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GALAXY ENTERTAINMENT GROUP LIMITED

銀河娛樂集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 27)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

I am pleased to provide an update on our financial results for Q4 and full year 2023. At GEG, we continue to drive every segment of the business with a particular focus on the mass business and continue to allocate resources to their most efficient use. Our efforts are reflected in full year Adjusted EBITDA of HK\$10.0 billion, versus HK\$(0.6) billion in 2022. This was despite continuing competition in both Macau and regionally and a number of geo-political and economic issues that impacted consumer sentiment.

Our balance sheet continued to be solid with total cash and liquid investments of HK\$25.0 billion and net cash of HK\$23.5 billion as of 31 December 2023. We paid a special dividend of HK\$0.20 per share on 27 October 2023 and we are pleased to announce another special dividend of HK\$0.30 per share to be paid on or about 26 April 2024. We are the first Macau concessionaire to resume dividends and return capital to shareholders after the border reopened. These dividends demonstrate our continued confidence in the longer-term outlook of Macau and for the Company. Our solid balance sheet and cash flow from operations allows us to fund our development pipeline and pursue our international expansion ambitions.

In 2023 GEG had a busy year with the completion of multiple development projects. These included the opening of the 450 all-suite Raffles at Galaxy Macau and the new premium mass Horizon Club, the opening of both the Galaxy International Convention Centre (“GICC”) and Galaxy Arena. The progressive opening of Andaz Macau was fully opened prior to Chinese New Year 2024. In 2023, GEG held approximately 200 MICE events and 85 concerts and performances across GICC, Galaxy Arena and Broadway Theatre.

Moving to Phase 4, we continue to progress with its construction. Phase 4 is approximately 600,000 square meters of development and is scheduled to complete in 2027. Phase 4 will include multiple high-end hotel brands new to Macau, together with a 4000-seat theater, extensive F&B, retail, non-gaming amenities, landscaping, a water resort deck and a casino, which is targeted to capture the ongoing expanding market that seeks a more encompassing lifestyle experience.

Furthermore, we are actively working with the Macao Government Tourism Office (“MGTO”) to develop international markets. We are aligning our business accordingly and supporting the Government’s vision. Non-gaming is focused on attracting a broader range of customers to our resorts, leveraging our existing facilities and growing the overall market. These efforts will take time and we are doing our best. GEG has opened overseas offices in Tokyo and Seoul in 2023, and will soon be opening another office in Bangkok. The competition for high-value international tourists is significant and we will strive to support this Government initiative.

Macau’s Gross Gaming Revenue (“GGR”) for 2023 exceeded MOP180¹ billion. In accordance with the gaming concession agreement, the six concessionaires will increase their investment commitments by 20% over the term of the concession. This demonstrates our support to the Government in developing Macau into the World Centre of Tourism and Leisure.

Finally, I would like to thank all our team members who deliver ‘World Class, Asian Heart’ service each and every day and contribute to the success of the Group.

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA

Chairman

¹ For the purpose of the new concession the investment threshold is stated in MOP.

ANNUAL RESULTS

The Board of Directors of GEG is pleased to announce the results of GEG and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023 as follows:

Q4 & FULL YEAR 2023 RESULTS HIGHLIGHTS

GEG: Well Positioned for Future Growth

- Full Year Group Net Revenue of HK\$35.7 billion, up 211% year-on-year
- Full Year Group Adjusted EBITDA of HK\$10.0 billion versus HK\$(0.6) billion in 2022
- Full Year Group NPAS of HK\$6.8 billion versus HK\$(3.4) billion in 2022
- Full year Adjusted NPAS of HK\$7.5 billion after adjusting for non-recurring and other charges
- Q4 Group Net Revenue of HK\$10.3 billion, up 254% year-on-year and up 7% quarter-on-quarter
- Q4 Group Adjusted EBITDA of HK\$2.8 billion, versus HK\$(0.2) billion in Q4 2022 and HK\$2.8 billion in Q3 2023
- Played unlucky which decreased Adjusted EBITDA by approximately HK\$103 million, normalized Q4 Adjusted EBITDA of HK\$2.9 billion, versus HK\$(0.1) billion in Q4 2022 and HK\$2.9 billion in Q3 2023

