Form, email, hotline, or reaching out to the Team Member Service Counter or Human Resources Business Partners ("HRBPs"). During the reporting period, our HR&A received no complaints related to GEG's labor standards, and GEG received no reports of any non-compliance of relevant laws and regulations relating to child labor, forced labor or occupational hazards that have significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

8

DECENT WORK AND ECONOMIC GROWTH

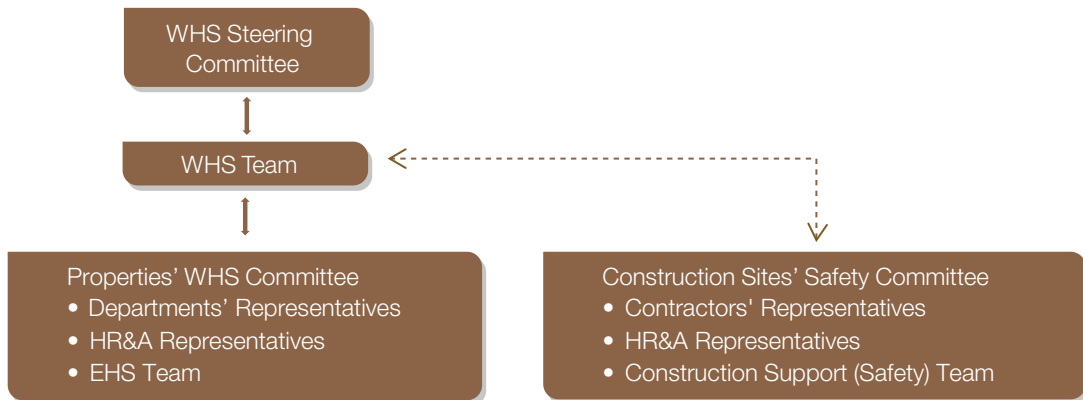


UNSDG Target 8.8 Protect labor rights and promote safe working environments

The Group's commitment to protecting labor rights and strict prohibition of child labor and forced labor are demonstrated through the establishment of monitoring, prevention and reporting mechanisms.

Team Member Health and Safety

As an employer of choice, GEG creates a safe and accident-free workplace by adopting best practices and establishing a Workplace Health and Safety (“WHS”) Steering Committee to oversee our WHS policy and strategic direction, the WHS teams’ implementation of related measures across our properties, and our compliance with applicable local regulatory requirements and the ISO 45001 Occupational Health and Safety Management System as follows:



Working closely with DSAL of the Macau SAR Government to obtain the latest good practices and updates on legal requirements and standards, in 2022, GEG continued to cooperate with DSAL on expanding the Hotel and Catering Industry Safety Card Training Program, which 97.8% of GEG team members have completed to date. Meanwhile, GEG also organized a variety of cross-property professional trainings, seminars and promotions during the reporting year to further enhance our team members’ occupational health and safety awareness, such as the “Specific Skill Training for High-Risk Activities”, “E-Learning Course for Fire Safety and Evacuation Warden”, and “COVID-19 Vaccination Introduction Seminar”, to name a few.



Hotel and Catering Industry Safety Card Training Program

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Further strengthening our WHS commitment, in 2022, our top managements gave their full support on the following key tasks:

- 1 Exercise duty of care
- 2 Integrate health and safety measures into our business processes
- 3 Comply and align with relevant Macau SAR Government's regulatory requirements on Workplace Health and Safety
- 4 Minimize risks which may cause workplace injury and illness
- 5 Improve our WHS system on a continuous basis

Continuing to strive for health and safety excellence, in 2022, GEG enhanced our Risk Register Management System and E-Hazard Reporting Platform, as well as conducted several risk assessments and review workshops with various operations and business units, with all critical or high-risk items being addressed and mitigated by different control measures, and risk system conformance inspected by internal and external auditors.

For our construction materials division, KWCM has always maintained its commitment to high occupational health and safety standards through establishing internal guidelines for Occupational Health and Safety management, and monitoring and reviewing the relevant policy from time to time. KWCM has obtained the ISO 45001 Occupational Health and Safety Management System Certification for its Head Office and different business units.

KWCM's Integrated Management System ("IMS") policy covering Health, Safety and Environment ("HSE") are reviewed every year, and an IMS Management Committee chaired by the Managing Director monitors the HSE performance. An IMS Working Committee comprised of middle level and frontline staff provides a platform for them to reflect their opinions on health and safety. As for COVID-19, a Pandemic Control Committee has been set up and is led by the Managing Director. The Committee took the lead to formulate pandemic guidelines and procedures, allocate anti-pandemic resources, and ensure timely communications.

In 2022, KWCM applied the latest information technology ("IT") to our day-to-day HSE management. We developed an IT platform, "Web-based Safety On-Line System", to facilitate the management of HSE matters more effectively and efficiently. To minimize collision accidents, KWCM introduced artificial intelligence ("AI") technology to improve traditional loader. A new Smart Monitoring System was installed on a front-end loader at its Hong Kong EcoPark site. Through AI technology, the system displays a 360-degree and 3-dimensional bird's eye-view of the area, allowing for both visual and audio alert signals to be sent to the loader operator when any objects are detected. As a result, the risk of blind spots accidents can be further reduced.

KWCM provides regular safety training to new and existing staff to strengthen their awareness on healthy and safe workplace behavior. For example, for frontline operation staff, mandatory safety basic training courses and emergency drills are required. All staff need to report promptly to their immediate supervisors in case of any injuries or unsafe conditions.

KWCM's 2022 Online Annual HSE and Sustainability Conference was held on 28 August 2022. More than 80 colleagues from different regions attended the Conference and shared their experience on HSE & Sustainability.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To enhance HSE awareness, as a KWCM HSE routine, two rounds of Management HSE Walk were held in 2022. A total of 13 locations in Hong Kong were covered in the first round held from June to September 2022, and in the second round that began in December 2022, 12 locations will be covered upon the routines' completion. Senior management personnel and HSE team visited different plants, shared HSE experience with colleagues, and conducted "5S" housekeeping inspection through on-the-spot observations.



Smart Monitoring System



Safety training



2022 Online Annual HSE and Sustainability Conference



Management HSE Walk

With the health and safety of our team members being a top priority, GEG is committed to implement safety measures that can help us eliminate all work-related illnesses and injuries. Consistent with our WHS guidelines, GEG team members and contractors are conversant of the requirement to report any injury incident to HR&A and the relevant business units within 24 hours of the incident for investigation, as well as to DSAL of the Macau SAR Government within the same time frame for compliance. Meanwhile, the WHS team must also be alerted so that they can conduct root cause evaluation, conduct risk assessment, and update the master risk register should additional risk control measures be needed.

In 2022, GEG continued to track the number of work injuries of each business unit on a monthly basis, which resulted in a 33.3% reduction in GEG's Lost Days due to Work Injuries when compared with 2021. We acknowledge that our low work-related injuries rate might have been influenced by reduced business activity during the pandemic in 2022, and that the gradual resumption of business as usual in 2023 might have a negative influence on our work-related injuries rate in the coming year.

	2022	2021
	Lost Days Rate* due to Work Injuries	
Total	0.11%	0.16%
GEG	0.10%	0.15%
KWCM	0.29%	0.32%

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the reporting year, GEG recorded zero legal non-compliance records and zero work-related fatalities over the past 3 years, and was not aware of any non-compliance of relevant laws and regulations relating to safe working environment and protecting team members from occupational hazards that have a significant impact on the Group.

8 DECENT WORK AND ECONOMIC GROWTH



UNSDG Target 8.8 Protect labor rights and promote safe working environments

The Group protects the labor rights and promotes safe and secure working environments for all workers.

Talent Development

GEG firmly believes that team members play a crucial role in fostering our ongoing success and provides training and development opportunities to help them achieve both vertical and cross-functional career paths. Our training and development focus is driven by a Training Committee that is chaired by senior leaders in our business to ensure alignment to key needs and that we are training for impact.

Providing unique and first-class Asian Heart service is the basis for the success of GEG. To ensure consistent delivery of service to our customers, GEG developed a full suite of customer service programs, integrating service mindset and philosophy into the daily tasks performed by team members.

In 2022, GEG's organizational development and targeted programs continued to evolve based on the needs of the business, mainly revolving around four aspects shown in the figure.

Training & Learning Innovation: Utilizing blended and e-learning as appropriate delivery channels to enable more accessibility and the greatest learning impact on team members' growth and business outcomes.

Workforce Agility: Through creating programs that address team members' needs and business requirements and provide chances for local team members to advance their careers, we are preparing our workforce to support current and future company demands and growth.

Stakeholder Engagement: To ensure the realization of outcomes that are mutually advantageous for all parties, ongoing partnerships and interaction with customers, leaders, team members, and the community are necessary.

Capability Development: Using a combination of top-notch on-the-job and off-the-job learning opportunities and activities, we are able to develop the capabilities of our team members in a systematic, practical, and timely manner.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GEG continued to take opportunity to prepare our team members for future career progress during the ongoing influence of COVID-19 and the reduction in the number of overseas guests that were able to visit our integrated resort properties in Macau. In a drive to support our team members on preparing for future career advancements, a wider range of training and career development opportunities were developed in 2022, with targeted programs shown in the table below.

GEG	KWCM
<p>Foundation Programs are designed especially for new employees to help them understand GEG's mission, vision and core values, as well as Asian Heart service culture.</p>	<p>Workshop on 5S Practice aims to enhance our staff on how to make use of 5S to improve the health and safety in working environment, raise productivity and reduce accidents.</p>
<p>Supervisory & Management Programs (including the GEG Management Skills Program and Leaders Program) aim to help team members grow their careers to the next level.</p>	<p>Business Communication Workshop to facilitate our staff for enhancing communication skills and achieve effective communication.</p>
<p>Build for the Future Programs focus on growing existing key leaders and developing next generation of leaders for GEG's continued success.</p>	<p>Customer Service Skills Enhancement Workshop for targeted team members to enhance the knowledge and skills of customer service delivery, how to handle customer complaints and dealing with difficult customers.</p>
<p>Guest Service Programs that aim to provide exceptional customer experience through GEG's Asian Heart service philosophy.</p>	<p>Complaint Handling Workshop for staff of sales department to establish effective customer relationship and case sharing on how to deal with customer complaints.</p>
<p>Language & Communication Programs to improve internal collaboration between co-workers and effective interactions with customers.</p>	<p>EQ, Time, and Stress Management Workshops are arranged for our staff to enhance EQ management and learn the techniques for stress reduction with effective time & task management to increase work efficiency.</p>
<p>Governance Programs comprise of Compliance programs, Anti-Money Laundering, Combating the Financing of Terrorism, Information Management Awareness, Conflict of Interest, Employment Policies, Payment Card Data Security, Health & Safety Programs, and the Responsible Gaming Program, which are compulsory for all targeted team members.</p>	<p>Change Management Workshop is focused on increasing the understanding of the concept of change management as well as the effective ways to manage change and minimize resistance to change within the Company.</p>
<p>Gaming & Hospitality Operations and Job Skills Programs for team members to acquire the necessary information, skills and competencies for performing their job roles. These programs are conducted through internal and external training events organized by the University of Macau and the Macao Institute for Tourism Studies ("IFTM").</p>	<p>7 Habits of Workplace Elites Workshop aims to enhance our staff to develop self-mastery and self-discipline to improve productivity.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GEG	KWCM
<p>Gaming to Non-Gaming Program for local gaming team members who wants to multi-skills and diversify into the hospitality, MICE and entertainment fields. GEG is focused on developing team members to be well equipped for roles that are much needed for the future of Macau.</p>	<p>Self-Revolutionary Leadership Workshop to enhance the knowledge of revolutionary change in leadership in the new era of digital transformation and how we could embrace the challenges to achieve business goal.</p>
<p>Sales & Business Development Programs develops our sales team to aid growth, retention, and acquisition of new clients and target markets and catering for internal sales, such as cross-selling and upselling across various functions and departments.</p>	<p>Successful Execution Workshop to enhance the knowledge of importance for successful execution and how to develop self-motivation and strengthen self-initiative to improve employee performance.</p>
<p>Talent Management Programs to aid team members in building personal development plans, defining personal goals, and providing coaching and mentoring are just a few of the initiatives that support the management and growth of GEG's team members. Along with supporting upward mobility and skill diversification among the local Macau population, our talent management initiatives also concentrate on and are oriented toward the vertical and horizontal advancement of local team members.</p>	<p>Annual Performance Appraisal Workshop to enhance the knowledge of importance in performance management, smart principle of goals setting and how to motivate subordinates to achieve their goals.</p>
<p>Community Programs such as the GEG Youth Achievement Program and the GEG internship programs aim to serve the Macau community and partner organizations.</p>	

GEG's talent development initiatives cater for the needs of our future leaders at all levels. Generally, a structured training path for team members is set from line team members (position-specific training journeys), supervisors (Supervisory Skills Training Program), managers (GEG Management Skills Training Program), to our people managers (People Management Program) and leaders (Build For the Future programs). In 2022, more than 200 of our people managers participated in our People Management Program. Through this program, our people managers can learn and build on their management skills, as well as align on the consistency and application of best practices that will further strengthen our people management culture at GEG. On top of that, GEG also tailored a suite of targeted programs aimed at developing new leaders within each function. These include the Casino Management Development Program, Integrated Resort Hotel Manager Development Program and the Restaurant Manager Development Program.

GEG developed a Talent Management Framework and built an internal talent pool with GEG Enterprise Leaderships Pillars to fast-track capable local leaders to thrive in the New Normal. Once the talent pool is identified, they are enrolled into a structured and pragmatic learning journey to help them gain the required new skills and knowledge, preparing them for their future roles.

Employee-related performance for GEG and KWCM for the year ended 31 December 2022 have been summarized in the table below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	GEG		KWCM		Total GEG and KWCM	
	2022	2021	2022	2021	2022	2021
Average Training hours completed per employee	64	63	14	16	61	60
By Gender						
Female	68	62	10	13	67	61
Male	59	63	15	17	54	59
By employee type						
Regular (Full time)	64	–	–	–	–	–
Regular (Part time)	96	–	–	–	–	–
Contractual (Full time/Part time)	48	–	–	–	–	–
By employee category						
Top Management Level	29	18	2	9	25	17
Middle Management Level	43	39	7	12	42	38
Junior Management Level	64	57	18	33	64	57
General staff	70	72	9	16	65	68
Percentage of employees trained						
By gender						
Female	97.6%	99.5%	92.6%	54.0%	97.5%	98.5%
Male	97.2%	99.1%	93.9%	83.4%	96.9%	97.7%
By employee type						
Regular (Full time)	97.4%	–	–	–	94.2%	–
Regular (Part time)	95.3%	–	–	–	93.4%	–
Contractual (Full time/Part time)	98.1%	–	–	–	54.9%	–
By employee category						
Top Management Level	97.4%	93.8%	54.3%	45.0%	90.5%	85.9%
Middle Management Level	99.5%	98.8%	71.1%	56.0%	98.5%	97.4%
Junior Management Level	98.0%	99.6%	100.0%	100.0%	98.0%	99.6%
General staff	96.5%	99.4%	97.2%	80.2%	96.6%	97.8%

COMMUNITY IMPACT

8 DECENT WORK AND ECONOMIC GROWTH


UNSDG Target 8.9 Policies to promote sustainable tourism that creates jobs and promotes local culture and products

The Group's commitment to developing a culture of sustainable tourism contributes to the creation of jobs and policies to promote sustainable tourism that creates jobs and promotes local culture and products.

GEG upholds the philosophy of “what is taken from the community is to be used for the good of the community”, and strives to build a harmonious society by proactively supporting Macau's charities and community activities in a variety of ways. We focus on areas where we can assist the Macau SAR Government in promoting economic growth, establishing a harmonious socio-cultural environment, and work together with the different sectors to build a better Macau.

In operating a sustainable and successful business, GEG is also mindful of our community impact, and in 2015, established the GEG Foundation with the goal of investing 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 helps the next generation achieve higher standards of living and build a more inclusive community where young people become responsible citizens. The GEG Foundation also develops and initiates multi-year projects that support the Macau SAR Government's policies and directions, some of which will be highlighted in the sections below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



362,000+

Community Services
Hours Contributed

Over 183,000

Beneficiaries Reached

520+

Activities Held

* The data is cumulative since 2011

OUR FOCUS AREAS ON CSR**Supporting and Nurturing Youth Communities**

Believing that “education engenders a strong country”, GEG continuously earmarks considerable resources to provide young generations with a diversified learning platform and enough career development opportunities where they can unleash their potential and gain personal achievements. In 2022, GEG held a series of educational programs to support the Macau SAR Government’s policies and directions on talent cultivation. GEG will continue to support holistic development of the new generation and fulfill our pledge by extending care across the community and contribute to Macau’s stability.

Diversified Learning Programs**U-LEAD Graduate Internship Program**

For the 3rd consecutive year since 2020, GEG launched the program to support the internship career experience scheme of DSAL. In 2022, the program provided a three-month integrated resorts internship to Macau residents graduating from universities in 2019 to 2022. Through tailor-made skills training programs and professional guidance from industry leaders, participants explored and experienced the daily operations of different departments in the integrated resorts. U-LEAD aims at giving participants the work experience needed to develop their professional skills, enhance their competitiveness, and build a stronger foundation for their future career.

GEG Integrated Resort Internship Program

GEG has continued to provide professional and diversified internship opportunities for local undergraduates and special education needs students under the GEG Integrated Resort Internship Program. Since 2008, the program has provided comprehensive training and integrated resort internship experience to more than 880 tertiary education-level students and special education needs students.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GEG Youth Achievement Program

Recognizing the importance of fostering young people's understanding of developments and opportunities in China, GEG has been working alongside the Macau Management Association in organizing the GEG Youth Achievement Program ("YAP") for 11 consecutive years. Over 3,000 participants aged 18 to 29 years are provided with a wide range of activities and training in this annual program.

In 2022, GEG arranged a number of activities for YAP members, including a visit to the Funny Eye Brewery, the first craft brewery in Macau, to learn about business start-up and SME management, and a seminar during which GEG's corporate social responsibility was introduced to YAP members so as to help them understand the importance of social responsibility and inspire their commitment to Macau's sustainable development, to name a few.

**Extra-Curricular Educational Activities**

Education is a strong contributor to creation of a sustainable community. GEG hopes that local students can experience new knowledge and improve abilities from abundant extracurricular and educational activities.

GEG Macau Cup – Youth National Education Competition

GEG has title-sponsored the GEG Macau Cup – Youth National Education Competition for 14 consecutive years. The 2022 "GEG Macau Cup – Youth National Education Competition", co-organized by GEG and the National Conditions Education Association (Macau), was themed around "Carry Forward the Chinese Sports Spirit, Inspire the Strength of China" and aimed at promoting the embodiment of Chinese sportsmanship. More than 12,000 students from 29 universities and secondary schools took part in the preliminaries, setting a new record for the competition.

**Galaxy Macau™ Property Tours**

GEG worked closely with academic institutions on arranging lectures and property tours at Galaxy Macau™ for nearly 200 students from five local universities, offering knowledge sharing and development opportunities for the future leaders. In 2022, GEG and IFTM joined hands in hosting the "7th annual Tourism Education Student Summit", inviting IFTM's top 47 graduating BSc students to engage with industry experts in a discussion on the tourism and hospitality industries' future developments in Macau and the Greater Bay Area. GEG also invited 22 lecturers and students from the IFTM for a 2-day staycation at Galaxy Macau™ to gain first-hand experience and insights on operations of an integrated resort and to participate in a back-of-house tour.

Promoting Popular Science Activities in Schools

Since 2019, GEG has been enhancing young people's understanding of the country's latest technologies and cultivating their innovative thinking and related interests by title-sponsoring the "Popular Science Activities in Schools on Chinese Drones" and promoting drone technology and application to 30 of Macau's local schools.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Pandemic Prevention & Control

Under the influence of the pandemic in 2022, GEG has been proactively assisting the Macau SAR Government in handling the pandemic and fully cooperating with the government in implementing anti-epidemic guidelines. To support the Macau SAR Government's COVID-19 vaccination program, we hosted 2 seminars and over 500 departmental sharing sessions to disseminate vaccine information to team members. At the end of 2022, over 95% of GEG's team members had been vaccinated. We offer paid Family Vaccine Leave and Special Vaccine Leave for qualified team members so that they can extend care to their family members.

Meanwhile, GEG also provides assistance to residents in the form of resources to help create a resilient community. In April, more than 50 members of the GEG Volunteer Team supported the mobile vaccination vehicle at Lao Hon Market Park, arranged by the Health Bureau, the Social Welfare Bureau, and the Federation of Neighborhood Associations of Macau. Meanwhile, close to 500 GEG volunteers aided the citywide NAT drives held during the reporting year, at the public sampling station and caring stations at the Olympic Sports Centre, Tap Seac Multisport Pavilion, and Mong-Ha Sports Center to support the elderly, children and those in need.

13,265 meal servings



130 mobile beds with mattresses as well as accommodation were provided to community residents in need of assistance and medical professionals during COVID-19.



As a part of our GEG Group, KWCM proactively supported the community to fight against COVID-19. Amidst the severe fifth wave of the pandemic in Hong Kong, KWCM donated more than 10,000 rapid antigen test ("RAT") kits to low-income groups, the elderly and frontline anti-epidemic personnel through various organizations and distributed anti-epidemic supply kits to the underprivileged. In addition, KWCM will keep assisting the community in the future.

Developing Local SMEs

SMEs provide jobs for local residents and enhance the economic vitality of the community. GEG spares no effort in contributing to the development of local SMEs, "Made in Macau" brands, and young entrepreneurs, by constantly endeavoring to spur their growth under the "Large-Businesses-Leading-Small-Businesses" cooperation model and in line with the Macau SAR Government's policies. Local procurement is one of the direct ways for GEG to provide steadfast support for the growth of our key partners. Currently, over 90% of GEG's total expenditure on goods and services come from Macau enterprises and SMEs.

In the 2022 Chinese New Year Bazaar organized by Galaxy Macau™, GEG invited two homegrown brands, Essências de Portugal @ Littleport and Funny Eye Brewery, as well as the Association of Parents of the People with Intellectual Disabilities of Macau's Hong Kong Hin to participate and set up booths, and waived their respective venue costs. Through these initiatives, GEG hoped to offer an opportunity for local young entrepreneurs to gain more business experiences, widen local residents and tourists' knowledge about "Made in Macau" brands, and to build awareness for Macau's social service organizations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Promoting Sports Development

GEG has been proactively contributing to the Macau SAR Government's actions for development of local sports by supporting and sponsoring the organization of various international sports events in Macau and propelling Macau's positioning as a "World Center of Tourism and Leisure". In addition to being a long-term title-sponsor of two of Macau's four major annual international sports events, we also provide equal opportunities for women to participate in competitive sports. GEG was the first integrated resort operator to introduce an all-female dragon boat team in 2009, and we have one of the most diverse sports teams in Macau – from dragon boats to basketball, table tennis, badminton, running, volleyball and more, helping GEG to win over 200 awards over the years.

In 2022, GEG and Macau Special Olympics ("MSO") jointly organized the "Inclusive Table Tennis Fun Day" for the 12th time. By funding and sponsoring the event, over the years, GEG has promoted social inclusion through the game of table tennis and created a platform for our team members to build lasting friendships with people with special education needs.

Following a total of 14 years of support to the world-class volleyball tournaments – the "FIVB Volleyball World Grand Prix Macau" and the "FIVB Women's Volleyball Nations League Macau", in 2022, GEG took the lead to title-sponsor Macau's first commercial volleyball tournament – the "GEG Presents: 1st Volleyball Super Bowl". Organized by the Volleyball Association of Macau, the event provided local elite athletes with a larger platform to shine and inject momentum into the local sports industry.

GEG title-sponsored the "Galaxy Entertainment Macau GT Cup" at the 2022 Macau Grand Prix. We also invited the service users and family members of the Macau Deaf Association to visit the Grand Prix-themed Creative Art Activity Exhibition at the IAM Gallery and then headed to the Grand Stand and watched the Galaxy Entertainment GT Cup live.

Building on the legacy of the 2022 Galaxy Entertainment Macau International Marathon

For the 19th consecutive year, GEG title-sponsored the "Macau International Marathon" co-organized by the Sports Bureau and the General Association of Athletics of Macau. To indulge the public in the joyous atmosphere of the Macau International Marathon and heighten their interest and participation in sports, in 2022, GEG continued to organize the Galaxy Entertainment Macau International Marathon Carnival at the Broadway Food Street at Broadway Macau™. Featuring free games booths, a medal exhibition, marathon-themed souvenir crafting experiences, marathon-themed photo corners, retail booths set-up by various local sports SMEs, special delicacies and entertainment performances, the carnival showcased Macau's unique "tourism + sports" charm and allowed the public and tourists to experience the vitality and excitement of the marathon.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2022, GEG also co-organized a Marathon “Run with a Partner” Training Program with MSO for a second consecutive year, where members of GEG’s Runners Club and MSO paired up for their training on the running tracks.

Taking sports tourism to new heights through the well-received “WTT Champions Macau 2021 China Stars”, in 2022, GEG presented the “WTT Champions Macau 2022” after supporting the WTT Macau’s debut in the city in 2020. Working closely with the event organizers – the Sports Bureau and World Table Tennis and the event’s co-organizer – the Macau Table Tennis General Association, GEG helped facilitate development of Macau’s sports tourism. What’s more, GEG invited members of the Macau Special Olympics, University of Macau Lui Che Woo College and GEG Youth Achievement Program to watch the “WTT Champions Macau 2022 presented by Galaxy Entertainment Group” with members from the GEG Table Tennis Team and GEG Volunteer Team. GEG also invited seven Olympic gold medalists, namely, Ma Long, Fan Zhendong and Liu Shiwen etc., to share with Macau young people their experiences and preparations for the competitions, thereby encouraging them to pursue their dreams and develop positive values.

GEG Held Blessing Ceremony for 2022 Macau International Dragon Boat Races

GEG has supported the sport event for 17th consecutive years. This year we sent four dragon boat teams to take part in the “2022 Macau International Dragon Boat Races” organized by the MSB and the Dragon Boat Association of Macau, China.

Promoting Arts and Cultural Development

GEG believes in the importance of cultural diversity in maintaining Macau’s status as a cultural and tourism capital. We are proud to be able to take on the responsibility of disseminating and promoting the diverse cultures of Macau to the local community and beyond. In support of Macau’s positioning as “One Centre, One Platform, One Base”, GEG offers numerous opportunities for the public to experience film, music, art exhibitions and cultural preservation.

Helping Young People Discover their Musical Talents with GEG hush! kids stage

GEG is committed to support the Cultural Affairs Bureau in promoting cultural diversity of Macau, cultivating local artists and offering a platform for the public to showcase their music talent. In 2022, GEG supported the “Hush! Music Festival” for the 6th consecutive year and the GEG hush! kids staged for the 2nd consecutive year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Special Arts Patron of Macau Chinese Orchestra for the 2nd Consecutive Year

To promote Chinese music, in 2022, GEG Foundation became the “Special Arts Patron” of the Macau Chinese Orchestra for the 2nd consecutive year through the “GEG Chinese Music Promotion Scheme”. Furthermore, GEG Foundation, in its first-time collaboration with the Macau Youth Chinese Orchestra, presented a Young People’s Concert – “Chinese Music 101”, where GEG and GEG Foundation arranged for members of local community groups, teachers and students from local schools, and GEG team members and their children to attend the concerts aimed at promoting Chinese music and Chinese traditional culture in the Macau community.

Promoting Arts and Cultural Exchanges through the GEG Venue Partnership Pilot Program

Through the “GEG Venue Partnership Pilot Program”, GEG has offered dedicated support and technical aid to various social services organizations for hosting different cultural and arts activities, performances, and exchanges. In 2022, GEG offered venue support to:

- Fluid painting exhibition and workshops by Macau Autism Association
- “The Greatest Showman” by Oxfam in Macau and Jelly Musikgarten
- The 38th Youth Student Smoke-Free and Toxic-Free Painting Completion 2022 by Smoking Abstinence and Good Health Association
- Patriotic Song Singing Competition and Little Model Fashion Show by the Women’s General Association of Macau
- Chinese and Foreign Little Ambassadors for Cultural Exchange by the Education and Youth Affairs Bureau, to name a few.

**Promoting Arts and Culture at GalaxyArt**

In 2022, GEG Foundation presented “THE ART OF BAMBOO: from Qilin to Contemporary Art” exhibition and the oil painting exhibition “5 a.m.” at the non-profit arts space GalaxyArt, where exquisite bamboo artworks by Hong Kong artist Mr. Louis To, and paintings created by Macau artist Yuen Wai-lp were featured. The exhibitions were open to the public for free, with docent-led guided tours offered for visitors. We also organized children’s workshops and guided tours for local schools to visit the exhibitions.

“Alphabet and Friends” Literary and Cultural Festival

Through its “GEG Cultural & Academic Fund”, GEG Foundation funded the Portuguese Institute of the Orient for hosting the “Alphabets & Friends” Literary and Cultural Festival for the 2nd consecutive year. Under the theme of “The Sea”, the festival encompassed a host of intriguing events, among which, a set of Portuguese-Chinese bilingual publications were presented to local primary and secondary schools to motivate students to learn and understand the Portuguese language and culture. In addition, a “Zero Waste” Exhibition, Creative Writing Workshops, and Alphabet Book Fair were also organized to promote cultural exchange between the local community and Portuguese-speaking countries, and important messages about protecting the planet.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Promoting Macau's Cultural Heritage

GEG advocates the importance of cultural and heritage preservation through different initiatives. “The Current Situation and Development of Macau’s Documentary Heritage Application to the Memory of the World Register” seminar, organized by the City University of Macau’s Memory of the World Knowledge Center, Macau Documentation and Information Society and co-organized by GEG, was held at the Ho Yin Convention Center for over 50 online and in-person participants. The organizers brought together experts, scholars, teachers, and students to exchange ideas on Macau’s application for listing Gong Delin’s documented heritage in the UNESCO Memory of the World International Register as well as to cultivate a sense of belonging and cultural pride among the younger generation.

The hybrid seminar “Shining Rare Collection: International Conference on Women’s Empowerment and Documented Heritage of Kong Tac Lam Temple” organized by the City University of Macau’s Memory of the World Knowledge Center, Macau Documentation and Information Society and co-hosted by GEG was held at Ho Yin Convention Center and joined by more than 80 online and in-person attendees. During the seminar, a ribbon-cutting ceremony was held for the premiere of the documented heritage promotional video, which promotes the history of the temple and historical heritage from the perspective of young people. The video will be submitted to UNESCO as supplementary materials with the application. GEG is delighted to fund the video production and support the application of Kong Tac Kam documentary heritage to the “Memory of the World International Register”, in order to raise awareness of women’s rights, encourage young people to participate in this important cultural project at the national level, and promote heritage conservation in Macau.

Extending Care to the Community

GEG stays true to our corporate social responsibility pledge of “Community at Heart, Empathy in Action” by offering our dedicated support to different community groups. In 2011, GEG established the GEG Volunteer Team for our team members to engage in volunteer work and to give back to society, which has received tremendous support from team members. Over the years, GEG Volunteer Team has continued to provide support to the community and helped promote a more inclusive and harmonious culture across Macau. At GEG, we will continue to work together with our team members and the different sectors to establish a caring network and facilitate Macau’s sustainable development.

Garnering the “IGA Charitable Community Award” again

In 2022, GEG won the Charitable Community Award at the prestigious International Gaming Awards (“IGA”) ceremony in London for the 2nd consecutive year, which also marks the 11th consecutive year that GEG has been honored by the IGA. The Charitable Community Award once again recognizes GEG’s commitment to contribute and build a sustainable future for the communities in which it operates.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supporting Peng On Tung and Sharing Joy with the Elderly through Different Activities

To celebrate the Chinese New Year, GEG organized a host of activities for single living elderly members and families of elderly doubletons of Peng On Tung Tele-Assistance Services Center of the General Union of Neighbourhood Associations of Macau. The service users were invited to visit the Chinese New Year Market held by Galaxy Macau™. In addition, GEG volunteers also paid a visit and delivered festive gifts to spread warmth, care and respect to Macau's elderly community. Since 2010, GEG has been supporting Peng On Tung for 12 consecutive years, and has been organizing its volunteers to pay regular visits to its users.

**Engaging GEG YAP participants in community affairs**

To encourage young people to participate in community affairs and fulfill their social responsibilities, GEG arranged YAP members to participate in community activities, including the “Emergency Preparedness Talk for Elderly” that GEG co-organized with relevant Macau SAR Government departments for the 4th consecutive year, as well as a food hampers distribution activity that GEG had supported for 10 consecutive years at the Welfare Shop of Macau Holy House of Mercy. Furthermore, YAP members also joined GEG volunteers for a visit to the Civil Protection Operations Centre where they gained a profound understanding of Macau's emergency preparedness facility and operation.

**Community at Heart, Empathy in Action**

GEG continued to carry out the “GEG Empathy in Action Inclusive Creative Arts Projects” and organized workshops with the Macau Deaf Association and Macau Association of the Hearing Impaired. Communicating through lip reading and body language, GEG volunteers joined hands with the association members to create a macramé floral arrangement and plaster cast in the shape of sign language. GEG also invited members and family members of the Macau Association of the Hearing Impaired and the Macau Down Syndrome Association to participate in the “Night Lamp DIY” Workshop at “THE ART OF BAMBOO: from Qilin to Contemporary Art” exhibition held at GalaxyArt, in the hope of deepening the relationships between different communities and promoting social inclusion through art and cultural activities.



GEG co-organized the “Mental Health Awareness” and its extended outreach activity “Live in the Temporary House” with Richmond Fellowship of Macau (“RFM”), during which GEG volunteers learnt about mental health and visited the Mong Ha Temporary House of RFM to extend care to its service users, while heightening mental health awareness among the general public. GEG also joined hands with Macau Deaf Association to organize a “Silent Experience” where GEG volunteers wore earmuffs to learn local sign language and experience hearing loss. Through these activities, GEG hopes to enhance the public's understanding of deaf and hearing-impaired people and build empathy in our community.

Alcohol Art Painting

GEG volunteers joined members from the Day Center of the Richmond Fellowship of Macau to create unique paintings with alcohol and ink. The art of alcohol ink painting, which is popular in Japan, Europe, America, Russia and Australia, allows participants to “paint outside the box” with a flowing blaze of color.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Making our 10-year Commitment to Supporting the Community's Underprivileged

GEG supported the Macau Holy House of Mercy in providing care and relief to families in need for the 10th consecutive year by making a MOP300,000 donation.

Participating in the 53rd Caritas Macau Charity Bazaar

GEG donated MOP200,000 to Caritas Macau to support its community services. In addition, about 50 members of GEG Volunteer Team also volunteered at the 53rd Charity Bazaar by hosting a game booth to raise funds for its charitable work.

Donating Pillowcases to the Underprivileged

GEG donated MOP100,000 to Fuhong Society of Macau ("Fuhong") for purchase of the "Meditation and Dream Series Pillowcases" and to support the employment of their service users. The colorful pillowcases were further presented to multiple community establishments, thereby creating a friendly and caring environment for the community and promoting social inclusion.

Supporting Animal Rescue and Protection Work

GEG proactively supports animal rescue and protection work, and arranged a visit of the GEG Volunteer Team to the Macau Animal Protection Association to promote animal rights and protection. During the visit, the GEG volunteers played with the association's sheltered animals and learned about the animals' daily care. Also, they created a series of colorful painting artworks together with dogs.

Other Community Donations

- General Union of Neighborhood Associations of Macau
- Peng On Ting Tele-Assistance Service Center
- Tung Sin Tong Charitable Society
- Charity Fund from the Readers of Macau Daily News
- Welfare Shop of Macau Holy House of Mercy, to name a few.

Spreading Love and Joy in the Mid-Autumn Festival

GEG organized a special program to share a love-filled celebration with disadvantaged communities. We purchased over 500 sets of charitable mooncake gift sets made and packaged by Fuhong in collaboration with Macau's traditional local brand Pastelaria Ma Hong Kei to support the employment of Fuhong's service users. The GEG Volunteer Team hand-delivered the mooncake gift sets to Long Cheng Centre, Yee Lok Center, and other locations of Fuhong for an early celebration of the festival. We also invited the GEG Volunteer Team and their children to visit Pou Choi Centre and Pou Lei Centre of Fuhong Society of Macau, where they learned about the mooncake gift set packaging process and enjoyed a DIY lantern making workshop with the service users of Fuhong.

With regard to our construction materials division, KWCM continues to participate in and support charitable fundraising events. In 2022, KWCM contributed 571 volunteer hours and continued its 5-year education fund with a yearly donation of RMB0.2 million to the Communist Party of China Youth League of Dagan County Committee to support and improve the learning environment of underprivileged secondary school students and undergraduate students.