Galaxy Macau™: Well Positioned for Future Growth

- Full Year Net Revenue of HK\$27.7 billion, up 274% year-on-year
- Full Year Adjusted EBITDA of HK\$9.1 billion, versus HK\$295 million in 2022
- Q4 Net Revenue of HK\$8.2 billion, up 347% year-on-year and up 7% quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$2.6 billion, versus HK\$58 million in Q4 2022 and HK\$2.6 billion in Q3 2023
- Played unlucky in Q4 which decreased Adjusted EBITDA by approximately HK\$107 million, normalized Q4 Adjusted EBITDA of HK\$2.7 billion, versus HK\$98 million in Q4 2022 and HK\$2.7 billion in Q3 2023
- Hotel occupancy for Q4 across the seven hotels was 95%

StarWorld Macau: Well Positioned for Future Growth

- Full Year Net Revenue of HK\$4.6 billion, up 343% year-on-year
- Full Year Adjusted EBITDA of HK\$1.3 billion versus HK\$(0.5) billion in 2022
- Q4 Net Revenue of HK\$1.3 billion, up 410% year-on-year and up 2% quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$353 million, versus HK\$(142) million in Q4 2022 and HK\$347 million in Q3 2023
- Played lucky in Q4 which increased Adjusted EBITDA by approximately HK\$4 million, normalized Q4 Adjusted EBITDA of HK\$349 million, up 346% year-on-year and down 1% quarter-on-quarter
- Hotel occupancy for Q4 was 100%

Broadway Macau™, City Clubs and Construction Materials Division

- Broadway Macau™: Full Year Adjusted EBITDA of HK\$(36) million, versus HK\$(62) million in 2022. In Q4 2023 Adjusted EBITDA was HK\$(2) million, versus HK\$(10) million in Q4 2022 and HK\$(14) million in Q3 2023
- City Clubs: Full Year Adjusted EBITDA of HK\$15 million, versus HK\$(21) million in 2022. In Q4 2023 Adjusted EBITDA was HK\$3 million, up 121% year-on-year and down 40% quarter-on-quarter
- Construction Materials Division: Full Year Adjusted EBITDA of HK\$698 million, up 23% year-on-year. In Q4 2023, Adjusted EBITDA was HK\$205 million, up 28% year-on-year and up 25% quarter-on-quarter

Balance Sheet: Maintain a Healthy and Liquid Balance Sheet

- As at 31 December 2023, cash and liquid investments were HK\$25.0 billion and net cash was HK\$23.5 billion
- As at 31 December 2023, debt was HK\$1.5 billion
- Paid a special dividend of HK\$0.20 per share on 27 October 2023
- Announced another special dividend of HK\$0.30 per share payable on or about 26 April 2024

Development Update: Opened Phase 3 including GICC, Galaxy Arena, Raffles at Galaxy Macau and Andaz Macau; Progressing with Phase 4

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

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue (Note)	3	35,684,253	11,473,793
Other income/gains, net		789,574	285,362
Special gaming tax and other related taxes to the Macau Government		(12,681,790)	(3,072,455)
Raw materials and consumables used		(1,351,505)	(1,362,098)
Amortisation and depreciation		(2,835,702)	(2,088,338)
Employee benefit expenses		(7,202,858)	(5,730,219)
Other operating expenses		(5,326,845)	(2,662,257)
Finance costs		(183,317)	(106,436)
Share of profits less losses of:			
Joint ventures		85,027	(89,806)
Associated companies		81	164
Profit/(loss) before taxation	5	6,976,918	(3,352,290)
Taxation charge	6	(102,942)	(95,887)
Profit/(loss) for the year		<u>6,873,976</u>	<u>(3,448,177)</u>
Attributable to:			
Equity holders of the Company		6,827,956	(3,433,770)
Non-controlling interests		46,020	(14,407)
		<u>6,873,976</u>	<u>(3,448,177)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share	8		
Basic		156.2	(78.7)
Diluted		156.2	(78.7)
		<u>156.2</u>	<u>(78.7)</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Note: Analysis of revenue</u>			
Gross revenue from gaming operations		31,722,235	7,345,002
Commission and incentives		(4,432,367)	(778,390)
Net revenue from gaming operations		27,289,868	6,566,612
Revenue from hotels, mall operations and others		5,396,313	2,020,493
Sales of construction materials		2,998,072	2,886,688
		<u>35,684,253</u>	<u>11,473,793</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit/(loss) for the year	6,873,976	(3,448,177)
Other comprehensive income/(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	538,319	30,082
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	(16,283)	(108,004)
Share of translation differences of joint ventures	(12,812)	(153,508)
	<hr/>	<hr/>
Other comprehensive income/(loss) for the year, net of tax	509,224	(231,430)
	<hr/>	<hr/>
Total comprehensive income/(loss) for the year	7,383,200	(3,679,607)
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	7,347,764	(3,623,733)
Non-controlling interests	35,436	(55,874)
	<hr/>	<hr/>
	7,383,200	(3,679,607)
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CONSOLIDATED BALANCE SHEET**As at 31 December 2023**

	Note	2023 HK\$'000	2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		49,313,068	45,542,295
Right-of-use assets		4,817,188	4,787,811
Intangible assets		2,500,024	32,949
Joint ventures		2,234,405	1,396,078
Associated companies		2,525	2,444
Financial assets at amortised cost		4,153,009	6,694,557
Financial assets at fair value through other comprehensive income		4,780,218	4,214,239
Financial asset at fair value through profit or loss		-	272,104
Other non-current assets		207,766	106,666
		<u>68,008,203</u>	<u>63,049,143</u>
Current assets			
Inventories		221,888	208,995
Debtors and prepayments	9	1,664,041	1,152,535
Amounts due from joint ventures		136,638	174,210
Taxation recoverable		39,405	29,193
Current portion of financial assets at amortised cost		2,633,510	2,324,512
Cash and cash equivalents and other bank deposits		14,511,770	14,022,744
		<u>19,207,252</u>	<u>17,912,189</u>
Total assets		<u>87,215,455</u>	<u>80,961,332</u>
EQUITY			
Share capital and shares held for share award scheme		24,103,725	23,968,153
Reserves		46,655,447	39,945,783
Equity attributable to owners of the Company		<u>70,759,172</u>	<u>63,913,936</u>
Non-controlling interests		457,919	551,429
Total equity		<u>71,217,091</u>	<u>64,465,365</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		110,375	167,312
Lease liabilities		548,796	433,063
Retention payable		288,092	429,012
Macau gaming concession payable		2,341,986	-
Non-current deposits and other payables		176,267	167,597
		<u>3,465,516</u>	<u>1,196,984</u>
Current liabilities			
Creditors and accruals	10	10,881,244	7,689,593
Amounts due to joint ventures		24,519	6,216
Current portion of lease liabilities		79,296	49,922
Borrowings		1,452,958	7,505,246
Provision for tax		94,831	48,006
		<u>12,532,848</u>	<u>15,298,983</u>
Total liabilities		<u>15,998,364</u>	<u>16,495,967</u>
Total equity and liabilities		<u>87,215,455</u>	<u>80,961,332</u>
Net current assets		<u>6,674,404</u>	<u>2,613,206</u>
Total assets less current liabilities		<u>74,682,607</u>	<u>65,662,349</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Macau gaming concession

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

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 is required to pay the Macau Government fixed and variable annual premium during the 10-year term with effect from 1 January 2023 onwards. The annual premium is comprised of a fixed amount MOP30 million (equivalent to approximately HK\$29.13 million) and an annual amount of MOP300,000 (equivalent to approximately HK\$291,262) for each gaming table exclusively for particular games or players, MOP150,000 (equivalent to approximately HK\$145,631) for each other gaming table, and MOP1,000 (equivalent to approximately HK\$971) for one gaming machine, including slot machines, operated by GCSA. In addition, GCSA commits to invest MOP28.35 billion (approximately HK\$27.52 billion), which includes MOP27.45 billion (approximately HK\$26.65 billion) in non-gaming facilities and activities and MOP0.9 billion (approximately HK\$0.87 billion) on gaming, primarily investing in the tourism and entertainment sectors that will be spent, over the span of the new Gaming Concession Contract, to support the Macau Government’s objectives to further develop and diversify Macau’s economy and attract more overseas visitors. The 2023 aggregate gaming gross revenue of Macau reached the trigger amount specified in the investment increasing mechanism of the investment plan. GCSA will further invest MOP5.4 billion (approximately HK\$5.24 billion) for the remaining term of the Gaming Concession Contract commencing from 2024.

In addition, separate contracts for the reversion of casinos and related assets for gaming business to the Macau Government (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 are to be reverted to the Macau Government without compensation and the Macau Government temporarily handed over to the Group for its continuing use in gaming operations during the 10-year term (commencing from 1 January 2023) of the new Gaming Concession Contract. As the control and the economic benefits of these casino areas and gaming assets will be continuously retained by the Group and with the assumption of the subsequent successful retention and tendering of the gaming concession, GCSA will continue to recognise these casino areas and gaming assets as right-of-use assets and property, plant and equipment and depreciate their carrying amounts over their estimated remaining useful lives. In exchange for the use of reverted casino areas and gaming assets, GCSA agreed to make annual payments to the Macau Government for MOP750 (equivalent to approximately HK\$728) per square meter for the first three years, and MOP2,500 (equivalent to approximately HK\$2,427) per square meter for the remaining years of the term of the new Gaming Concession Contract through 31 December 2032, subject to adjustment based on the average price index in Macau. This contractual payment is also considered as part of the consideration of the intangible asset of the right to conduct games of chance in Macau.