KWCM Social Club maintained the collaboration with the Evangelical Lutheran Church of Hong Kong ("ELCHK") and 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 2022 to distribute self-packed meal boxes to underprivileged groups. In addition, KWCM Social Club continued to work with ELCHK to organize the KWCM-ELCHK Volunteer Programme for children from underprivileged families.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Selected Major CSR Awards

Awardee	Award	Event	Organizer
Galaxy Entertainment Group	Top 10 Companies	2nd Greater China Hotel Business Sustainability Index	Centre for Hospitality and Real Estate Research, School of Hotel and Tourism Management, The Chinese University of Hong Kong
Galaxy Entertainment Group	Top 20 Companies	7th Hong Kong Business Sustainability Index	Centre for Business Sustainability, The Chinese University of Hong Kong
Galaxy Entertainment Group	Top 20 Companies	3rd Greater Bay Area Business Sustainability Index	Centre for Business Sustainability, The Chinese University of Hong Kong
Galaxy Entertainment Group	Charitable Community Award	2022 International Gaming Awards	Clever Duck Media Ltd.
Galaxy Entertainment Group	Green Booth Award	2022 Macao International Environmental Co-operation Forum & Exhibition	Macao Fair and Trade Association
Galaxy Entertainment Group	Volunteer Award of Outstanding Enterprise 2022 in Macau	The 30th International Volunteer Recognition Ceremony	Association of Volunteer Social Service Macao
Galaxy Macau™ Phase 2	GBA Low Carbon Buildings Top 100 Award	GBA Low Carbon Buildings Top 100 Award Presentation Ceremony	Greater Bay Area Carbon Neutrality Association
Galaxy Macau™ Phase 3C Lot 3 (MICE)	LEED v4 Gold Certificate		U.S. Green Building Council
Galaxy Hotel™	EarthCheck Silver Certification		EarthCheck
Galaxy Hotel™	Green Key Award		The Foundation for Environmental Education
Banyan Tree Macau	EarthCheck Gold Certification		EarthCheck
Hotel Okura Macau	Gold Award	2021 Macao Green Hotel Award	Environmental Protection Bureau of the Macau SAR Government
Hotel Okura Macau	EarthCheck Silver Certification		EarthCheck
Hotel Okura Macau	Green Key Award		The Foundation for Environmental Education
Broadway Macau™	Excellence Award	Macau Energy Saving Contest 2022	Companhia de Electricidade de Macau – CEM, S.A. & Office for the Development of Energy Sector of Macau SAR Government

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Awardee	Award	Event	Organizer
Broadway Macau™	Continuous Energy Saving Award	Macau Energy Saving Contest 2022	Companhia de Electricidade de Macau – CEM, S.A. & Office for the Development of Energy Sector of Macau SAR Government
Broadway Hotel	Silver Award	2021 Macao Green Hotel Award	Environmental Protection Bureau of the Macau SAR Government
K. Wah Construction Materials (HK) Ltd.	20 Years Plus Caring Company Logo	Caring Company Scheme	The Hong Kong Council of Social Service
K. Wah Construction Materials (HK) Ltd.	EcoPartner 5 Years+ EcoPioneer	BOCHK Corporate Environmental Leadership Awards 2021	Bank of China (Hong Kong) Federation of Hong Kong Industries

HKEX ESG CONTENT INDEX

General Disclosures and KPIs	Description	Reference and Remarks
Governance Structure		
<i>General Disclosure</i>	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG GOVERNANCE

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs	Description	Reference and Remarks
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	<p>Stakeholder engagement and materiality assessment are conducted to identify the material ESG topics, ensuring that the concerns of stakeholders are addressed in this report.</p> <p>The report indicates which data have been estimated, and the underlying assumptions and techniques used for the estimation, or where that information can be found.</p> <p>To maintain comparability of information unless otherwise stated, the data and statistical methods in this report are presented in a consistent manner, which allow for meaningful comparison over time.</p>
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	Reporting Framework and Scope

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs	Description	Reference and Remarks
A. Environmental		
Aspect A1: Emissions		
<i>General Disclosure</i>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ENVIRONMENTAL STEWARDSHIP
KPI A1.1	The types of emissions and respective emissions data.	Air Emission Environmental Performance Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Environmental Performance Table
KPI A1.3	Total hazardous waste produced and intensity.	Environmental Performance Table
KPI A1.4	Total non-hazardous waste produced and intensity.	Environmental Performance Table
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Greenhouse Gas Emission
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.	Waste Waste Reduction and Recycling Waste Performance
Aspect A2: Use of Resources		
<i>General Disclosure</i>	Policies on the efficient use of resources, including energy, water and other raw materials.	RESOURCES MANAGEMENT
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environmental Performance Table
KPI A2.2	Water consumption in total and intensity.	Water Performance Environmental Performance Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Renewable Energy Energy Performance
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 Water Conservation Water Performance
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable to GEG as a service-based business

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs	Description	Reference and Remarks
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	NURTURING OUR ENVIRONMENT
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	CELEBRATING OUR PLANET
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GEG TEAM MEMBER ENGAGEMENT Equal Opportunities and Diversity
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Equal Opportunities and Diversity
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Equal Opportunities and Diversity
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Team Member Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Team Member Health and Safety
KPI B2.2	Lost days due to work injury.	Team Member Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Team Member Health and Safety

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General Disclosures and KPIs	Description	Reference and Remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category.	Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Development
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	RESPONSIBLE SUPPLY CHAIN MANAGEMENT
KPI B5.1	Number of suppliers by geographical region.	RESPONSIBLE SUPPLY CHAIN MANAGEMENT - Local enterprises and SMEs account for over 62% 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 Code of Conduct Supplier Review and Evaluation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Environmental and Social Risk 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.	Green Procurement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosures and KPIs	Description	Reference and Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Gaming
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 FIRST
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall procedures.	CUSTOMER FIRST
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy and Cyber Security
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption and Anti-Money Laundering
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.	Anti-Corruption and Anti-Money Laundering
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption and Anti-Money Laundering
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption and Anti-Money Laundering
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY IMPACT
KPI B8.1	Focus areas of contribution.	COMMUNITY IMPACT
KPI B8.2	Resources contributed to the focus area.	COMMUNITY IMPACT

BIOGRAPHICAL INFORMATION OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. Lui Che Woo, *GBM, MBE, JP, LLD, DSSc, DBA*, aged 93, 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.

Mr. Francis Lui Yiu Tung, aged 67, 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 14th 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 and Tourism Development 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. 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 six times. 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.

BIOGRAPHICAL INFORMATION OF DIRECTORS

Mr. Joseph Chee Ying Keung, aged 65, 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 Honorary Fellow 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 member of the Standing Committee of the 12th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference and has been re-elected as member of the Standing Committee of the 13th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference in January 2023. 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 68, 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 was elected as a member of the Shanghai Committee of the Chinese People's Political Consultative Conference from December 2012 to December 2022. 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.

NON-EXECUTIVE DIRECTORS

Dr. Charles Cheung Wai Bun, *JP*, aged 86, 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 and an advisor of The Institute of ESG & Benchmark. 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 (listing status: delisted in July 2022), from September 2014 to August 2021.

BIOGRAPHICAL INFORMATION OF DIRECTORS

Mr. Michael Victor Mecca, aged 74, 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 was formerly a member of the board of directors of Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("SBM") from September 2015 to September 2021, SBM's 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. James Ross Ancell, aged 69, 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, 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 85, 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 74, 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, 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, Li Bao Ge Group Limited from June 2016 to December 2021 and Sino Oil and Gas Holdings Limited from August 2010 to November 2022, all 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 36 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 33 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 39 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 26 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 38 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 31 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.

Elmen Lee, Executive Vice President – Business Development and Hotel and MICE Sales. He has over 30 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 31 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 32 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 22 years of experience in premium marketing and gaming operations. Previously, he held senior management positions with integrated resorts in Singapore and Vietnam.

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 maintaining high standards of corporate governance to enhance the performance of the Company and its subsidiaries (“Group”). 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 of the Group. 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 sets mission, values and strategies to achieve towards sustainable growth. The Board’s role is to ensure that these aspects and the Company’s culture are aligned.

The Company is headed by the Board, which is responsible to lead and control the 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 80 to 82 as well as the Company’s website at 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, and 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 businesses, 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, Mr. Joseph Chee Ying Keung, Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak will retire and are eligible for re-election. All of them have offered themselves for re-election.

Pursuant to the Code B.2.3 of Appendix 14 of the Listing Rules, the re-appointment of Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak as independent non-executive Directors who served more than 9 years shall be proposed by a separate resolution to be approved by Shareholders.

As all the independent non-executive directors of the Company have served more than 9 years on the Board, the length of tenure of each existing independent non-executive director on a named basis was disclosed in the announcement of the Company dated 12 May 2022.

Independence of Independent Non-executive Directors

Dr. William Yip Shue Lam holds cross-directorship with other directors (namely, Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Ms. Paddy Tang Lui Wai Yu) serve on the boards of the Company and K. Wah International Holdings Limited. Given that Dr. Yip plays an independent non-executive director role and holds less than 1% of the number of issued shares in each of these 2 companies, the Company considers that such cross-directorship would not undermine his independence with respect to his directorship at the Company.

In addition, 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.

CORPORATE GOVERNANCE REPORT

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.

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 independent non-executive Directors and non-executive Directors have 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 update on cyber security and anti-bribery and corruption refresher, corporate governance development, updates on laws, rules, regulations; and management to further strengthen their knowledge and skills on their 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 continuously provided to our Directors on a timely and regular basis, so as to ensure that the Directors are aware of their responsibilities and obligations as well as to maintain good corporate governance practices. 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
Executive Directors		
Dr. Lui Che Woo	✓	✓
Mr. Francis Lui Yiu Tung	✓	✓
Mr. Joseph Chee Ying Keung	✓	✓
Ms. 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	✓	✓

CORPORATE GOVERNANCE REPORT

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.

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 such 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 (as listed below), 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.

CORPORATE GOVERNANCE REPORT

The Audit Committee held two meetings in 2022 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. The Audit Committee also held one meeting by way of video conference with the Internal Auditor during the year to review the whistleblowing program formalization.

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, and whistleblowing mechanism development, 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 and review the implementation of whistleblowing program formalization. The Group's whistleblowing policy was introduced in September 2022 and the whistleblowing system was launched to encourage reporting of any suspected or potential misconduct of behavior. For details, please refer to "Risk Management and Internal Control" section of this Corporate Governance Report and the section headed "Environmental, Social and Governance Report" on page 93 of this annual report.

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 were updated in the year to align with the latest amendments in the Listing Rules with regard to the share schemes, details of which are posted on the websites of the Company and HKEX.

The Remuneration Committee met once in 2022 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, subject to approval of Shareholders at the annual general meeting; review and approval of remuneration policy, structure (including options and awards), packages (including discretionary bonus) to executive Directors based on market data, and by reference to the Director's duties and responsibilities with the Company, the Company's performance and profitability; review and approval of grant of share options, replacement share options and share awards to executive Directors based on the policy set for remuneration structure for the executive Directors and to promote the long term financial success of the Company by aligning their interest to that of the Shareholders; and recommendation of its revised written terms of reference as mentioned above to the Board for approval. Non-executive Directors (including Independent Non-executive Directors) do not receive remuneration other than the Directors' fee which does not involve equity-based or performance-related elements. 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 10 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

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 role and function of the Nomination Committee are set out in its revised written terms of reference which were updated in 2022 to align the latest developments of the Code on review of the implementation and effectiveness of the nomination policy, details of which are posted on the websites of the Company and HKEX.

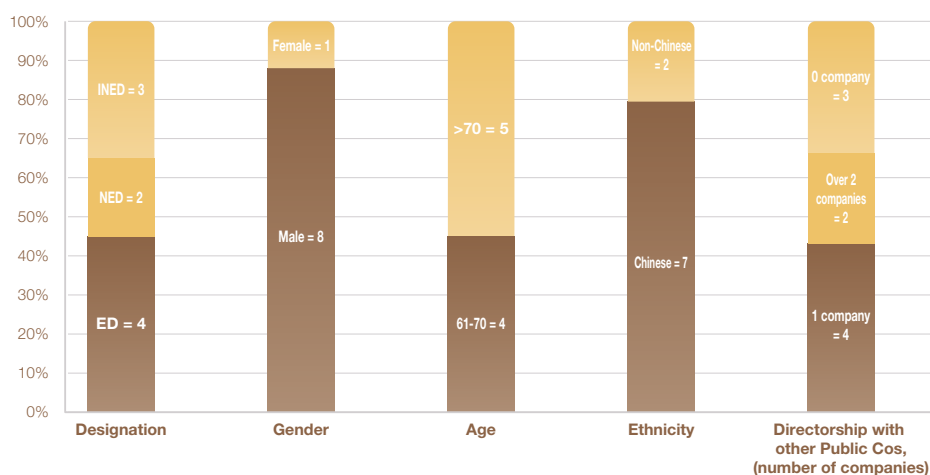
The Company adopted a nomination policy in March 2012, revised in March 2013 and December 2018 and was further updated in 2022 to align with the latest amendments of the Code on board diversity and was renamed Policy for Nomination of Directors and Board Diversity (the “Nomination and Board Diversity Policy”).

Recognizing the benefits of having a Board that has a balance of skills, experiences and diversity of perspectives, the Nomination and Board Diversity Policy was revised 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, and other factors that the Nomination Committee may consider relevant from time to time taking into account the Company’s business model and specific needs. The revised Nomination and Board Diversity Policy formally recognizes our practice of ensuring that the independent views and input are made available to the Board and is subject to annual review by the Nomination Committee.

Currently, the Board has a female director out of 9 Directors, which met the target set by the Board. The Company is committed to improving the diversity of the Board based on its needs and as and when suitable candidates are identified. Board appointments will be based on merit measured against objective criteria and perceived contributions that the candidate can bring to the Board, taking into account the corporate strategy and business operations of the Company, and the Company’s diversity policy from time to time. The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments.

Our Directors come from a variety of different backgrounds and have a diverse range of business, financial services and professional experience. The Company requests the Directors to disclose annually to the Company the number and nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved. The Directors’ biographical information is set out on pages 80 to 82 and is also available on the website of the Company. Gender diversity at workforce levels is disclosed in the section headed “Environmental, Social and Governance Report” on page 54 of this annual report.

The following chart shows the diversity profile of the Board as at 31 December 2022:



CORPORATE GOVERNANCE REPORT

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 2022 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. In addition, written resolutions were circulated to the members for approval during the year.

The principal work performed by the Nomination Committee during the year included reviewing the Nomination and Board Diversity 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, recommending the re-appointment of retiring Directors, recommending its revised written terms of reference and Nomination and Board Diversity Policy as mentioned above to the Board for approval. No Director will vote in respect of recommending his/her own re-appointment as Director.

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 include review of the Group's ESG management approach and strategies, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks and opportunities to the Group's businesses); and review and monitor of the ESG performance, and evaluate emerging ESG-related issues, trends and best practices that could impact the business operations and performance of the Group. Sustainability is well integrated into the Group's business strategy and the Board and through the Corporate Governance Committee, has the overall responsibility for Group's ESG reporting and sustainability. The linkage is well articulated in the "ESG Governance" which forms part of the ESG Report.

A policy on corporate governance (the "CG Policy") was adopted with the aim to enhance Shareholders' value and to achieve high level of transparency, integrity and accountability. The CG Policy was updated in December 2022 to put more emphasis on good corporate governance as required under the Code.

The Corporate Governance Committee met once in 2022 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.

CORPORATE GOVERNANCE REPORT

The principal work performed by the Corporate Governance Committee during the year 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 the amendments to CG policy as mentioned above and Shareholders' communication policy to the Board for approval.

BOARD PROCESS AND DIRECTORS' ATTENDANCE

An open and transparent culture is maintained in the boardroom where Directors are provided with the necessary information before the meeting, and sufficient time is allowed for discussion at the meeting before putting the resolutions to vote. Each Director is given an opportunity to express his own view. Non-executive Directors can seek independent advice if they need to.

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 meetings will be convened. In 2022, one special Board meeting was held with 7 days' notice was given to all Directors. 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 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.

Details of all Directors' attendance at the Board, Board Committees and general meetings held in the year are set out in the following table:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	Annual General Meeting
Number of Meetings	(5)	(3)	(1)	(1)	(1)	(1)
Executive Directors						
Dr. Lui Che Woo	4/5	–	–	–	–	1/1
Mr. Francis Lui Yiu Tung	5/5	–	1/1	1/1	1/1	1/1
Mr. Joseph Chee Ying Keung	5/5	–	–	–	–	1/1
Mrs. Paddy Tang Lui Wai Yu	5/5	–	–	–	–	1/1
Non-executive Directors						
Dr. Charles Cheung Wai Bun	5/5	3/3	–	–	1/1	1/1
Mr. Michael Victor Mecca	5/5	–	–	–	–	1/1
Independent non-executive Directors						
Mr. James Ross Ancell	5/5	3/3	–	–	1/1	1/1
Dr. William Yip Shue Lam	5/5	3/3	1/1	1/1	–	1/1
Professor Patrick Wong Lung Tak	5/5	3/3	1/1	1/1	1/1	1/1

CORPORATE GOVERNANCE REPORT

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 regarding 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.

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 and give a true and fair view thereof and comply with all applicable regulatory requirements and accounting standards. In preparing the consolidated financial statements for the year ended 31 December 2022, 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 2022. Accordingly, the Directors have prepared the consolidated financial statements for the year ended 31 December 2022 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 113 to 117.

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 2022 are included in note 9 to the consolidated financial statements.

Fees for non-auditing services include HK\$2,214,000 for the services provided in respect of taxation and advisory services.

CORPORATE GOVERNANCE REPORT

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 businesses of the Group. 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 in 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 businesses and for external reporting; and
- Compliance controls to ensure the compliance with relevant legislation and regulations, and also with the Group's policies and procedures with respect to the conduct of business.

The key elements that the Group has 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 performs 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, handling and dissemination of inside information, handling whistleblowing matters, and anti-corruption laws and regulations have been implemented by the Group to guard against possible mishandling of inside information, improprieties and corruptions within the Group.

For the financial year ended 31 December 2022, 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.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS ENGAGEMENT 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 sets out the Group's commitment of maintaining an effective ongoing dialogue with shareholders and provides a framework to maintain direct, open and timely communication with Shareholders. The Shareholders' communication policy is reviewed by the Corporate Governance Committee on a regular basis. It was updated in December 2022 to enhance the communication with Shareholders to ensure 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 with contact details displayed in the Company's website and annual/interim reports has been designated to maintain purposeful dialogue and ongoing relationships with investors, analysts and media. Quality information is provided to Shareholders and the investment community.

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 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

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting. 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)).

CORPORATE GOVERNANCE REPORT

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.

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 2022.

COMPLIANCE WITH THE CODE

Throughout the year under review, the Company had complied with all the code provisions in the Code, except code provision B.2.2.

B.2.2 – 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 of the Company this annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022.