On 1 January 2023, GCSA recognised an intangible asset and corresponding financial liability of MOP2.79 billion (equivalent to approximately HK\$2.71 billion), with non-current portion of the financial liability of HK\$2.44 billion included in “Macau gaming concession payable” and the current portion of HK\$0.27 billion included in “Creditors and accruals” respectively, representing the right to conduct games of chance in Macau and the unconditional obligation to make payments under the new Gaming Concession Contract and the Reversion of Property Contract. This intangible asset comprises the contractual annual payments of fixed and variable premiums, as well as payments associated with the Reversion of Property Contract. The contractual annual variable premium payments associated with the intangible asset was determined using the total number of gaming tables and gaming machines approved by the Macau Government. The intangible asset is being amortised on a straight-line basis over the 10-year term of the new Gaming Concession Contract. As at 31 December 2023, the net book value of intangible asset recorded as HK\$2.44 billion while non-current and current portion of the financial liability recorded as HK\$2.34 billion and HK\$0.27 billion respectively.

2. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities, which are carried at fair values.

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results 2023 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 in due course.

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

(a) The adoption of new and amended standards

In 2023, the Group adopted the following new and amended standards which are relevant to its operations.

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts
HKFRS 17 (Amendment)	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

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

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

(b) Amendments to existing standards and interpretation that are not yet effective

<u>Amendments</u>	Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	1 January 2024
Classification of Liabilities as Current or Non-current	
HKAS 1 (Amendments)	1 January 2024
Non-current Liabilities with Covenants	
HKAS 7 and HKFRS 7 (Amendments)	1 January 2024
Supplier Finance Arrangements	
HKAS 21 (Amendments)	1 January 2025
Lack of Exchangeability	
HKFRS 10 and HKAS 28 (Amendments)	To be determined
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	
HKFRS 16 (Amendments)	1 January 2024
Lease Liability in a Sale and Leaseback	
HK-Int 5 (2020)	1 January 2024
Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	

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

3. Revenue

Revenue recognised during the year are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gaming operations		
Net gaming wins	31,713,587	7,319,848
Contributions from City Club Casinos (Note i)	-	17,358
Tips received and administrative fees	8,648	7,796
Gross revenue from gaming operations	<u>31,722,235</u>	<u>7,345,002</u>
Less: Commission and incentives	<u>(4,432,367)</u>	<u>(778,390)</u>
Net revenue from gaming operations	27,289,868	6,566,612
Revenue from hotels, mall operations and others (Note ii)	5,396,313	2,020,493
Sales of construction materials	2,998,072	2,886,688
	<u><u>35,684,253</u></u>	<u><u>11,473,793</u></u>

Note i: In respect of the operations of City Club Casinos (the "City Club Casinos"), the Group entered into agreements (the "Agreements") with third-party service providers for the provision of a steady flow of customers to the City Club Casinos and for procuring and/or introducing customers to these casinos for a term up to 26 June 2022. After analysing the risks and rewards attributable to the Group under the Agreements, the Group entitled to revenue from the City Club Casino amounting to HK\$17,358,000 during the year ended 31 December 2022. 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.

3. Revenue (Cont'd)

Upon expiration of the Agreements, the Group continued the gaming operation of Waldo Casino only and entered into a new agreement with third-party service provider 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 consolidated financial statements.

Note ii: Revenue from hotels, mall operations and others includes rental income amounted to approximately HK\$1,611 million (2022: HK\$1,114 million).

4. Segment information

The Board of Directors is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, based on a measurement of adjusted earnings/(loss) before interest, tax, depreciation, amortisation and certain items (the “Adjusted EBITDA”). This measurement basis of Adjusted EBITDA excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, donation and sponsorship, 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 property, plant and equipment, intangible assets and subsidiaries, 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.

4. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2023				
Revenue recognised under HKFRS	<u>32,686,181</u>	<u>2,998,072</u>	<u>-</u>	<u>35,684,253</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>9,417,222</u>	<u>697,579</u>	<u>(159,901)</u>	<u>9,954,900</u>
Interest income and dividend income from listed investments				<u>930,166</u>
Amortisation and depreciation				<u>(2,835,702)</u>
Finance costs				<u>(183,317)</u>
Taxation charge				<u>(102,942)</u>
Adjusted items:				
Taxation of joint ventures and associated companies				<u>(17,597)</u>
Pre-opening expenses				<u>(222,280)</u>
Net gain on disposal and write-off of property, plant and equipment and subsidiary				<u>100,840</u>
Share option expenses				<u>(113,267)</u>
Share award expenses				<u>(138,012)</u>
Donation and sponsorship				<u>(41,357)</u>
Foreign exchange loss				<u>(43,371)</u>
Non-recurring employee benefit expenses				<u>(45,566)</u>
Fair value change on financial assets at fair value through profit or loss				<u>(272,104)</u>
Others				<u>(96,415)</u>
Profit for the year				<u>6,873,976</u>
Share of results of joint ventures and associated companies	<u>32,021</u>	<u>53,087</u>	<u>-</u>	<u>85,108</u>

4. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2022				
Reportable segment revenue	8,762,440	2,886,688	-	11,649,128
Adjusted for:				
City Club Casinos arrangement set out in note 3				
Revenue not recognised	(197,513)	-	-	(197,513)
Contributions	17,358	-	-	17,358
Others	4,820	-	-	4,820
Revenue recognised under HKFRS	<u>8,587,105</u>	<u>2,886,688</u>	<u>-</u>	<u>11,473,793</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>(1,001,287)</u>	<u>566,208</u>	<u>(118,238)</u>	<u>(553,317)</u>
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				<u>(78,874)</u>
Loss for the year				<u>(3,448,177)</u>
Share of results of joint ventures and associated companies	<u>(4,532)</u>	<u>(85,110)</u>	<u>-</u>	<u>(89,642)</u>

4. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2023				
Total assets	<u>77,918,983</u>	<u>5,996,907</u>	<u>3,299,565</u>	<u>87,215,455</u>
Total assets include:				
Joint ventures	68,669	2,165,736	-	2,234,405
Associated companies	<u>-</u>	<u>2,525</u>	<u>-</u>	<u>2,525</u>
Total liabilities	<u>13,701,957</u>	<u>1,753,641</u>	<u>542,766</u>	<u>15,998,364</u>
As at 31 December 2022				
Total assets	<u>68,596,495</u>	<u>4,903,211</u>	<u>7,461,626</u>	<u>80,961,332</u>
Total assets include:				
Joint ventures	41,424	1,354,654	-	1,396,078
Associated companies	<u>-</u>	<u>2,444</u>	<u>-</u>	<u>2,444</u>
Total liabilities	<u>11,877,672</u>	<u>1,243,833</u>	<u>3,374,462</u>	<u>16,495,967</u>
Year ended 31 December 2023				
Additions to non-current assets	<u>8,996,386</u>	<u>1,243,491</u>	<u>734</u>	<u>10,240,611</u>
Year ended 31 December 2022				
Additions to non-current assets	<u>5,637,122</u>	<u>100,532</u>	<u>-</u>	<u>5,737,654</u>
Geographical analysis				
		2023		2022
Year ended 31 December		<i>HK\$'000</i>		<i>HK\$'000</i>
Revenue				
Macau		33,254,050		9,152,339
Hong Kong		2,042,548		1,929,137
Mainland China		<u>387,655</u>		<u>392,317</u>
		<u>35,684,253</u>		<u>11,473,793</u>
		As at		As at
		31 December		31 December
		2023		2022
Non-current assets		<i>HK\$'000</i>		<i>HK\$'000</i>
Macau		64,138,519		59,756,591
Hong Kong		735,495		616,485
Mainland China		<u>3,134,189</u>		<u>2,676,067</u>
		<u>68,008,203</u>		<u>63,049,143</u>

As at 31 December 2023, the total of non-current assets, other than financial instruments, located in Macau was HK\$55,206 million (2022: HK\$48,849 million), Hong Kong was HK\$734 million (2022: HK\$615 million) and Mainland China was HK\$3,134 million (2022: HK\$2,404 million).

5. Profit/(loss) before taxation

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit/(loss) before taxation is arrived at after crediting:		
Interest income	896,626	717,874
Dividend income from listed investments	33,540	9,576
Net gain on disposal and write-off of property, plant and equipment and subsidiary	<u>100,840</u>	<u>-</u>
and after charging:		
Depreciation		
Property, plant and equipment	2,374,521	1,783,897
Right-of-use assets	158,548	135,949
Amortisation		
Macau gaming concession/gaming licence	270,910	51,567
Computer software	30,034	25,554
Reacquired right	-	43,963
Quarry site development	1,689	1,777
Extension premium of gaming concession	-	45,631
Loss on disposal and write-off of property, plant and equipment	-	92,468
Loss on write-off of intangible assets	-	13,348
Impairment loss of property, plant and equipment included in the share of profits less losses of joint ventures	<u>-</u>	<u>173,567</u>

6. Taxation charge

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	66,473	30,615
Mainland China income tax and withholding tax	13,567	22,830
Macau complementary tax	26,776	19,603
Net (over)/under provision in prior years	(850)	24,533
Lump sum in lieu of Macau complementary tax on dividend	53,913	36,408
Deferred taxation	<u>(56,937)</u>	<u>(38,102)</u>
Taxation charge	<u>102,942</u>	<u>95,887</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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% (2022: 12% to 25%). The weighted average applicable tax rate was 12% (2022: 12%).

7. Dividends

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Special dividend paid of HK\$0.20 (2022: HK\$0.30) per ordinary share	<u>873,783</u>	<u>1,307,566</u>

The Board of Directors does not declare any final dividend for the year ended 31 December 2023 (2022: nil).

Details of the special dividend declared subsequent to the year ended 31 December 2023 are given in note 11.

8. Earnings/(loss) per share

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

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and share awards. For the 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 2023, the Company had outstanding share options and share awards that would potentially dilute the earnings per share. 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.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit/(loss) attributable to equity holders of the Company	<u>6,827,956</u>	<u>(3,433,770)</u>
	Number of shares	
	2023	2022
Weighted average number of shares for calculating basic earnings/(loss) per share	4,370,581,724	4,362,354,183
Effect of dilutive potential ordinary shares		
Share options	537,253	-
Share awards	617,358	-
Weighted average number of shares for calculating diluted earnings/(loss) per share	<u>4,371,736,335</u>	<u>4,362,354,183</u>

9. Debtors and prepayments

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade debtors, net of loss allowance	705,207	564,298
Other debtors and deposit paid, net of loss allowance	758,941	377,138
Contract assets	67,610	83,091
Prepayments	132,283	128,008
	<u>1,664,041</u>	<u>1,152,535</u>

Trade debtors mainly arise from the sales of construction materials and mall operations. The Group has established credit policies which follow local industry standards. The Group normally allows an approved credit period ranging from 30 to 60 days (2022: 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one month	396,570	212,266
Two to three months	272,365	276,377
Four to six months	14,917	20,876
Over six months	21,355	54,779
	<u>705,207</u>	<u>564,298</u>

10. Creditors and accruals

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade creditors	2,769,312	2,263,124
Other creditors	5,442,959	3,791,511
Chips issued	603,890	273,151
Loans from non-controlling interests	76,274	76,699
Accruals and provision	1,988,809	1,285,108
	<u>10,881,244</u>	<u>7,689,593</u>

10. Creditors and accruals (Cont'd)

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one month	2,549,628	2,033,906
Two to three months	70,314	53,070
Four to six months	49,933	31,860
Over six months	99,437	144,288
	<u>2,769,312</u>	<u>2,263,124</u>

11. Post Balance Sheet Event

On 28 February 2024, the Board of Directors declared a special dividend of HK\$0.30 per share, payable to shareholders of the Company whose names appear on the register of members of the Company on 28 March 2024. The total amount of the special dividend to be distributed is estimated to be approximately HK\$1,310 million and will be paid on or about 26 April 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

Based on DICJ reporting, Macau's GGR for 2023 was \$177.7 billion, up 334% year-on-year. GGR in Q4 2023 was \$52.5 billion, up 421% year-on-year and up 11% quarter-on-quarter.

In 2023, visitor arrivals to Macau were 28.2 million, up 395% year-on-year, which has recovered to 72% of 2019. Overnight visitors were 14.2 million, increased 472% year-on-year. Mainland visitor arrivals to Macau were 19 million, up 273% year-on-year, with Individual Visit Scheme visitors of 10.6 million, up 532% year-on-year. The numbers of Mainland, Hong Kong and international visitors in 2023 returned to 68%, 98% and 48% of the corresponding levels of pre-COVID.

REVIEW OF OPERATIONS

Group Financial Results

The Group posted Net Revenue of \$35.7 billion, up 211% year-on-year. Adjusted EBITDA was \$10.0 billion versus \$(0.6) billion in 2022. NPAS was \$6.8 billion versus \$(3.4) billion in 2022. Galaxy Macau™'s Adjusted EBITDA was \$9.1 billion, versus \$295 million in 2022. StarWorld Macau's Adjusted EBITDA was \$1.3 billion versus \$(527) million in 2022. Broadway Macau™'s Adjusted EBITDA was \$(36) million versus \$(62) million in 2022.