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 43 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated income statement on page 118 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

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

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil) or any special dividend. Total dividend paid to shareholders of the Company for the year ended 31 December 2022 was HK\$0.30 per share (2021: nil).

DISTRIBUTABLE RESERVES

The Company’s reserves available for distribution to its shareholders as at 31 December 2022, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK\$84,224,270,000 (2021: HK\$48,813,347,000).

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 12 and 13 and Management Discussion and Analysis on pages 19 to 28 of this annual report.

The financial risk management objectives and policies of the Group can be found in note 5 to the consolidated financial statements. The particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2022, if any, can also be found in the abovementioned sections and the notes to the consolidated financial statements.

An analysis of the Group’s performance during the year using financial key performance indicators is provided in the Financial & Operational Highlights on pages 7 to 11 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 29 to 79 of this annual report.

REPORT OF THE DIRECTORS

SHARES ISSUED

Details of the shares issued by the Company during the year are set out in note 28 to the consolidated financial statements.

During the year, a total of 8,191,439 new ordinary shares of the Company were issued pursuant to the share option scheme of the Company as a result of the exercise of share options by option holders, and a total of 1,166,964 new ordinary shares of the Company were allotted for the purpose of satisfying the share awards granted under the share award scheme. Details are mentioned in the sections headed “Share Options Schemes” and “Share Award Schemes” respectively below.

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 362,037 shares of the Company for a total consideration of approximately HK\$16.86 million for satisfying the share awards granted to the connected persons (“Connected Persons”), as defined under the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”), who are also employees of the Group. All 362,037 shares of the Company were subsequently transferred to the Connected Persons on the respective vesting dates of the share awards.

Save as disclosed above, 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 2022.

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

The biographical details of the Directors are set out on pages 80 to 82 of this annual report. Details of Directors’ remuneration are listed out in note 10 to the consolidated financial statements.

In accordance with Article 106(A) of the Articles of Association of the Company, Mr. Joseph Chee Ying Keung, Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak 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).

REPORT OF THE DIRECTORS

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the following directors' fees in respect of the year ended 31 December 2022 will be payable to the Directors:

	Chairman (HK\$)	Member (HK\$)
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 2022 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 in this report, 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 2022 or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN SECURITIES AND UNDERLYING SHARES

As at 31 December 2022, 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, were as follows:

(a) Shares (including underlying shares)

Name	Number of shares (including underlying shares) held				Total	Percentage of shares in issue
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Lui Che Woo	40,287,104	2,181,518	363,726,401 ⁽¹⁾	1,362,225,231 ⁽²⁾	1,768,420,254	40.48
Francis Lui Yiu Tung	51,492,179	–	398,150,099 ⁽³⁾	1,362,225,231 ⁽²⁾	1,811,867,509	41.47
Joseph Chee Ying Keung	1,521,051	–	–	–	1,521,051	0.03
Paddy Tang Lui Wai Yu	14,189,547	–	–	1,362,225,231 ⁽²⁾	1,376,414,778	31.50
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

REPORT OF THE DIRECTORS

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.

(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 2022, 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 2022, 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	Capacity	Number of shares/underlying shares in long position (L)/short position (S) held	Percentage of shares in issue ⁽⁴⁾
City Lion Profits Corp.	Beneficial owner	973,282,206 (L)	22.28
CWL Assets (PTC) Limited	Trustee	1,362,225,231 (L)	31.18
HSBC International Trustee Limited	Trustee	1,363,000,491 ⁽¹⁾ (L)	31.20
Super Focus Company Limited	Beneficial owner	112,010,107 (L)	6.28
	Interests of controlled corporations	162,484,047 (L)	
Lui Che Woo Foundation Limited	Beneficial owner	295,421,000 (L)	6.76
The Capital Group Companies, Inc.	Interests of controlled corporations	392,691,426 (L)	8.99
JPMorgan Chase & Co. (“JPMC”)	Interests of controlled corporations	17,434,319 (L)	5.16
	Interests of controlled corporations	41,230,985 (S)	
	Investment manager	8,711,581 (L)	
	Person having a security interest in shares	2,003,485 (L)	
	Trustee	720 (L)	
	Approved lending agent	197,068,775 (L)	0.94

REPORT OF THE DIRECTORS

Notes:

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

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 2022, 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.

SHARE OPTION SCHEMES

The existing share option scheme was adopted on 13 May 2021 (the "Share Option Scheme 2021") and all the outstanding share options granted under the previous scheme adopted on 22 June 2011 (the "Share Option Scheme 2011") shall remain valid and exercisable in accordance with the terms of issue and shall be treated in accordance with the terms under the Share Option Scheme 2011. 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 of the Company.

REPORT OF THE DIRECTORS

(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.

(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 407,251,832 shares and a total of 34,169,942 shares may be issued upon exercise of all outstanding options which had been granted and yet to be exercised under the Share Option Scheme 2021, representing approximately 9.32% and 0.78%, respectively, of the issued shares of the Company, and is further reduced by the number of 6,155,057 outstanding share awards granted pursuant to the Share Award Scheme 2021. The total number of shares available for issue under the Share Option Scheme 2021 and Share Award Scheme 2021 is 400,550,058 shares, representing approximately 9.17% of the issued shares of the Company.

REPORT OF THE DIRECTORS

(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 of the Company 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 its 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) Vesting period of options granted

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.

(9) Remaining life

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.

REPORT OF THE DIRECTORS

The particulars of the movements in the options held by each of the Directors of the Company and their associates, and the employees of the Group in aggregate granted under the Share Option Scheme 2011 and Share Option Scheme 2021 during the year ended 31 December 2022 were as follows:

Name	Date of grant	Number of Options					Held at 31 December 2022	Exercise price (HK\$)	Exercise period
		Held at 1 January 2022	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year			
Lui Che Woo	12 Sep 2016	1,021,312	-	(1,021,312) ^(a)	-	-	-	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,002,000	-	(1,002,000) ^(a)	-	-	-	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
	07 Oct 2022	-	3,614,760	-	-	-	3,614,760	48.65	07 Oct 2023 – 06 Oct 2028
Francis Lui Yiu Tung	12 Sep 2016	1,445,483	-	(1,445,483) ^(a)	-	-	-	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,417,000	-	(1,417,000) ^(a)	-	-	-	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
	07 Oct 2022	-	4,366,000	-	-	-	4,366,000	48.65	07 Oct 2023 – 06 Oct 2028
Joseph Chee Ying Keung	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
	07 Oct 2022	-	221,000	-	-	-	221,000	48.65	07 Oct 2023 – 06 Oct 2028
Paddy Tang Lui Wai Yu	12 Sep 2016	111,285	-	(111,285) ^(a)	-	-	-	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	79,000	-	(79,000) ^(a)	-	-	-	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
	07 Oct 2022	-	193,440	-	-	-	193,440	48.65	07 Oct 2023 – 06 Oct 2028
James Ross Ancell	-	-	-	-	-	-	-	-	-
William Yip Shue Lam	-	-	-	-	-	-	-	-	-
Patrick Wong Lung Tak	-	-	-	-	-	-	-	-	-
Charles Cheung Wai Bun	-	-	-	-	-	-	-	-	-
Michael Victor Mecca	12 Sep 2016	481,278	-	(481,278) ^(a)	-	-	-	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	371,000	-	(371,000) ^(a)	-	-	-	33.49	28 Dec 2017 – 27 Dec 2022
Employees ^(a) (in aggregate)	12 Sep 2016	947,365	-	(947,075) ^(b)	-	(290)	-	28.35	12 Mar 2018 – 11 Sep 2022
	28 Dec 2016	1,129,336	-	(1,129,336) ^(b)	-	-	-	33.49	28 Dec 2017 – 27 Dec 2022
	26 Jul 2017	439,000	-	(3,000) ^(b)	-	(101,000)	335,000	46.95	26 Jul 2018 – 25 Jul 2023
	27 Dec 2017	1,398,000	-	-	(962,000)	(124,000)	312,000	62.36	27 Dec 2018 – 26 Dec 2023
	21 Nov 2018	3,601,909	-	(175,670) ^(b)	-	(238,346)	3,187,893	46.75	21 Nov 2019 – 20 Nov 2024
	28 Dec 2018	1,418,012	-	(8,000) ^(b)	-	(143,666)	1,266,346	48.65	28 Dec 2019 – 27 Dec 2024
	30 Dec 2019	5,414,186	-	-	(3,971,524)	(536,310)	906,352	57.70	30 Dec 2020 – 29 Dec 2025
	29 Sep 2020	1,267,666	-	-	-	(203,666)	1,064,000	52.58	29 Sep 2021 – 28 Sep 2026
	17 Jun 2021	5,265,826	-	-	(3,991,000)	(582,300)	692,526	62.19	17 Jun 2022 – 16 Jun 2027
07 Oct 2022	-	11,572,180	-	-	(240,000)	11,332,180	48.65	07 Oct 2023 – 06 Oct 2028	
Total		43,662,658	19,967,380	(8,191,439)	(18,791,524)	(2,169,578)	34,477,497		

REPORT OF THE DIRECTORS

Notes:

- a. The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$42.01.
- b. The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$47.37.
- c. The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$41.82.
- d. The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$48.63.
- e. Employees include associates of Directors and those who have changed their capacity to consultants subsequent to the grant of options. The movements in the options held by each of the associates of Directors during the year with exercise price and exercise period shown above were as follows:

Name	Date of grant	Number of Options				
		Held at 1 January 2022	Granted during the year	Exercised during the year	Cancelled during the year	Held at 31 December 2022
Eileen Lui Wai Ling	12 Sep 2016	224,540	-	(224,540) ⁽ⁱ⁾	-	-
	28 Dec 2016	204,000	-	(204,000) ⁽ⁱ⁾	-	-
	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)	-
	07 Oct 2022	-	723,360	-	-	723,360
Joanna Claudia Lui	27 Dec 2017	3,000	-	-	(3,000)	-
	28 Dec 2018	6,000	-	-	-	6,000
	30 Dec 2019	5,000	-	-	(5,000)	-
	07 Oct 2022	-	2,770	-	-	2,770
Andrew Nicholas Lui	30 Dec 2019	5,000	-	-	(5,000)	-
	17 Jun 2021	4,000	-	-	(4,000)	-
	07 Oct 2022	-	10,420	-	-	10,420

- (i) The weighted average closing price of the shares immediately before the date on which the options were exercised during the year was HK\$39.41.
- f. 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\$46.45.

REPORT OF THE DIRECTORS

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 (i) the options granted on 12 September 2016 is 100% vesting on 18 months after the date of grant; (ii) 130,000 options granted on 30 December 2019 is 100% vesting on 36 months after the date of grant; and (iii) 8,515,110 options granted on 7 October 2022 is 50% vesting on each of the first and second anniversary of 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, cancelled or lapsed during the year are set out above.

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 of share options on 7 October 2022							
- 11,212,270 options outstanding as at 31 December 2022	15.55	48.65	48.65	41.4% to 42.0%	3.5 to 4.5 years	2%	3.752% to 3.817%
Granted of share options in replacement of previously granted share options on 7 October 2022							
- 8,515,110 options outstanding as at 31 December 2022	15.20	48.65	48.65	41.5% to 42.0%	3.5 to 4.0 years	2%	3.785% to 3.817%

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 7 October 2022 was HK\$48.90. No performance target was set.

SHARE AWARD SCHEMES

The existing share award scheme was adopted on 13 May 2021 (the "Share Award Scheme 2021") and all the outstanding share awards granted under the previous share award scheme adopted on 4 August 2014 (the "Share Award Scheme 2014") shall remain valid until fully vested on 30 December 2022 or vested due to retirement 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 summary of the Share Award 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 award holders to shareholders of the Company.

REPORT OF THE DIRECTORS

(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.

(3) Total number of shares available for issue

Mandate Limit – Subject to the paragraph below, 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 outstanding options granted and to be granted under any share option scheme(s) of the Company (including 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.

Overriding Limit – In addition to the limit stated above, 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 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.

(4) Maximum entitlement of each participant

The aggregate of (a) the total number of awarded shares underlying all awards (whether the awards are vested or not) and (b) the total number of shares issued and to be issued upon exercise of options under the Share Option Scheme 2021 or any other share option scheme(s) of the Company (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.

REPORT OF THE DIRECTORS

(5) Vesting period of awards granted

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. The Share Award Scheme 2021 does not specify any minimum holding period, the vesting period of share awards granted is set out in the particulars of movements below.

(6) Payment on acceptance of the awards

HK\$1.00 is payable by the grantee to the Company on acceptance of the award 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).

(7) Basis of determining the purchase price of the awards

No purchase price is determined. The Board may from time to time determine the terms and conditions of the awards.

(8) Remaining life

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.

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.

No award holder shall enjoy any of the rights of a shareholder of the Company 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, there were 935,430, 195,380 and 4,043,250 share awards 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, a total of 1,166,964 shares of the Company were allotted to the trustee of the Share Award Scheme 2021 at a price of HK\$0.01 each, and 206,540 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\$10.38 million and 155,497 shares of the Company were purchased by the trustee of the Share Award Scheme 2021 on the Stock Exchange for a total consideration of approximately HK\$6.48 million.

During the year, there were 918,143 and 546,523 shares of the Company vested under the Share Award Scheme 2014 and the Share Award Scheme 2021 respectively. As at 31 December 2022, a total of 1,457,713 share awards were granted to the Connected Persons and those share awards will be satisfied by the shares to be purchased on the market. As at 31 December 2022, the trustees held 320,216 and 775,938 shares of the Company for the Share Award Scheme 2014 and the Share Award Scheme 2021 respectively.

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 granted under the Share Award Scheme 2014 and Share Award Scheme 2021 respectively during the year ended 31 December 2022 were as follows:

REPORT OF THE DIRECTORS

Name	Date of grant	Number of Share Awards					Held at 31 December 2022	Vesting Date
		Held at 1 January 2022	Granted during the year	Vested during the year	Lapsed during the year	Held at 31 December 2022		
Lui Che Woo	30 Dec 2019	76,234	–	(76,234) ^(a)	–	–	30 Dec 2022	
	17 Jun 2021	56,966	–	(56,966) ^(a)	–	–	17 Jun 2022	
	17 Jun 2021	56,966	–	–	–	56,966	17 Jun 2023	
	17 Jun 2021	56,968	–	–	–	56,968	17 Jun 2024	
	07 Oct 2022	–	81,633	–	–	81,633	07 Oct 2023	
	07 Oct 2022	–	81,633	–	–	81,633	07 Oct 2024	
	07 Oct 2022	–	81,634	–	–	81,634	07 Oct 2025	
Francis Lui Yiu Tung	30 Dec 2019	107,868	–	(107,868) ^(a)	–	–	30 Dec 2022	
	17 Jun 2021	80,566	–	(80,566) ^(a)	–	–	17 Jun 2022	
	17 Jun 2021	80,566	–	–	–	80,566	17 Jun 2023	
	17 Jun 2021	80,568	–	–	–	80,568	17 Jun 2024	
	07 Oct 2022	–	192,633	–	–	192,633	07 Oct 2023	
	07 Oct 2022	–	192,633	–	–	192,633	07 Oct 2024	
	07 Oct 2022	–	192,634	–	–	192,634	07 Oct 2025	
Joseph Chee Ying Keung	07 Oct 2022	–	33,243	–	–	33,243	07 Oct 2024	
	07 Oct 2022	–	66,487	–	–	66,487	07 Oct 2025	
Paddy Tang Lui Wai Yu	30 Dec 2019	4,000	–	(4,000) ^(a)	–	–	30 Dec 2022	
	17 Jun 2021	3,000	–	(3,000) ^(a)	–	–	17 Jun 2022	
	17 Jun 2021	3,000	–	–	–	3,000	17 Jun 2023	
	17 Jun 2021	3,000	–	–	–	3,000	17 Jun 2024	
	07 Oct 2022	–	4,300	–	–	4,300	07 Oct 2023	
	07 Oct 2022	–	4,300	–	–	4,300	07 Oct 2024	
	07 Oct 2022	–	4,300	–	–	4,300	07 Oct 2025	
Employees ^(b) (in aggregate)	30 Dec 2019	784,124	–	(730,041) ^(c)	(54,083)	–	30 Dec 2022	
	17 Jun 2021	421,186	–	(403,220) ^(c)	(17,966)	–	17 Jun 2022	
	17 Jun 2021	420,715	–	(2,771) ^(c)	(48,708)	369,236	17 Jun 2023	
	17 Jun 2021	421,070	–	–	(51,542)	369,528	17 Jun 2024	
	07 Oct 2022	–	1,130,588	–	(9,630)	1,120,958	07 Oct 2023	
	07 Oct 2022	–	1,412,746	–	(9,630)	1,403,116	07 Oct 2024	
	07 Oct 2022	–	1,695,296	–	(9,640)	1,685,656	07 Oct 2025	
Total		2,656,797	5,174,060	(1,464,666)	(201,199)	6,164,992		

Notes:

- a. The weighted average closing of the shares immediately before the date on which the share awards were vested during the year was HK\$47.24.
- b. Employees include associates of Directors and those who have changed their capacity to consultants subsequent to the grant of share awards. The movements in the share awards held by each of the associates of Directors during the year were as follows:

REPORT OF THE DIRECTORS

Name	Date of grant	Number of Share Awards				Vesting Date
		Held at 1 January 2022	Granted during the year	Vested during the year	Held at 31 December 2022	
Eileen Lui Wai Ling	30 Dec 2019	14,034	–	(14,034) ⁽ⁱ⁾	–	30 Dec 2022
	17 Jun 2021	11,633	–	(11,633) ⁽ⁱ⁾	–	17 Jun 2022
	17 Jun 2021	11,633	–	–	11,633	17 Jun 2023
	17 Jun 2021	11,634	–	–	11,634	17 Jun 2024
	07 Oct 2022	–	64,860	–	64,860	07 Oct 2023
	07 Oct 2022	–	64,860	–	64,860	07 Oct 2024
	07 Oct 2022	–	64,860	–	64,860	07 Oct 2025
Joanna Claudia Lui	30 Dec 2019	168	–	(168) ⁽ⁱⁱ⁾	–	30 Dec 2022
Andrew Nicholas Lui	30 Dec 2019	168	–	(168) ⁽ⁱⁱ⁾	–	30 Dec 2022
	17 Jun 2021	133	–	(133) ⁽ⁱⁱ⁾	–	17 Jun 2022
	17 Jun 2021	133	–	–	133	17 Jun 2023
	17 Jun 2021	134	–	–	134	17 Jun 2024
	07 Oct 2022	–	266	–	266	07 Oct 2023
	07 Oct 2022	–	266	–	266	07 Oct 2024
	07 Oct 2022	–	268	–	268	07 Oct 2025

- (i) The weighted average closing of the shares immediately before the date on which the share awards were vested during the year were HK\$46.96.
- (ii) The weighted average closing of the shares immediately before the date on which the share awards were vested during the year were HK\$51.90.
- (iii) The weighted average closing of the shares immediately before the date on which the share awards were vested during the year were HK\$47.08.
- c. The weighted average closing of the shares immediately before the date on which the share awards were vested during the year (excluding associates of director) was HK\$47.99.