In 2023, GEG played unlucky in its gaming operation which decreased its Adjusted EBITDA by approximately \$162 million. Normalized Adjusted EBITDA was \$10.1 billion versus \$(520) million in 2022.

The Group's total GGR on a management basis² in 2023 was \$31.7 billion, up 322% year-on-year. Mass GGR was \$26.5 billion, up 328% year-on-year. VIP GGR was \$3.4 billion, up 273% year-on-year. Electronic GGR was \$1.8 billion, up 340% year-on-year.

² 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, this difference is up to 26 June 2022. At the Group level the gaming statistics include Company owned resorts plus City Clubs.

Summary table of GEG Q4 and full year 2023 Adjusted EBITDA and adjustments:

<i>in HK\$m</i>	Q4 2022	Q3 2023	Q4 2023	QoQ	FY 2022	FY 2023
Adjusted EBITDA	(163)	2,768	2,807	1%	(553)	9,955
<i>Luck</i> ³	(40)	(122)	(103)	-	(33)	(162)
Normalized Adjusted EBITDA	(123)	2,890	2,910	1%	(520)	10,117

Balance Sheet and Dividend

The Group's balance sheet remains healthy and liquid. As of 31 December 2023, cash and liquid investments were \$25.0 billion and net cash was \$23.5 billion. Debt was \$1.5 billion which primarily reflects our ongoing treasury yield management initiatives. Our strong balance sheet combined with substantial cash flow from operations allows us to return capital to shareholders via dividends and to fund our development pipeline. The Group paid a special dividend of \$0.20 per share on 27 October 2023. Subsequently we announced a special dividend of \$0.30 per share to be paid on or about 26 April 2024. This attests to our confidence in Macau, our financial strength and our future earnings potential.

Set out below is the segmental analysis of the Group's operating results for 2023:

Group Key Financial Data

(HK\$m)

	2022	2023
Revenues:		
Net Gaming	6,566	27,290
Non-gaming	2,021	5,396
Construction Materials	2,887	2,998
Total Net Revenue	11,474	35,684
Adjusted EBITDA	(553)	9,955

Gaming Statistics⁴		
<i>(HK\$m)</i>		
	2022	2023
Rolling Chip Volume ⁵	31,157	117,660
Win Rate %	3.0%	2.9%
Win	923	3,447
Mass Table Drop ⁶	23,685	107,531
Win Rate %	26.1%	24.6%
Win	6,188	26,486
Electronic Gaming Volume	11,679	50,884
Win Rate %	3.5%	3.5%
Win	405	1,780
Total GGR Win ⁷	7,516	31,713

³ Reflects luck adjustments associated with our rolling chip program.

⁴ Gaming statistics are presented before deducting commission and incentives.

⁵ Reflects sum of junket VIP and inhouse premium direct.

⁶ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁷ Total GGR win includes gaming win from City Clubs.

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™

Financial and Operational Performance

Galaxy Macau™ is the primary contributor to Group revenue and earnings. In 2023, Net Revenue was \$27.7 billion, up 274% year-on-year. Adjusted EBITDA was \$9.1 billion, versus \$295 million in 2022. Galaxy Macau™ played unlucky in its gaming operations which decreased its Adjusted EBITDA by approximately \$162 million. Normalized 2023 Adjusted EBITDA was \$9.3 billion, up 2,739% year-on-year.

The combined seven hotels occupancy was 87% for 2023.

Galaxy Macau™ Key Financial Data

(HK\$m)

	Q4 2022	Q3 2023	Q4 2023	FY2022	FY2023
Revenues:					
Net Gaming	1,378	6,258	6,781	5,560	22,911
Hotel / F&B / Others	208	1,004	1,046	782	3,246
Mall	248	366	364	1,076	1,560
Total Net Revenue	1,834	7,628	8,191	7,418	27,717
Adjusted EBITDA	58	2,562	2,569	295	9,149
Adjusted EBITDA Margin	3%	34%	31%	4%	33%

Gaming Statistics⁸					
(HK\$m)	Q4 2022	Q3 2023	Q4 2023	FY2022	FY2023
Rolling Chip Volume ⁹	6,815	31,090	33,874	31,157	115,566
Win Rate %	2.2%	2.5%	2.6%	3.0%	2.9%
Win	148	778	880	923	3,383
Mass Table Drop ¹⁰	4,916	22,812	23,692	17,282	80,774
Win Rate %	27.2%	27.2%	27.7%	29.0%	27.0%
Win	1,335	6,197	6,570	5,012	21,775
Electronic Gaming Volume	1,925	10,188	10,650	7,556	35,542
Win Rate %	4.2%	4.0%	3.9%	4.3%	4.2%
Win	81	411	418	323	1,499
Total GGR Win	1,564	7,386	7,868	6,258	26,657

⁸ Gaming statistics are presented before deducting commission and incentives.