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

The closing price of the Company's shares immediately before the date on which the share awards were granted on 7 October 2022 was HK\$48.90. The awards were granted at nil purchase price with no performance target. The weighted average fair value per share is HK\$47.85. 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.

REPORT OF THE DIRECTORS

The total number of shares available for grant under Mandate Limit as at 1 January 2022 and 31 December 2022 is as follow, no service provider sublimit is set.

Name	Ordinary shares
1 January 2022	426,310,030
31 December 2022	407,164,950

and is further reduced by the number of share awards granted pursuant to the Share Award Scheme 2021, the total number of shares available for grant under all schemes as at 1 January 2022 and 31 December 2022 are as follow:

Name	Ordinary shares
1 January 2022	424,625,459
31 December 2022	400,453,435

During the year, a total of 23,725,830 new shares, representing approximately 0.54% of the weighted average number of issued ordinary shares of the Company that may be issued in respect of options and awards granted, excluding those lapsed, under all schemes of the Company.

Save as disclosed in this report, 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 whole or any substantial part of the Company's business was 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 2022 or subsisted at the end of the financial year.

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 112 of this annual report.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, 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\$38,336,000 (2021: HK\$74,249,000).

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 2022 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 2023

FIVE-YEAR SUMMARY

	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	Year ended 31 December 2022 HK\$'000
CONSOLIDATED INCOME STATEMENT					
Revenue	55,210,901	51,901,991	12,876,099	19,695,530	11,473,793
Profit/(loss) attributable to equity holders of the Company	13,507,389	13,041,545	(3,973,078)	1,326,231	(3,433,770)
Dividends	3,929,932	3,940,159	1,950,596	–	1,307,566
Earnings/(loss) per share (cents)	312.8	301.1	(91.6)	30.5	(78.7)
Dividend per share (cents)	91.0	91.0	45.0	–	30.0
CONSOLIDATED BALANCE SHEET					
Property, plant and equipment, investment properties and right-of-use assets	36,280,381	37,686,648	41,048,629	46,667,074	50,330,106
Intangible assets	722,371	554,524	357,204	152,858	32,949
Joint ventures and associated companies	1,633,211	1,838,274	1,956,446	1,996,185	1,398,522
Other non-current assets	30,434,832	36,100,275	28,904,420	12,864,615	11,287,566
Net current (liabilities)/assets	(5,425,495)	(1,151,139)	(3,427,275)	8,696,196	2,613,206
Employment of capital	63,645,300	75,028,582	68,839,424	70,376,928	65,662,349
Represented by:					
Share capital and shares held for share award scheme	22,016,854	22,433,668	22,808,468	23,598,057	23,968,153
Reserves	40,263,405	51,153,725	44,615,313	44,826,622	39,945,783
Equity attributable to owners of the Company	62,280,259	73,587,393	67,423,781	68,424,679	63,913,936
Non-controlling interests	550,941	567,486	613,401	651,061	551,429
Long term borrowings	251,392	8,931	–	–	–
Other non-current liabilities	562,708	864,772	802,242	1,301,188	1,196,984
Capital employed	63,645,300	75,028,582	68,839,424	70,376,928	65,662,349
Net assets per share (dollars)	14.40	16.98	15.52	15.70	14.63

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Members of Galaxy Entertainment Group Limited

(incorporated in Hong Kong with limited liability)

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 118 to 196, comprise:

- the consolidated balance sheet as at 31 December 2022;
- 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 2022, 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 (“HKSAs”) 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>Assessment of recoverable amounts of non-current assets relating to gaming and entertainment operations</p> <p>Refer to notes 4.9, 6(a), 15, 16 and 17 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 concession and the new gaming concession was granted on 16 December 2022 for a term of 10 years from 1 January 2023 to 31 December 2032.</p> <p>As at 31 December 2022, the aggregate carrying amounts of non-current assets relating to gaming and entertainment operations including related net working capital was HK\$56.8 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 non-current assets relating to gaming and entertainment operations 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**How our audit addressed the Key Audit Matter**

As regards to the non-current 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 non-current assets relating to gaming and entertainment operations including related net working capital. For the purpose of performing the recoverability assessment, management identifies the gaming and entertainment operations 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 concludes that the non-current assets were not impaired as at 31 December 2022.

The assessment contains a number of significant assumptions, both quantitative and qualitative, including revenue trend, gradual recovery from COVID-19 in 2023 and 2024, cost structure, gaming mix, discount rate, timely completion of development projects and successful retention of the gaming concession in future years. Changes in these assumptions may lead to potential impairment charges on the carrying value of non-current assets relating to gaming and entertainment operations. 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 focus on this area as these assets are significant to the Group's operations and the assessment performed by management involves significant estimates and judgements.

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 successful retention of the gaming concession in future years. 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 how they comply with 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. In addition, we inquired and confirmed with management on their intention and possibility on successful retention of the gaming concession in future years.

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 non-current assets relating to gaming and entertainment operations including related net working capital in the context of HKFRSs disclosure requirements.

Based on the audit procedures performed, we found the Group's estimates and judgements 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 HKSAAs 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 HKSAAs, 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 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue (Note)	7	11,473,793	19,695,530
Other income/gains, net	9(a)	285,362	1,101,301
Special gaming tax and other related taxes to the Macau Government		(3,072,455)	(6,742,753)
Raw materials and consumables used		(1,362,098)	(1,488,489)
Amortisation and depreciation	9(b)	(2,088,338)	(2,264,113)
Employee benefit expenses	9(b)	(5,730,219)	(5,765,754)
Other operating expenses	9(c)	(2,662,257)	(3,329,344)
Finance costs	11	(106,436)	(67,963)
Share of profits less losses of:			
Joint ventures	18(a)	(89,806)	382,666
Associated companies	19(a)	164	(29)
(Loss)/profit before taxation	9(b)	(3,352,290)	1,521,052
Taxation charge	12	(95,887)	(88,694)
(Loss)/profit for the year		(3,448,177)	1,432,358
Attributable to:			
Equity holders of the Company	30	(3,433,770)	1,326,231
Non-controlling interests		(14,407)	106,127
		(3,448,177)	1,432,358
(Loss)/earnings per share	13	HK cents	HK cents
Basic		(78.7)	30.5
Diluted		(78.7)	30.4
		HK\$'000	HK\$'000
Note: Analysis of revenue			
Gross revenue from gaming operations		7,345,002	16,805,415
Commission and incentives		(778,390)	(2,794,917)
Net revenue from gaming operations		6,566,612	14,010,498
Revenue from hotel, mall operations and others		2,020,493	2,662,546
Sales of construction materials		2,886,688	3,022,486
		11,473,793	19,695,530

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 HK\$'000	2021 HK\$'000
(Loss)/profit for the year	(3,448,177)	1,432,358
Other comprehensive loss		
Items that will not be subsequently reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	30,082	(1,137,012)
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	(108,004)	30,793
Share of translation differences of joint ventures	(153,508)	36,924
Other comprehensive loss for the year, net of tax	(231,430)	(1,069,295)
Total comprehensive (loss)/income for the year	(3,679,607)	363,063
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(3,623,733)	247,097
Non-controlling interests	(55,874)	115,966
	(3,679,607)	363,063

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	45,542,295	41,781,428
Right-of-use assets	16	4,787,811	4,885,646
Intangible assets	17	32,949	152,858
Joint ventures	18	1,396,078	1,993,905
Associated companies	19	2,444	2,280
Financial assets at amortised cost	20	6,694,557	8,518,439
Financial assets at fair value through other comprehensive income	21	4,214,239	4,202,038
Financial asset at fair value through profit or loss	22	272,104	–
Other non-current assets	23	106,666	144,138
		63,049,143	61,680,732
Current assets			
Inventories	24	208,995	203,922
Debtors and prepayments	25	1,152,535	1,691,356
Amounts due from joint ventures	26	174,210	161,839
Taxation recoverable		29,193	68,713
Current portion of financial assets at amortised cost	20	2,324,512	3,062,039
Cash and cash equivalents and other bank deposits	27	14,022,744	18,374,824
		17,912,189	23,562,693
Total assets		80,961,332	85,243,425

CONSOLIDATED BALANCE SHEET
As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
EQUITY			
Share capital and shares held for share award scheme	28	23,968,153	23,598,057
Reserves	30	39,945,783	44,826,622
Equity attributable to owners of the Company		63,913,936	68,424,679
Non-controlling interests		551,429	651,061
Total equity		64,465,365	69,075,740
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities	32	167,312	205,414
Lease liabilities	16	433,063	433,638
Retention payable	35	429,012	456,980
Non-current deposits and other payables	35	167,597	205,156
		1,196,984	1,301,188
Current liabilities			
Creditors and accruals	33	7,689,593	8,349,548
Amounts due to joint ventures	26	6,216	31,412
Current portion of lease liabilities	16	49,922	49,235
Borrowings	31	7,505,246	6,386,231
Provision for tax		48,006	50,071
		15,298,983	14,866,497
Total liabilities		16,495,967	16,167,685
Total equity and liabilities		80,961,332	85,243,425
Net current assets		2,613,206	8,696,196
Total assets less current liabilities		65,662,349	70,376,928

Francis Lui Yiu Tung
Director

Joseph Chee Ying Keung
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Cash flows from operating activities			
Cash used in operations	34(a)	(2,882,847)	(3,274,964)
Hong Kong profits tax paid		(23,709)	(56,769)
Mainland China tax and Macau complementary tax paid		(72,825)	(74,154)
Interest paid		(112,511)	(81,326)
Net cash used in operating activities		(3,091,892)	(3,487,213)
Cash flows from investing activities			
Purchase of property, plant and equipment	34(b)	(5,062,701)	(6,907,668)
Purchase of intangible assets		(14,537)	(23,093)
Proceeds from disposal of property, plant and equipment		61,980	5,115
Decrease/(increase) in advances to joint ventures and associated companies		13,190	(10,545)
Increase in deferred receivable		(11,436)	(578)
Decrease in finance lease receivable		31,328	21,254
Purchase of financial assets		(1,154,080)	(1,243,318)
Proceeds from redemption/disposal of financial assets		3,235,977	10,889,043
Interest received		1,102,445	862,670
Decrease in short-term bank deposits with maturity over three months, short-term pledged deposits and long-term bank deposits		4,469,160	614,866
Dividends received from joint ventures		354,511	376,952
Dividends received from listed and unlisted investments		9,576	–
Net cash from investing activities		3,035,413	4,584,698
Cash flows from financing activities			
Issue of new shares		256,228	566,788
Shares repurchased by the trustee		(16,862)	(19,030)
New bank loans	34(c)	11,077,148	8,550,000
Repayment of bank loans	34(c)	(9,938,568)	(11,368,816)
Principal elements of lease payments	34(c)	(52,862)	(53,350)
Decrease in loan from non-controlling interests		(17,102)	(7,325)
Dividends paid to non-controlling interests		(43,797)	(78,282)
Dividends paid to shareholders	14	(1,307,566)	–
Net cash used in financing activities		(43,381)	(2,410,015)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		13,606,743	14,907,498
Translation differences		(11,094)	11,775
Cash and cash equivalents at end of year	27	13,495,789	13,606,743

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	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 2021	22,808,488	(20)	44,615,313	67,423,781	613,401	68,037,182
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
At 31 December 2021	23,598,067	(10)	44,826,622	68,424,679	651,061	69,075,740
Comprehensive income						
Loss for the year	-	-	(3,433,770)	(3,433,770)	(14,407)	(3,448,177)
Other comprehensive income/(loss)						
Change in fair value of financial assets at fair value through other comprehensive income	-	-	30,082	30,082	-	30,082
Translation differences of subsidiaries	-	-	(84,268)	(84,268)	(23,736)	(108,004)
Share of translation differences of joint ventures	-	-	(135,777)	(135,777)	(17,731)	(153,508)
Total other comprehensive loss, net of tax	-	-	(189,963)	(189,963)	(41,467)	(231,430)
Total comprehensive loss for the year	-	-	(3,623,733)	(3,623,733)	(55,874)	(3,679,607)
Transactions with equity holders						
Injection of capital to non-controlling interests	-	-	-	-	39	39
Dividends paid to non-controlling interests	-	-	-	-	(43,797)	(43,797)
Share award scheme – shares issued to the trustee	12	(12)	-	-	-	-
Share award scheme – shares purchased by the trustee	-	(16,862)	-	(16,862)	-	(16,862)
Shares vested pursuant to share award scheme	68,034	16,873	(84,907)	-	-	-
Issue of shares upon exercise of share options	302,051	-	(45,823)	256,228	-	256,228
Fair value of share awards granted	-	-	87,780	87,780	-	87,780
Fair value of share options granted	-	-	93,410	93,410	-	93,410
Special dividends (note 14)	-	-	(1,307,566)	(1,307,566)	-	(1,307,566)
At 31 December 2022	23,968,164	(11)	39,945,783	63,913,936	551,429	64,465,365

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 2023.

2. MACAU GAMING CONCESSION

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. MACAU GAMING CONCESSION (Continued)

On 16 December 2022, the Macau Government and GCSA entered into a new Gaming Concession Contract for a term of 10 years, from 1 January 2023 to 31 December 2032. In addition, separate contracts for the reversion to the Macau Government of casinos and related assets for gaming business (the “Reversion of Property Contract”) were signed by the Group on 30 December 2022, pursuant to which, casino areas of Galaxy Macau, StarWorld and Broadway held by subsidiaries of GEG, together with the revertible gaming assets held by GCSA were to be reverted to the Macau Government without compensation and the Macau Government temporarily handed over to the Group for its continuing use in gaming operations during the 10-year term (commencing from 1 January 2023) of the new Gaming Concession Contract. As the control and the economic benefits of these casino areas and gaming assets will be continuously retained by the Group and with the assumption of the subsequent successful retention and tendering of the gaming concession (see note 6(b)), GCSA will continue to recognise these casino areas and gaming assets as right-of-use assets and property, plant and equipment and depreciate over their estimated remaining useful lives. Under the terms of the new Gaming Concession Contract and the Reversion of Property Contract, GCSA was required to pay the Macau Government fixed and variable annual premium during the 10-year term upon 1 January 2023. GCSA committed to invest MOP28.35 billion (approximately HK\$27.52 billion, which includes MOP27.45 billion (approximately HK\$26.65 billion) on non-gaming and MOP0.9 billion (approximately HK\$0.87 billion) on gaming, primarily investments in the tourism and entertainment sectors that will be spent, over the span of the new Gaming Concession Contract, to support the Macau Government’s objectives to further develop the diversify Macau’s economy and increase overseas visitors. GCSA was also required to maintain a bank guarantee in the amount of MOP1 billion (equivalent to approximately HK\$0.97 billion) in favour of the Macau Government to guarantee, amongst other things, GCSA’s obligations under the new Gaming Concession Contract, payment of the premium and the fulfillment of employment obligations of GCSA, until 180 days after the termination of the new Gaming Concession Contract. In December 2022, GCSA had provided such bank guarantee in the amount of MOP1 billion (equivalent to approximately HK\$0.97 billion) to the Macau Government to satisfy this requirement (see note 40).

3. 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 6 below.

(a) The adoption of amended standards

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)**(b) New standard and amendments to existing standards and interpretation that are not yet effective**

New standard and amendments	Effective for accounting periods beginning on or after	
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1 January 2024
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts	1 January 2023
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group has not early adopted the above new standard and amendments and is in the process of assessing the impact of these new standard and amendments on the Group's accounting policies and financial statements.

4. 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.

4.1 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.

4.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.2 Subsidiaries (Continued)**

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.

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.

4.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.3 Non-controlling interests (Continued)*****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.

4.4 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.

4.5 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.5 Associated companies (Continued)**

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.

4.6 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.

4.7 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 are 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.8 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.

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.

4.9 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.

4.10 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.

4.11 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.11 Impairment of investments in subsidiaries, associated companies, joint ventures and non-financial assets (Continued)**

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.

4.12 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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.12 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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.13 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.

4.14 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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.15 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. Consumables 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.20 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.

4.21 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.22 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.

4.23 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.

4.24 Contributions from the operations of the City Club Casinos***On or before 26 June 2022***

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.

On or after 27 June 2022

The Group maintains the control of the gaming operation of the City Club Casinos and recognises revenue from gaming operation and relevant expenses in the consolidated income statement.

4.25 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.25 Employee benefits (Continued)****(b) Share-based compensation (Continued)***(i) Share options (Continued)*

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.

4.26 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.

4.27 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 4.24 above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.27 Revenue recognition (Continued)****(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 excluding forgiveness of lease payment specified below, is recognised over the periods of the respective leases on a straight-line basis.

On the date the lease payments are forgiven, the Group re-measures the expected credit losses on its operating lease receivables, with any changes being recognised in the consolidated statement of profit or loss, and derecognises the operating lease receivable, including associated expected credit losses allowance. The forgiven lease payments that the lessor has not recognised as an operating lease receivable is treated as the lease modification, that is, the revised future lease payments under the new lease, including any prepaid or accrued lease payments relating to the original lease, are subsequently recognised as income 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.

4.28 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.28 Foreign currency translation (Continued)**

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 is re-attributed to non-controlling interests and is 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.

4.29 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.

4.30 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.

4.31 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.

4.32 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.32 Financial guarantee contract (Continued)**

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.

5. 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.

5.1 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 2022, if United States dollar weakened/strengthened against Hong Kong dollar by 0.5%, loss (2021: profit) after tax for the year would have been HK\$39,632,000 higher/lower (2021: HK\$89,152,000 lower/higher) as a result of foreign exchange gain/loss on translation of that balance. As at 31 December 2022, if Renminbi weakened/strengthened against Hong Kong dollar by 2%, loss (2021: profit) after tax for the year would have been HK\$23,075,000 higher/lower (2021: HK\$85,582,000 lower/higher) as a result of foreign exchange gain/loss 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)**5.1 Financial risk factors (Continued)****(a) Market risk (Continued)***(ii) Price risk*

The Group is exposed to price changes arising from investments held by the Group classified on the consolidated balance sheet as FVOCI (see note 21) and FVPL (see note 22). 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 2022, if the market values of the Group's FVOCI at that date had been 10% higher or lower with all other variables held constant, total comprehensive loss (2021: income) for the year would have been HK\$421,424,000 lower or higher (2021: HK\$420,204,000 higher or lower).

At 31 December 2022, if the market values of the Group's FVPL at that date had been 10% higher or lower with all other variables held constant, total loss for the year would have been HK\$27,210,000 lower or higher.

(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 2022, if interest rates on borrowings at variable rates at that date had been 0.5% higher or lower with all other variables held constant, loss (2021: profit) after tax for the year would have been HK\$37,526,000 higher or lower (2021: HK\$31,931,000 lower or higher), mainly as a result of higher or lower interest expense on floating rate borrowings.

At 31 December 2022, 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, loss (2021: profit) after tax for the year would have been HK\$1,603,000 lower or higher (2021: HK\$1,644,000 higher or lower).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)**5.1 Financial risk factors (Continued)****(b) Credit risk**

Credit risk arises from contractual cash flow of debt instruments carried at amortised cost, FVOCI, FVPL, deposits with banks and financial institutions, 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 25 for details of debtors and further disclosure on credit risks.

The maximum exposure to credit risk at 31 December 2022 is the unimpaired carrying amounts of respective financial assets.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)**5.1 Financial risk factors (Continued)****(c) Liquidity risk (Continued)**

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
At 31 December 2022					
Bank loans	7,514,791	-	-	-	7,514,791
Creditors and accruals (including non-current retention payable, non-current deposits and other payables)	7,684,896	263,819	330,619	6,868	8,286,202
Lease liabilities	53,411	50,463	69,673	650,858	824,405
Amounts due to joint ventures	6,216	-	-	-	6,216
At 31 December 2021					
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

5.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)**5.2 Capital risk management (Continued)**

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. 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 Group also monitors the capital in accordance with external regulatory requirements. According to the provisions of the amended Law No. 16/2001, amended by Law No. 7/2022, GCSA is required to have not less than MOP5 billion (approximately HK\$4.85 billion) paid-up capital and, during the term of Gaming Concession Contract, maintain not less than MOP5 billion (approximately HK\$4.85 billion) of net asset value. As at 31 December 2022, the paid-up capital and net asset value of GCSA were both not less than the required amount.

The gearing ratios at 31 December 2022 and 2021 were as follows:

	2022 HK\$'000	2021 HK\$'000
Total borrowings (note 31)	(7,505,246)	(6,386,231)
Less: cash and bank balances (note 27)	14,011,464	18,363,558
Net cash	6,506,218	11,977,327
Total assets less cash and bank balances	66,949,868	66,879,867
Gearing ratio (note)	n/a	n/a

Note: The Group was in a net cash position as at 31 December 2022 and 2021.

5.3 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

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2022 and 2021:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2022				
Assets				
Financial asset at fair value through profit or loss				
– Unlisted investment	–	–	272,104	272,104
Financial assets at fair value through other comprehensive income				
– Unlisted investment	–	–	3,018	3,018
– Listed investment	4,211,221	–	–	4,211,221
Total	4,211,221	–	275,122	4,486,343

At 31 December 2021

Assets

Financial assets at fair value through other comprehensive income

– Unlisted investment	–	–	17,876	17,876
– Listed investment	4,184,162	–	–	4,184,162

Total	4,184,162	–	17,876	4,202,038
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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

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 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.
- For investments in unlisted debt instruments without recent transactions, management has established fair values of these instruments by using appropriate valuation techniques. Such valuation techniques may consider original transaction price and take into account relevant developments since the acquisition of the investments and other factor pertinent to the valuation of the investments such as preferential rights of the shares held, market volatility and initial public offering probability, with reference to recent third party transactions of comparable type of instruments and reliable indicative offers from potential buyers. The higher the discount, the lower the fair values of unquoted direct investment. Independent external valuer has been involved in determining the fair value, when appropriate.
- 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 21 and 22) for the year ended 31 December 2022 and 2021.

	Financial assets at fair value through other comprehensive income		Financial asset at fair value through profit or loss	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
At beginning of the year	17,876	16,956	–	–
Additions	–	170	479,521	–
(Loss)/gain recognised in other comprehensive income	(14,858)	750	–	–
Loss recognised in profit and loss	–	–	(205,173)	–
Exchange translation difference	–	–	(2,244)	–
At end of the year	3,018	17,876	272,104	–
Total unrealised loss for the year included in profit or loss for assets held at the end of the year	–	–	(205,173)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. 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 non-current assets relating to gaming and entertainment operations including related net working capital with a total carrying amount of HK\$56.8 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 trend, gradual recovery from COVID-19 in 2023, cost structure, gaming mix, discount rate, timely completion of development projects and successful retention of the gaming concessions in future years. 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 4.9 and 17.

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.

The Group believes that it will be successful in subsequent retention and tendering of the gaming concession in the future upon the expiry of the new Gaming Concession Contract. Such factor has been taken into consideration in determining and estimating the useful lives of the right-of-use assets and property, plant and equipment by management.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)**(d) Fair value of financial assets at fair value through profit or loss**

The fair value of other financial instruments that are not traded in an active market is estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period, as detailed in note 5.3.

(e) 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.

(f) 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.

(g) 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 2022 was HK\$1,190,116,000 (2021: HK\$1,236,444,000). 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.

7. REVENUE

Revenue recognised during the year are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. 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 Macau Government up to 26 June 2022.

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

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

During the year ended 31 December 2022, the Group is entitled to HK\$17,358,000 (2021: HK\$52,129,000), which is calculated by reference to various rates on the net gaming wins. Special gaming tax and other related taxes to the Macau Government, and all relevant operating and administrative expenses relating to the operations of the City Club Casinos are not recognised as expenses of the Group in the consolidated financial statements.

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

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

8. SEGMENT INFORMATION

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. 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 2022				
Reportable segment revenue	8,762,440	2,886,688	-	11,649,128
Adjusted for:				
City Club Casinos arrangement set out in note 7				
Revenue not recognised	(197,513)	-	-	(197,513)
Contributions	17,358	-	-	17,358
Others	4,820	-	-	4,820
Revenue recognised under HKFRS	8,587,105	2,886,688	-	11,473,793
Adjusted EBITDA including share of results of joint ventures and associated companies	(1,001,287)	566,208	(118,238)	(553,317)
Interest income, dividend income from listed investments and gross earnings on finance lease				727,564
Amortisation and depreciation				(2,088,338)
Finance costs				(106,436)
Taxation charge				(95,887)
Adjusted items:				
Taxation of joint ventures and associated companies				(15,033)
Pre-opening expenses				(197,399)
Loss on disposal and write-off of certain property, plant and equipment and intangible assets				(105,816)
Share option expenses				(93,410)
Share award expenses				(87,780)
Donation and sponsorship				(38,336)
Foreign exchange loss				(280,614)
Non-recurring employee benefit expenses				(55,761)
Fair value change on financial assets at fair value through profit or loss				(205,173)
Impairment loss of property, plant and equipment included in the share of profits less losses of joint ventures				(173,567)
Others				(78,874)
Loss for the year				(3,448,177)
Share of results of joint ventures and associated companies	(4,532)	(85,110)	-	(89,642)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. 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 2021				
Reportable segment revenue	17,187,456	3,022,486	–	20,209,942
Adjusted for:				
City Club Casinos arrangement set out in note 7				
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

8. SEGMENT INFORMATION (Continued)

	Gaming and entertainment HK\$'000	Construction materials HK\$'000	Corporate and treasury management HK\$'000	Total HK\$'000
As at 31 December 2022				
Total assets	68,596,495	4,903,211	7,461,626	80,961,332
Total assets include:				
Joint ventures	41,424	1,354,654	–	1,396,078
Associated companies	–	2,444	–	2,444
Total liabilities	11,877,672	1,243,833	3,374,462	16,495,967
As at 31 December 2021				
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
Year ended 31 December 2022				
Additions to non-current assets	5,637,122	100,532	–	5,737,654
Year ended 31 December 2021				
Additions to non-current assets	7,668,945	223,730	–	7,892,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SEGMENT INFORMATION (Continued)
Geographical analysis

Year ended 31 December	2022 HK\$'000	2021 HK\$'000
Revenue		
Macau	9,152,339	17,162,336
Hong Kong	1,929,137	1,832,452
Mainland China	392,317	700,742
	11,473,793	19,695,530
	As at 31 December 2022 HK\$'000	As at 31 December 2021 HK\$'000
Non-current assets		
Macau	59,756,591	57,959,848
Hong Kong	616,485	640,059
Mainland China	2,676,067	3,080,825
	63,049,143	61,680,732

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2022 HK\$'000	2021 HK\$'000
(a) Other income/gains, net		
Interest income		
Bank deposits	338,294	330,384
Financial assets at amortised cost (note 20)	377,678	620,282
Loans to joint ventures (note 26(a))	1,325	2,064
Deferred receivables	577	670
Dividend income from listed investments	9,576	–
Gross earnings on finance lease	114	335
Loss on disposal and write-off of property, plant and equipment	(92,468)	(237,402)
Loss on write-off of intangible assets	(13,348)	(223)
Foreign exchange (loss)/gain	(280,614)	264,319
Consultancy fee and other non-recurring income	82,272	54,831
Fair value change on financial assets at fair value through profit or loss	(205,173)	–
Others	67,129	66,041
	285,362	1,101,301
(b) (Loss)/profit before taxation is stated after charging/(crediting)		
Depreciation		
Property, plant and equipment	1,783,897	1,902,020
Right-of-use assets	135,949	133,314
Amortisation		
Gaming licence	51,567	106,337
Computer software	25,554	32,938
Reacquired right	43,963	87,925
Quarry site development	1,777	1,579
Extension premium of gaming concession (note i)	45,631	–
Short term and low-value asset lease expenses	7,248	13,697
Impairment loss of property, plant and equipment included in the share of profits less losses of joint ventures	173,567	–
Staff costs, including Directors' remuneration (notes ii & iii)	5,730,219	5,765,754
Auditor's remuneration		
Audit services		
Provision for the year	10,939	10,866
Under/(over) provision in prior years	409	(2,053)
Non-audit services		
Provision for the year	2,214	2,400
Under-provision in prior years	86	34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(b) (Loss)/profit before taxation is stated after charging/(crediting) (Continued)

Notes:

(i) Extension premium of gaming concession
On 23 June 2022, the Macau Government and the Group entered into the Concession Amendment Contract pursuant to which the gaming concession was extended for a further period up to 31 December 2022. The cost of extension premium of MOP47 million (equivalent to approximately HK\$45.63 million) is amortised on a straight-line basis over the extended period of the gaming concession.

(ii) Staff costs, including Directors' remuneration
Staff costs are stated after amount capitalised in assets under construction in the aggregate of HK\$243,166,000 (2021: HK\$256,011,000), and include share option expenses and share award expenses of HK\$93,410,000 (2021: HK\$125,592,000) and HK\$87,780,000 (2021: HK\$80,451,000) respectively.

(iii) 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\$235,603,000 (2021: HK\$204,524,000), after deducting forfeitures of HK\$19,069,000 (2021: HK\$44,672,000), leaving HK\$297,000 (2021: HK\$587,000) available to reduce future contributions.

	2022 HK\$'000	2021 HK\$'000
(c) Other operating expenses		
Utilities and rentals	593,354	666,486
Advertising and promotion	308,199	516,384
Repair and maintenance	352,698	446,528
Operating supplies and consumables	246,242	307,905
Food and beverage costs	225,422	176,993
Other support services	144,577	153,940
Distribution costs	313,420	245,150
Subcontracting charges	138,052	76,548
(Reversal of provision)/provision for loss allowance, net	(1,312)	81,983
Other expenses	341,605	657,427
	2,662,257	3,329,344

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

	(note iii)					2022 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	
Executive Directors						
Dr. Lui Che Woo	430	5,861	4,884	586	25,336	37,097
Mr. Francis Lui Yiu Tung	670	11,322	6,910	829	35,754	55,485
Mr. Joseph Chee Ying Keung	390	4,627	900	427	1,636	7,980
Mrs. Paddy Tang Lui Wai Yu	390	2,482	-	124	1,335	4,331
	1,880	24,292	12,694	1,966	64,061	104,893
Non-executive Directors						
Mr. James Ross Ancell	685	-	-	-	-	685
Dr. William Yip Shue Lam	780	-	-	-	-	780
Professor Patrick Wong Lung Tak	815	-	-	-	-	815
Dr. Charles Cheung Wai Bun	645	-	-	-	-	645
Mr. Michael Victor Mecca	390	-	-	-	-	390
	3,315	-	-	-	-	3,315
Total 2022	5,195	24,292	12,694	1,966	64,061	108,208

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)
(a) Directors' emoluments (Continued)

	(note iii)					2021 Total HK\$'000
	Directors' fees 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	
Executive Directors						
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
Non-executive Directors						
Mr. James Ross Ancell	–	–	–	–	–	–
Dr. William Yip Shue Lam	–	–	–	–	–	–
Professor Patrick Wong Lung Tak	–	–	–	–	–	–
Dr. Charles Cheung Wai Bun	–	–	–	–	–	–
Mr. Michael Victor Mecca	–	–	–	–	–	–
	–	–	–	–	–	–
Total 2021	–	13,227	9,401	540	74,972	98,140

Notes:

- (i) The amounts represented emoluments paid or payable in respect of a person's services as a director of the Company undertaking for 2021.
- (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 and which Dr. Lui Che Woo and Mr. Francis Lui Yiu Tung agreed to waive 50% of their salaries for the year ended 31 December 2022.
- (v) The discretionary bonuses paid in 2022 were in relation to performance and services for 2021.

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

10. 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 (2021: two) Directors whose emoluments are reflected in note (a) above. The emoluments of the remaining three individuals (2021: three) are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and other emoluments	27,036	25,392
Discretionary bonuses	11,198	–
Retirement benefits	788	570
Share options and share awards (note 29)	25,793	23,868
	64,815	49,830

The emoluments of these individuals fell within the following bands:

	Number of individuals	
	2022	2021
HK\$14,000,001 – HK\$14,500,000	–	1
HK\$16,000,001 – HK\$16,500,000	–	1
HK\$17,500,001 – HK\$18,000,000	1	–
HK\$19,000,001 – HK\$19,500,000	–	1
HK\$21,000,001 – HK\$21,500,000	1	–
HK\$25,500,001 – HK\$26,000,000	1	–
	3	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest expenses		
Bank loans and overdrafts	106,736	75,376
Lease liabilities	16,468	15,220
Other borrowing costs	2,535	3,676
	125,739	94,272
Amount capitalised in assets under construction (note 15)	(19,303)	(26,309)
	106,436	67,963

12. TAXATION CHARGE

	2022 HK\$'000	2021 HK\$'000
Current taxation		
Hong Kong profits tax	30,615	29,559
Mainland China income tax and withholding tax	22,830	35,087
Macau complementary tax	19,603	14,493
Net under/(over) provision in prior years	24,533	(24,314)
Lump sum in lieu of Macau complementary tax on dividend	36,408	36,408
Deferred taxation (note 32)	(38,102)	(2,539)
	95,887	88,694

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year after setting off available taxation losses brought forward. Taxation assessable on profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the areas in which those profits arose, these rates range from 12% to 25% (2021: 12% to 25%). The weighted average applicable tax rate was 12% (2021: 12%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. TAXATION CHARGE (Continued)

The taxation on the (loss)/profit 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:

	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit before taxation	(3,352,290)	1,521,052
Share of profits less losses of		
Joint ventures	89,806	(382,666)
Associated companies	(164)	29
	(3,262,648)	1,138,415
Tax calculated at applicable tax rate	(414,564)	122,861
Income not subject to tax	(50,990)	(7,917)
Profit exempted from Macau Complementary Tax (note a)	–	(332,846)
Expenses not deductible for tax purpose	98,912	76,336
Utilisation of previously unrecognised tax losses	(3,825)	(2,754)
Tax losses not recognised	412,373	190,246
Net under/(over) provision in prior years	24,533	(24,314)
Mainland China withholding tax	(6,960)	30,674
Lump sum in lieu of Macau complementary tax on dividend (note b)	36,408	36,408
Taxation charge	95,887	88,694

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. Further pursuant to the Despatch No. 178/2022 issued by the Chief Executive of the Macau Government on 1 September 2022, the Group is exempted from Macau Complementary Tax on its gaming activities effective from 27 June 2022 to 31 December 2022.
- (b) In August 2019, 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. In December 2022, GCSA entered into another Shareholder Dividend Tax Agreement with the Macau Government for an extension of the agreement to 31 December 2022 to correspond to the Macau Complementary Tax exemption on its gaming activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. (LOSS)/EARNINGS PER SHARE

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

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

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

	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit attributable to equity holders of the Company	(3,433,770)	1,326,231

	Number of shares	
	2022	2021
Weighted average number of shares for calculating basic (loss)/earnings per share	4,362,354,183	4,352,120,295
Effect of dilutive potential ordinary shares		
Share options	–	8,670,460
Share awards	–	591,138
Weighted average number of shares for calculating diluted (loss)/earnings per share	4,362,354,183	4,361,381,893

14. DIVIDENDS

	2022	2021
	HK\$'000	HK\$'000
Special dividend paid of HK\$0.30 (2021: HK\$nil) per ordinary share	1,307,566	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. 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 2021	22,849,793	668,389	10,060,517	11,837,401	20,361,314	65,777,414
Exchange differences	(47,462)	(211)	(107,045)	(2,830)	(3,341)	(160,889)
Additions	39,249	179,700	82,155	157,211	5,333,808	5,792,123
Transfer/reclassification	77,000	332	54,793	(6,732)	(125,393)	-
Disposals/write-off	(19,302)	(763)	(388,253)	(356,168)	-	(764,486)
At 31 December 2022	22,899,278	847,447	9,702,167	11,628,882	25,566,388	70,644,162
Accumulated depreciation and impairment						
At 31 December 2021	6,428,453	617,873	6,719,931	10,229,729	-	23,995,986
Exchange differences	(13,283)	(211)	(52,765)	(1,719)	-	(67,978)
Charge for the year (note d)	717,517	46,680	545,905	473,795	-	1,783,897
Disposals/write-off	(4,518)	(175)	(354,557)	(250,788)	-	(610,038)
At 31 December 2022	7,128,169	664,167	6,858,514	10,451,017	-	25,101,867
Net book value At 31 December 2022	15,771,109	183,280	2,843,653	1,177,865	25,566,388	45,542,295
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 At 31 December 2021	16,421,340	50,516	3,340,586	1,607,672	20,361,314	41,781,428

Notes:

- (a) Other assets comprise barges, furniture and equipment, operating equipment, vessel, aircrafts, and motor vehicles.
- (b) During the year, borrowing costs of HK\$19,303,000 were capitalised and included in assets under construction (2021: HK\$26,309,000). In 2022, a capitalisation rate of 1.9% (2021: 0.8%) 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\$243,166,000 (2021: HK\$256,011,000) were capitalised and included in assets under construction.
- (d) During 2021, charge for the year included provision for impairment of HK\$11,041,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. 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:

	2022 HK\$'000	2021 HK\$'000
Right-of-use assets		
Leasehold land and land use rights (note)	4,668,011	4,765,750
Other property, plant and equipment	119,800	119,896
	4,787,811	4,885,646
Lease liabilities		
Current	49,922	49,235
Non-current	433,063	433,638
	482,985	482,873

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 2022 financial year were HK\$294,000 (2021: HK\$116,916,000).

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. Right-of-use assets for leasehold land and land use right in Macau included a piece of land in Cotai, Macau amounting to HK\$2,819 million (2021: HK\$2,847 million), for which net book value of HK\$1,215 million (2021: HK\$1,243 million) is developed, HK\$1,604 million (2021: HK\$1,604 million) is under development and no land is held for development for specific uses (2021: nil).

(b) Amounts recognised in the consolidated income statement

During the year ended 31 December 2022, the depreciation charges of right-of-use assets for leasehold land and land use rights are HK\$89,645,000 (2021: HK\$87,493,000) and the depreciation charges of right-of-use assets for other property, plant and equipment are HK\$46,304,000 (2021: HK\$45,821,000) (note 9(b)).

During the year ended 31 December 2022, the interest expense of lease liabilities is HK\$16,468,000 (2021: HK\$15,220,000) (note 11).

During the year ended 31 December 2022, the total expenses relating to short-term leases are HK\$7,248,000 (2021: HK\$13,697,000) and the expenses in relation to low-value asset leases are not material.

During the year ended 31 December 2022, the total cash outflow for leases is HK\$63,620,000 (2021: HK\$69,918,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INTANGIBLE ASSETS

	Gaming licence (note a) HK\$'000	Reacquired right (note b) HK\$'000	Computer software HK\$'000	Total HK\$'000
Cost				
At 31 December 2020	16,887,329	786,700	459,396	18,133,425
Exchange difference	-	-	(35)	(35)
Additions	-	-	23,093	23,093
Write-off	-	-	(1,899)	(1,899)
At 31 December 2021	16,887,329	786,700	480,555	18,154,584
Exchange difference	-	-	(41)	(41)
Additions	-	-	14,537	14,537
Disposal/write-off	-	-	(45,707)	(45,707)
At 31 December 2022	16,887,329	786,700	449,344	18,123,373
Accumulated amortisation and impairment				
At 31 December 2020	16,729,425	654,812	391,984	17,776,221
Exchange differences	-	-	(19)	(19)
Charge for the year	106,337	87,925	32,938	227,200
Write-off	-	-	(1,676)	(1,676)
At 31 December 2021	16,835,762	742,737	423,227	18,001,726
Exchange differences	-	-	(27)	(27)
Charge for the year	51,567	43,963	25,554	121,084
Disposal/write-off	-	-	(32,359)	(32,359)
At 31 December 2022	16,887,329	786,700	416,395	18,090,424
Net book value				
At 31 December 2022	-	-	32,949	32,949
At 31 December 2021	51,567	43,963	57,328	152,858

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 was expired 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 expired in June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. JOINT VENTURES

	2022	2021
	HK\$'000	HK\$'000
Share of net assets	1,396,078	1,993,905

- (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:

	2022	2021
	HK\$'000	HK\$'000
Non-current assets	1,515,142	1,699,419
Current assets	909,546	1,255,346
Current liabilities	(788,461)	(680,992)
Non-current liabilities	(240,149)	(279,868)
	1,396,078	1,993,905
Income	1,840,455	2,776,683
Expenses	(1,930,261)	(2,394,017)
Share of results for the year	(89,806)	382,666

- (b) Details of the joint ventures are given in note 43(b).

19. ASSOCIATED COMPANIES

	2022	2021
	HK\$'000	HK\$'000
Share of net assets	2,444	2,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. 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:

	2022 HK\$'000	2021 HK\$'000
Non-current assets	3,260	9,386
Current assets	4,375	2,626
Current liabilities	(113)	(910)
Non-current liabilities	(5,078)	(8,822)
	2,444	2,280
Income	268	–
Expenses	(104)	(29)
Share of results for the year	164	(29)

- (b) Details of the associated companies are given in note 43(c).

20. FINANCIAL ASSETS AT AMORTISED COST

	2022 HK\$'000	2021 HK\$'000
Listed debt securities in Hong Kong, at amortised cost (note b)	4,438,333	6,371,390
Listed debt securities in overseas, at amortised cost (note b)	4,580,736	5,209,088
	9,019,069	11,580,478
Less: current portion of financial assets at amortised cost	(2,324,512)	(3,062,039)
	6,694,557	8,518,439

Notes:

- (a) The financial assets at amortised cost represents the Group's investment in listed 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 2022 and 2021, the listed debt securities were predominantly denominated in U.S. dollar with weighted average tenor of approximately 2 years (2021: 2 years) and majority in investment grade rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. FINANCIAL ASSETS AT AMORTISED COST (Continued)

Notes: (Continued)

- (c) As at 31 December 2022 and 2021, the carrying amounts of these listed debt securities approximated their fair values. These financial assets were considered to be of low credit risk and the expected credit loss was immaterial.
- (d) As at 31 December 2022 and 2021, none of the listed 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 2022 amounted to HK\$378 million (2021: HK\$620 million) as disclosed in note 9(a).

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 HK\$'000	2021 HK\$'000
Unlisted investments in overseas, at fair value (note a)	3,018	17,876
Listed investments in overseas, at fair value (note b)	4,211,221	4,184,162
	4,214,239	4,202,038

Notes:

- (a) Unlisted investments are mainly denominated in Macau Patacas and U.S. dollar.
- (b) As at 31 December 2022, the listed investments in overseas, at fair value included 5.2 million (2021: 5.2 million) shares of Wynn Resorts, Limited ("Wynn Resorts") which represented approximately 4.6% (2021: 4.5%) 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 2022 and 2021 was the fair value of this listed investment. As of 31 December 2022, fair value of our investment in Wynn Resorts was HK\$3.3 billion (2021: HK\$3.4 billion), representing 4.1% (2021: 4.0%) of the Group's total asset of HK\$80.9 billion (2021: HK\$85.2 billion). The market value of Wynn Resorts as of 31 December 2022 and 2021, and the performance of the investment during the year ended 31 December 2022 and 2021 are as follows:

	Market value		Unrealised loss for the year ended 31 December		Dividend income for the year ended 31 December	
	31 December 2022	31 December 2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Wynn Resorts, Limited	3,349,057	3,448,559	(99,502)	(1,100,103)	-	-

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

22. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK\$'000	2021 HK\$'000
Unlisted investment (note)	272,104	–

Note:

Unlisted investments are mainly comprising unlisted preference shares in a private entity established in Cayman Islands and denominated in U.S. dollar.

23. OTHER NON-CURRENT ASSETS

	2022 HK\$'000	2021 HK\$'000
Finance lease receivable	–	14,649
Deposits paid for property, plant and equipment	18,968	89,855
Deferred expenditure – quarry site development	27,676	11,182
Others	60,022	28,452
	106,666	144,138

24. INVENTORIES

	2022 HK\$'000	2021 HK\$'000
Gaming and entertainment		
Food and beverages	48,016	50,490
Consumables	16,066	17,495
	64,082	67,985
Construction materials		
Aggregates and sand	18,534	25,168
Concrete pipes and piles	13,505	10,036
Slag	3,523	3,927
Cement	41,568	34,614
Spare parts	21,548	20,046
Consumables	46,235	42,146
	144,913	135,937
	208,995	203,922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. DEBTORS AND PREPAYMENTS

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

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

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

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

The carrying amounts of trade debtors of the Group are denominated in the following currencies:

	2022 HK\$'000	2021 HK\$'000
Hong Kong dollar	406,234	453,818
Macau Patacas	154,332	132,108
Renminbi	3,732	3,963
	564,298	589,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. DEBTORS AND PREPAYMENTS (Continued)

Notes: (Continued)

(a) (Continued)

Included in the Group's trade debtors were debtors with a carrying amount of HK\$377,116,000 (2021: HK\$478,455,000) which were not yet due. Debtors with a carrying amount of HK\$187,182,000 (2021: HK\$111,434,000) were past due over their credit terms. The ageing analysis of these trade debtors based on due dates are as follows:

	2022 HK\$'000	2021 HK\$'000
Overdue:		
Within one month	99,680	69,651
Two to three months	29,125	30,753
Four to six months	33,003	4,650
Over six months	25,374	6,380
	187,182	111,434

As at 31 December 2022, cumulative loss allowance for trade debtors of the Group was HK\$300,000 (2021: HK\$298,000). The factors the Group considered in determining whether the trade debtors were impaired are disclosed in note 4.14.

Movements in the loss allowance of trade debtors are as follows:

	2022 HK\$'000	2021 HK\$'000
Balance at 1 January	298	773
Increase in loss allowance	388	282
Reversal of loss allowance	(379)	(759)
Exchange differences	(7)	2
Balance at 31 December	300	298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. DEBTORS AND PREPAYMENTS (Continued)

Notes: (Continued)

- (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\$52,932,000 (2021: HK\$232,520,000) have been provided and HK\$54,252,000 (2021: HK\$150,059,000) have been reversed. As of 31 December 2022, cumulative loss allowance for other debtors of the Group was HK\$1,189,816,000 (2021: HK\$1,236,146,000).

- (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.

26. AMOUNTS DUE FROM/(TO) JOINT VENTURES

	2022	2021
	HK\$'000	HK\$'000
Amounts due from joint ventures (note a)	174,210	161,839
Amounts due to joint ventures (note b)	(6,216)	(31,412)

Notes:

- (a) The amounts receivable of HK\$138,619,000 (2021: HK\$109,844,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

	2022 HK\$'000	2021 HK\$'000
Cash and bank balances	14,011,464	18,363,558
Other cash equivalents – cash chips of other casinos	11,280	11,266
Cash and cash equivalents and other bank deposits	14,022,744	18,374,824
Less: Short-term pledged bank deposits and short-term bank deposits with maturity over three months	(298,921)	(4,768,081)
Less: Bank overdraft	(228,034)	–
Cash and cash equivalents	13,495,789	13,606,743
Add: Short-term pledged bank deposits	298,921	291,262
Add: Short-term bank deposits with maturity over three months	–	4,476,819
Add: Bank overdraft (note 31)	228,034	–
Total cash and cash equivalents and bank deposits	14,022,744	18,374,824

The carrying amounts of cash and cash equivalents and bank deposits are denominated in the following currencies:

	2022 HK\$'000	2021 HK\$'000
Hong Kong dollar	1,535,677	7,152,866
Macau Patacas	4,885,373	87,361
Renminbi	517,572	4,316,302
U.S. dollars	7,082,828	6,815,945
Others	1,294	2,350
	14,022,744	18,374,824

Cash and short-term deposits of HK\$377 million (2021: HK\$429 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS (Continued)

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:

	2022	2021
	HK\$'000	HK\$'000
Counterparties with external credit rating (Standard & Poor's or Moody's)		
AA- to AA+	185,458	127,062
A- to A+	13,445,117	17,589,550
BBB	32,074	2,973
Unrated and cash on hand	348,815	643,973
Other cash equivalents – cash chips of other casinos (note)	11,280	11,266
	14,022,744	18,374,824

Note: Represented cash chips of other casinos listed on either the SEHK or New York Stock Exchange, with no defaults in the past.

28. SHARE CAPITAL AND SHARES HELD FOR SHARE AWARD SCHEME

	Number of ordinary shares	Ordinary shares capital	Shares held for share award scheme	Total
		HK\$'000	HK\$'000	HK\$'000
Ordinary shares, issued and fully paid:				
At 31 December 2020 and 1 January 2021	4,344,077,873	22,808,488	(20)	22,808,468
Share award scheme – shares purchased by the trustee (note a)	–	–	(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	15,475,668	735,400	–	735,400
At 31 December 2021 and 1 January 2022	4,359,553,541	23,598,067	(10)	23,598,057
Share award scheme – shares issued to the trustee	1,166,964	12	(12)	–
Share award schemes – shares purchased by the trustee (note a)	–	–	(16,862)	(16,862)
Shares vested pursuant to share award scheme	–	68,034	16,873	84,907
Issue of shares upon exercise of share options	8,191,439	302,051	–	302,051
At 31 December 2022	4,368,911,944	23,968,164	(11)	23,968,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE CAPITAL AND SHARES HELD FOR SHARE AWARD SCHEME (Continued)

Notes:

- (a) During the year ended 31 December 2022, the trustee of Share Award Scheme 2014 and Share Award Scheme 2021 as defined in note 29(b) purchased on SEHK a total of 206,540 shares (2021: 439,866 shares) and 155,497 shares (2021: nil) of the Company for a total consideration of HK\$10.4 million (2021: HK\$19.0 million) and HK\$6.5 million (2021: nil) respectively.
- (b) As at 31 December 2022, a total of 320,216 shares (2021: 1,031,819 shares) and 775,938 shares (2021: nil) of the Company were held by the trustees under the Share Award Scheme 2014 and the Share Award Scheme 2021 respectively.

29. 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.

The existing share option scheme was adopted on 13 May 2021 (the “Share Option Scheme 2021”) and all outstanding share options granted under the previous scheme adopted on 22 June 2011 (the “Share Option Scheme 2011”) shall remain valid and exercisable in accordance with the terms of issue 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:

	2022		2021	
	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$	Number of share options
At beginning of year	51.13	43,662,658	44.86	51,186,466
Granted	48.65	19,967,380	62.19	9,274,000
Exercised	31.28	(8,191,439)	36.62	(15,475,668)
Replaced	60.14	(18,791,524)	–	–
Lapsed	55.38	(2,169,578)	55.89	(1,322,140)
At end of year	49.23	34,477,497	51.13	43,662,658
Vested at end of year	49.56	13,905,371	46.98	30,020,756

The weighted average share price at the date of exercise for share options exercised during the year was HK\$44.81 (2021: HK\$55.91).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)

(a) Share option scheme (Continued)

The options outstanding at 31 December 2022 have exercise prices ranging from HK\$46.75 to HK\$62.36 (2021: HK\$28.35 to HK\$62.36) with weighted average remaining contractual life of 4.26 years (2021: 3.3 years). Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Exercise period	Exercise price	Number of share options	
	per share HK\$	2022	2021
Directors			
28 December 2017 to 27 December 2022	33.49	–	2,869,000
12 March 2018 to 11 September 2022	28.35	–	3,059,358
26 July 2018 to 25 July 2023	46.95	130,000	130,000
27 December 2018 to 26 December 2023	62.36	–	1,536,000
28 December 2019 to 27 December 2024	48.65	6,656,000	6,656,000
30 December 2020 to 29 December 2025	57.70	–	4,687,000
29 September 2021 to 28 September 2026	52.58	200,000	200,000
17 June 2022 to 16 June 2027	62.19	–	3,644,000
7 October 2023 to 6 October 2028	48.65	8,395,200	–
Employees			
28 December 2017 to 27 December 2022	33.49	–	1,129,336
12 March 2018 to 11 September 2022	28.35	–	947,365
26 July 2018 to 25 July 2023	46.95	335,000	439,000
27 December 2018 to 26 December 2023	62.36	312,000	1,398,000
21 November 2019 to 20 November 2024	46.75	3,187,893	3,601,909
28 December 2019 to 27 December 2024	48.65	1,266,346	1,418,012
30 December 2020 to 29 December 2025	57.70	906,352	5,414,186
29 September 2021 to 28 September 2026	52.58	1,064,000	1,267,666
17 June 2022 to 16 June 2027	62.19	692,526	5,265,826
7 October 2023 to 6 October 2028	48.65	11,332,180	–
		34,477,497	43,662,658

The fair value of the options granted on 7 October 2022 and 2022 Replacement Options as defined in page 176 note 29(a) are estimated at HK\$15.55 and HK\$15.20 per option respectively based on the Black-Scholes valuation model. The significant inputs into the model was share prices of HK\$48.65 at the date of grant and the exercise price of HK\$48.65 for both options, standard deviation of expected share price returns of 41.4% to 42.0% and 41.5% to 42.0% respectively, expected life of options and 2022 Replacement Options of 3.5 to 4.5 years and 3.5 to 4.0 years respectively, expected dividend paid out rate of 2% for both options and annual risk-free interest rate of 3.752% to 3.817% and 3.785% to 3.817% respectively. 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 date of grant. Changes in the subjective input assumptions could materially affect the fair value estimate.

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29. EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)

(a) Share option scheme (Continued)

Replacement of previously granted share options

On 7 October 2022, the Company replaced the share options which were granted on 27 December 2017, 30 December 2019 and 17 June 2021 (together as “2017-2021 Share Options”) with the exercise price repricing from HK\$62.36, HK\$57.70 and HK\$62.19 respectively to the current market price of HK\$48.65, with an extended vesting period (the “2022 Replacement Options”). The details of these share options are summarised as follows:

2017–2021 Share Options				2022 Replacement Options
Grant date/replacement date	27 December 2017	30 December 2019	17 June 2021	7 October 2022
Exercise price (HK\$)	62.36	57.70	62.19	48.65
Number of outstanding share options granted to executive directors of the Company	1,536,000	4,687,000	3,644,000	4,373,930
Number of outstanding share options granted to employees of the Company	962,000	3,971,524	3,991,000	4,141,180
Total number of share options outstanding	2,498,000	8,658,524	7,635,000	8,515,110
Fair value on grant date (HK\$'000)	106,557	196,445	151,043	N/A
Fair value on replacement date (HK\$'000)	13,164	70,053	72,736	129,472
Share price at the date of grant (HK\$)	61.65	57.70	62.00	48.65
Exercise price (HK\$)	62.36	57.70	62.19	48.65
Expected volatility (%)	39.5% to 40.1%	39.2%	39.4%	41.5% to 42.0%
Risk-free interest rate (%)	1.550% to 1.657%	1.654% to 1.659%	0.404% to 0.659%	3.785% to 3.817%
Expected dividend yield (%)	2%	2%	2%	2%
Expected time to exercise	3.5 to 4.5 years	3.5 to 4.5 years	3.5 to 4.5 years	
Vesting date	27 December 2018 to 27 December 2020	30 December 2020 to 30 December 2022	17 June 2022 to 17 June 2024	7 October 2023 to 7 October 2024
Expiry date	26 December 2023	29 December 2025	16 June 2027	6 October 2028

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)**(a) Share option scheme (Continued)****Replacement of previously granted share options (Continued)**

The following table lists the inputs to the fair value as at 7 October 2022 of 2017-2021 Share Options and 2022 Replacement Options:

				2022 Replacement Options
2017-2021 Share Options				
Grant date	27 December 2017	30 December 2019	17 June 2021	7 October 2022
Share price at the date of replacement (HK\$)	N/A	N/A	N/A	48.65
Exercise price (HK\$)	62.36	57.70	62.19	48.65
Expected volatility (%)	44.1%	44.2% to 44.4%	41.8% to 43.4%	41.5% to 42.0%
Risk-free interest rate (%)	3.863%	3.909% to 3.921%	3.837% to 3.924%	3.785% to 3.817%
Expected dividend yield (%)	2%	2%	2%	2%

The decline of fair value upon replacement of approximately HK\$26 million was calculated as the difference between the fair value of the 2022 Replacement Options and that of the 2017-2021 Share Options, estimated as at 7 October 2022, being the date of the replacement. The expense for the original option grant will continue to be recognised based on the original grant date fair value as if the terms had not been modified, over the period from the replacement date to the end of the extended vesting period.

(b) Share award scheme

The Group has adopted a share award scheme 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 existing share award scheme was adopted on 13 May 2021 ("Share Award Scheme 2021") and all the outstanding share awards granted under the previous share award scheme adopted on 4 August 2014 (the "Share Award Scheme 2014") shall remain valid until fully vested on 30 December 2022 or vested due to retirement or lapsed or terminated in accordance with the terms of that scheme.

The Share Award Scheme 2021 will be valid and effective for a period commencing from the adoption date until the expiry of the Share Option Scheme 2021, being 13 May 2031.

Pursuant to the two share award schemes, existing shares may be acquired by the independent trustees (the "Trustees") at the cost of the Company and/or new shares may be allotted and issued to the Trustees 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 2022, 320,216 shares (2021: 1,031,819 shares) and 775,938 shares of the Company were held by the Trustees for the Share Award Scheme 2014 and Share Award Scheme 2021 respectively.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)

(b) Share award scheme (Continued)

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:

	2022		2021	
	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	59.19	2,656,797	53.34	2,581,151
Granted (note)	47.85	5,174,060	60.88	1,773,300
Vested	57.97	(1,464,666)	51.43	(1,423,579)
Lapsed	57.85	(201,199)	55.35	(274,075)
At end of year	50.01	6,164,992	59.19	2,656,797

Note:

During the year ended 31 December 2022, 935,430 (2021: 421,600), 195,380 (2021: 35,300) and 4,043,250 (2021: 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.

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

30. RESERVES

	Legal reserve (note)	Investment reserve	Share option reserve	Share award reserve	Exchange reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	231,055	(3,267,580)	467,762	72,577	123,035	47,199,773	44,826,622
Loss for the year	-	-	-	-	-	(3,433,770)	(3,433,770)
Other comprehensive income/(loss)							
Change in fair value of financial assets at fair value through other comprehensive income	-	30,082	-	-	-	-	30,082
Translation differences of subsidiaries	-	-	-	-	(84,268)	-	(84,268)
Share of translation differences of joint ventures	-	-	-	-	(135,777)	-	(135,777)
Total other comprehensive income/(loss), net of tax	-	30,082	-	-	(220,045)	-	(189,963)
Total comprehensive income/(loss) for the year	-	30,082	-	-	(220,045)	(3,433,770)	(3,623,733)
Transactions with equity holders							
Shares vested pursuant to share award scheme	-	-	-	(84,907)	-	-	(84,907)
Issue of shares upon exercise of share options	-	-	(45,823)	-	-	-	(45,823)
Fair value of share awards granted	-	-	-	87,780	-	-	87,780
Fair value of share options granted	-	-	93,410	-	-	-	93,410
Share options lapsed	-	-	(8,761)	-	-	8,761	-
Special dividends (note 14)	-	-	-	-	-	(1,307,566)	(1,307,566)
At 31 December 2022	231,055	(3,237,498)	506,588	75,450	(97,010)	42,467,198	39,945,783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. 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 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	-
At 31 December 2021	231,055	(3,267,580)	467,762	72,577	123,035	47,199,773	44,826,622

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, the legal reserve reached 25% of the subsidiary's share capital. Legal reserve is not distributable. On 5 December 2022, the shareholders of such subsidiary resolved to increase the share capital from MOP951,900,000 (approximately HK\$924,175,000) to MOP5,000,000,000 (approximately HK\$4,854,369,000). The subsidiary recognised loss for the year ended 31 December 2022 and no addition legal reserve is required to be set aside by the subsidiary during 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS

	2022 HK\$'000	2021 HK\$'000
Bank loan – unsecured	7,277,212	6,386,231
Bank overdrafts	228,034	–
Total borrowings	7,505,246	6,386,231
Short-term bank loans and bank overdrafts	(7,505,246)	(6,386,231)
Non-current portion of borrowings	–	–

Notes:

(a) The bank loans and bank overdrafts are repayable as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	7,505,246	6,386,231

(b) Effective interest rates at balance sheet date are as follows:

	2022					2021				
	HK\$	EUR	RMB	US\$	MOP	HK\$	EUR	RMB	US\$	MOP
Bank loans	4.8%	2.0%	3.8%	–	5.3%	0.8%	0.5%	–	0.9%	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. BORROWINGS (Continued)

Notes: (Continued)

- (c) The exposure of the Group's bank loans and bank overdrafts to interest rate changes and the contractual repricing dates or maturity (whichever is earlier) are as follows:

	2022 HK\$'000	2021 HK\$'000
Six months or less	7,505,246	6,386,231

- (d) The carrying amounts and fair value of the borrowings are as follows:

	Carrying amounts		Fair value	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Bank loans and bank overdrafts	7,505,246	6,386,231	7,505,246	6,386,231

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.

- (e) The carrying amounts of borrowings are denominated in the following currencies:

	2022 HK\$'000	2021 HK\$'000
Hong Kong dollar	6,188,034	5,700,000
Macau Patacas	900,000	–
Euro	354,286	374,291
U.S. dollar	–	311,940
Renminbi	62,926	–
	7,505,246	6,386,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. DEFERRED TAXATION LIABILITIES

	2022 HK\$'000	2021 HK\$'000
At beginning of the year	205,414	207,953
Credited to income statement	(38,102)	(2,539)
At end of the year	167,312	205,414

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.

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 2020	33,741	75,212	99,000	207,953
(Credited)/charged to income statement	(7,348)	8,285	(3,476)	(2,539)
At 31 December 2021	26,393	83,497	95,524	205,414
Credited to income statement	(13,589)	(21,037)	(3,476)	(38,102)
At 31 December 2022	12,804	62,460	92,048	167,312

Deferred taxation assets of HK\$1,045,447,000 (2021: HK\$925,162,000) arising from unused tax losses and other temporary differences totalling of HK\$8,062,497,000 (2021: HK\$7,207,263,000) have not been recognised in the consolidated financial statements. Unused tax losses of HK\$96,736,000 (2021: HK\$100,708,000) have no expiry date and the remaining balance will expire at various dates up to and including 2027 (2021: 2026). 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

33. CREDITORS AND ACCRUALS

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

Notes:

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

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

The carrying amounts of trade creditors of the Group are denominated in the following currencies:

	2022 HK\$'000	2021 HK\$'000
Hong Kong dollar	1,896,392	2,315,718
Macau Patacas	151,417	244,771
Renminbi	212,275	207,973
Other	3,040	456
	2,263,124	2,768,918

(b) Other creditors mainly represented gaming tax payable to the Macau Government and construction payable to contractors.

(c) The loans payable of HK\$41,198,000 (2021: HK\$62,380,000) 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

34. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of (loss)/profit before taxation to cash used in operations

	2022 HK\$'000	2021 HK\$'000
(Loss)/profit before taxation	(3,352,290)	1,521,052
Finance costs	106,436	67,963
Share of profits less losses of joint ventures and associated companies	89,642	(382,637)
Depreciation and amortisation	2,088,338	2,264,113
Loss on disposal and loss on write-off of property, plant and equipment	92,468	237,402
Loss on write-off of intangible assets	13,348	223
Interest income	(717,874)	(953,400)
Fair value change on financial assets at fair value through profit or loss	205,173	–
Gross earnings on finance lease	(114)	(335)
Dividend from listed investment	(9,576)	–
Fair value of share options granted	93,410	125,592
Fair value of share awards granted	87,780	80,451
Operating (loss)/profit before working capital changes	(1,303,259)	2,960,424
Increase in inventories	(12,538)	(1,406)
Decrease in debtors and prepayments	46,288	337,049
Decrease in creditors and accruals	(1,559,367)	(6,622,785)
(Decrease)/increase in amounts due to joint ventures	(25,196)	30,787
(Increase)/decrease in amounts due from joint ventures	(28,775)	20,967
Cash used in operations	(2,882,847)	(3,274,964)

(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

34. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(c) The reconciliation of liabilities arising from financing activities is as follows:

	Borrowings (Current) HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As of 31 December 2020	9,233,014	344,889	9,577,903
Cash flows			
– new bank loans	8,550,000	–	8,550,000
– repayment of bank loans	(11,368,816)	–	(11,368,816)
– principal element of lease payments	–	(53,350)	(53,350)
Non-cash changes			
– translation differences	(27,967)	541	(27,426)
– new leases entered/lease modified	–	178,445	178,445
– finance cost	–	12,348	12,348
As of 31 December 2021	6,386,231	482,873	6,869,104
Cash flows			
– new bank loans	11,077,148	–	11,077,148
– repayment of bank loans	(9,938,568)	–	(9,938,568)
– principal element of lease payments	–	(52,862)	(52,862)
Non-cash changes			
– translation differences	(19,565)	(3,514)	(23,079)
– new leases entered/lease modified	–	43,523	43,523
– finance cost	–	12,965	12,965
As of 31 December 2022	7,505,246	482,985	7,988,231

35. NON-CURRENT DEPOSITS, OTHER PAYABLES AND RETENTION PAYABLE

	2022 HK\$'000	2021 HK\$'000
Non-current deposits received and other payables (note a)	167,597	205,156
Retention Payable (note b)	429,012	456,980

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. CAPITAL COMMITMENTS

	2022	2021
	HK\$'000	HK\$'000
Contracted but not provided for – Property, plant and equipment	10,905,718	5,906,448

37. 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 16.

38. 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:

	2022	2021
	HK\$'000	HK\$'000
Less than one year	655,405	617,432
One to two years	386,886	443,253
Two to three years	237,872	254,711
Three to four years	101,699	174,560
Four to five years	6,733	69,811
More than the five years	-	3,543
	1,388,595	1,563,310

39. 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\$1,325,000 (2021: HK\$2,064,000) are charged at terms agreed among the parties (note 26(a)).
- (b) Management fee received from joint ventures and an associated company amounted to HK\$10,109,000 (2021: HK\$11,300,000) are charged at terms agreed among the parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. RELATED PARTY TRANSACTIONS (Continued)

- (c) Rental expenses of HK\$1,502,000 (2021: HK\$1,544,000) 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\$164,470,000 (2021: HK\$423,492,000) at terms agreed among the parties.
- (e) Sales to non-controlling interests amounted to HK\$925,000 (2021: HK\$17,324,000) at terms agreed among the parties.
- (f) The balances with joint ventures are disclosed in note 26.
- (g) Interest expense to non-controlling interests amounted to HK\$2,522,000 (2021: HK\$3,341,000) at terms agreed among the parties (note 33(c)).
- (h) Key management personnel comprise the Chairman, Deputy Chairman and other Executive Directors. Key management compensation amounted to HK\$108,208,000 for the year ended 31 December 2022 (2021: HK\$98,140,000).

40. GUARANTEES

The Company executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to HK\$5,770 million (2021: HK\$6,970 million). At 31 December 2022, facilities of HK\$4,228 million (2021: HK\$700 million) had been utilised by a subsidiary.

A subsidiary of the Group executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to HK\$43 million (2021: HK\$46 million). At 31 December 2022, facilities of HK\$14 million (2021: HK\$20 million) 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 31 December 2022, pursuant to article 13, paragraph 3 of Law 16/2001, which was in favour of the Macau Government against the legal and contractual liabilities of the subsidiary of the Group under the Concession Agreement. The bank guarantee was permitted to release by the Macau Government in January 2023.

On 23 June 2022, Macau Government and GCSA entered into the Concession Amendment Contract. On 19 September 2023, GCSA provided a bank guarantee of MOP1.63 billion (equivalent to approximately HK\$1.58 billion) to the Macau Government to guarantee fulfillment of potential labour liabilities after the expiry of the extended Gaming Concession Contract on 31 December 2022. The bank guarantee was permitted to release by the Macau Government in January 2023.

On 16 December 2022, the Macau Government and GCSA entered into a new Gaming Concession Contract for a term of 10 years, from 1 January 2023 to 31 December 2032. Under the terms of the new Gaming Concession Contract, GCSA obtained a bank guarantee amounting to MOP1 billion (equivalent to approximately HK\$0.97 billion) for the period from 1 January 2023 until 180 days after the termination of the new Gaming Concession Contract, which is in favour of the Macau Government against GCSA's obligation under new Gaming Concession Contract, payment of the premium and fulfilment of employment obligations of GCSA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	2022 HK\$'000	2021 HK\$'000
Assets		
Non-current assets		
Subsidiaries	1	1
Amounts due from subsidiaries	105,114,296	71,021,142
	105,114,297	71,021,143
Current assets		
Debtors and prepayments	19,077	5,146
Cash and bank balances	7,137,337	7,893,810
	7,156,414	7,898,956
Total assets	112,270,711	78,920,099
Equity		
Share capital and shares held for share award scheme	23,968,153	23,598,057
Reserves (note a)	85,041,547	49,588,925
Equity attributable to owners of the Company	109,009,700	73,186,982
Liabilities		
Current liabilities		
Creditors and accruals	46,725	46,886
Short-term bank loan	3,214,286	5,686,231
	3,261,011	5,733,117
Total liabilities	3,261,011	5,733,117
Total equity and liabilities	112,270,711	78,920,099

Francis Lui Yiu Tung
Director

Joseph Chee Ying Keung
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. 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 2022	235,239	467,762	72,577	48,813,347	49,588,925
Profit for the year	-	-	-	36,709,728	36,709,728
Transactions with equity holders					
Shares vested pursuant to share award scheme	-	-	(84,907)	-	(84,907)
Issue of shares upon exercise of share options	-	(45,823)	-	-	(45,823)
Fair value of share awards granted	-	-	87,780	-	87,780
Fair value of share options granted	-	93,410	-	-	93,410
Share options lapsed	-	(8,761)	-	8,761	-
Special dividends (note 14)	-	-	-	(1,307,566)	(1,307,566)
At 31 December 2022	235,239	506,588	75,450	84,224,270	85,041,547
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	-
At 31 December 2021	235,239	467,762	72,577	48,813,347	49,588,925

As at 31 December 2022, reserves of the Company of HK\$84,224,270,000 were available for distribution to shareholders (2021: HK\$48,813,347,000).

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 23 February 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. 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		
Incorporated in Hong Kong					
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
Earnmark 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
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
Full Kingdom Limited	Hong Kong	1	–	100	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, road base and bituminous materials and provision of road marking services
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	Investment holding and provision of management services
K. Wah Construction Materials (Hong Kong) Limited	Hong Kong	102	2	100	Provision of management services to group and related companies, truck leasing and investment holding
K. Wah Construction Materials (Hong Kong Region) Limited	Hong Kong	1	–	100	Investment holding and provision of management services
K. Wah Construction Materials (Shaoguan) Investment Company Limited	Hong Kong	2	–	100	Trading of construction materials products, provision of management services and investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. 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		
Incorporated in Hong Kong (Continued)					
K. Wah Construction Products Limited	Hong Kong	10,002	1,000	100	Manufacture, sale and distribution of bricks, a kind 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
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	Investment holding and provision of management services
Quantum Limited	Hong Kong	2	–	100	Provision for handling services
Starflow Enterprises Limited	Hong Kong	1	–	100	Investment holding and provision of management services
Name of company	Principal place of operation	Registered capital	Percentage of equity held by the Group	Principal activities	

Incorporated in Mainland China

Wholly owned foreign enterprise

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. 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
Incorporated in Mainland China (Continued)				
Shanghai K. Wah Concrete Co., Ltd.	Shanghai	RMB10,000,000	100	Provision of quality assurance services
珠海橫琴銀娛體育度假發展有限公司 (Zhuhai Hengqin GEG Sports Resort Development Company Limited)	Zhuhai	RMB39,700,000	100	Investment holding
Equity Joint Venture				
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 [^]	Manufacture, sale and distribution of slag
Puer Kungang & K. Wah Cement Construction Materials Co., Ltd.	Puer	RMB383,400,000	48 [^]	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 [^]	Manufacture, sale and distribution of slag
首嘉環科(遷安)有限公司	Qianan	RMB10,000,000	41.25 [^]	Manufacture, sale and distribution of slag

[^] 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
Incorporated in the Bermuda					
Galaxy Entertainment Aviation CL2012 Limited	Bermuda	1	US\$1	100	Aircraft holding
Incorporated in the Cayman Islands					
Chelford Limited	Hong Kong	1	US\$1	100	Vessel holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. 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
Incorporated in the British Virgin Islands					
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
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

* Wholly owned and directly held by the Company

Incorporated in Macau

Galaxy Casino, S.A.	Macau	5,000,000	MOP1,000	Equity: 85 Profit sharing:100	Casino games of chance
Galaxy Travel Transportation Cross-Border (Macau) Limited	Macau	50,000	MOP100	Equity: 85 Profit sharing:100	Provision of cross-border transportation service

Name of company	Principal place of operation	Number of quota	Registered capital	Percentage of equity held by the Group	Principal activities
Incorporated in Macau					
Broadway Macau Hotel Company Limited	Macau	2	MOP25,000	Equity: 85 Profit sharing: 100	Property Holding and hospitality
Fast Concrete Limited	Macau	2	MOP200,000	75	Manufacture, sale and distribution of ready-mixed concrete
Fast - I Fong Company Limited	Macau	2	MOP100,000	60	Manufacture and sale of concrete and construction materials products and provision of management services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. 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
Incorporated in Macau (Continued)					
Galaxy Cotai Project Management Limited	Macau	2	MOP25,000	Equity: 85 Profit sharing:100	Provision of project management services
GC Security Services Limited	Macau	2	MOP1,000,000	Equity: 85 Profit sharing:100	Provision of security services
K. Wah Construction Materials (Macau) Limited	Macau	3	MOP30,000	100	Trading of construction materials
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: 85 Profit sharing: 100	Property holding and hospitality
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: 85 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(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

Name of company	Principal place of operation	Registered capital	Percentage of equity held by the Group	Principal activities
Incorporated in Mainland China				
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
Incorporated in Hong Kong				
EBG K. Wah Solid Waste Treatment Holdings Limited	Hong Kong	10,000	49	Investment Holding



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