⁹ Reflects sum of junket VIP and inhouse premium direct.

¹⁰ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

StarWorld Macau

Financial and Operational Performance

In 2023, StarWorld Macau's Net Revenue was \$4.6 billion, up 343% year-on-year. Adjusted EBITDA was \$1.3 billion versus \$(527) million in 2022. There was no luck impact on StarWorld Macau's Adjusted EBITDA in 2023.

Hotel occupancy was 99% for 2023.

StarWorld Macau Key Financial Data

(HK\$'m)

	Q4 2022	Q3 2023	Q4 2023	FY2022	FY2023
Revenues:					
Net Gaming	217	1,101	1,122	945	4,154
Hotel / F&B / Others	24	121	127	85	468
Mall	5	6	6	18	22
Total Net Revenue	246	1,228	1,255	1,048	4,644
Adjusted EBITDA	(142)	347	353	(527)	1,278
Adjusted EBITDA Margin	NEG ¹¹	28%	28%	NEG ¹¹	28%

Gaming Statistics¹²

(HK\$'m)

	Q4 2022	Q3 2023	Q4 2023	FY2022	FY2023
Rolling Chip Volume ¹³	N/A	1,369	725	N/A	2,094
Win Rate %	N/A	2.6%	4.0%	N/A	3.1%
Win	N/A	35	29	N/A	64
Mass Table Drop ¹⁴	1,320	6,830	6,748	5,280	25,709
Win Rate %	17.3%	17.6%	18.0%	18.7%	17.7%
Win	229	1,204	1,217	985	4,553
Electronic Gaming Volume	522	2,981	4,533	1,567	11,170
Win Rate %	2.4%	2.1%	1.6%	2.4%	1.9%
Win	12	62	72	37	214
Total GGR Win	241	1,301	1,318	1,022	4,831

¹¹ NEG represents negative margin.

¹² Gaming statistics are presented before deducting commission and incentives.

¹³ Reflects inhouse premium direct.

¹⁴ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

Broadway Macau™

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs. In 2023, Broadway Macau™'s Net Revenue was \$103 million, up 72% year-on-year. Adjusted EBITDA was \$(36) million versus \$(62) million in 2022.

City Clubs

In 2023, City Clubs' Net Revenue was \$222 million, up 264% year-on-year. Adjusted EBITDA was \$15 million versus \$(21) million in 2022.

CONSTRUCTION MATERIALS DIVISION (“CMD”)

In 2023, CMD experienced a solid year. For the full year Adjusted EBITDA was \$698 million, up 23% year-on-year.

Hong Kong and Macau

In Hong Kong CMD experienced strong demand for ready-mixed concrete and precast products from the Hong Kong International Airport's three runway project and associated infrastructure development. The contractors have been working to accelerate the project to catch up from COVID-19 related construction delays.

In Macau, the development works in Zone A reclamation area compensated for a softening of local market demand for ready-mixed concrete and piles.

Mainland China

Business in Mainland China was adversely impacted by the slowing of property development. It is anticipated that demand in Mainland China will remain subdued in the immediate future.

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 with a particular focus on adding new and innovative F&B and retail offerings.

We are actively reconfiguring the main gaming floor of Galaxy Macau™ to deliver a better flow of people across the entire floor and to provide an enhanced customer experience. In late 2023, we relocated the central premium mass high limit gaming area and added a number of F&B options. We are also currently completing the construction of a new high limit slot area and other amenities.

At StarWorld Macau we are evaluating a range of major upgrades, that includes the main gaming floor, the lobby arrival experience and increasing the F&B options.

Cotai – The Next Chapter

We have successfully opened GICC, Galaxy Arena, Raffles at Galaxy Macau and Andaz Macau. We are now firmly focused on the development of Phase 4, which is already well under way. Phase 4 will include multiple high-end hotel brands new to Macau, together with a 4000-seat theater, extensive F&B, retail, non-gaming amenities, landscaping, a water resort deck and a casino. Phase 4 is approximately 600,000 square meters of development and is scheduled to complete in 2027. We will continue to adjust the development timeline in accordance with the market demand. We remain highly confident about the future of Macau where Phases 3 & 4 will support Macau's vision of becoming a World Centre of Tourism and Leisure.

SUBSEQUENT EVENT

GEG announced a special dividend of \$0.30 per share payable on or about 26 April 2024.

GROUP OUTLOOK

We would like to take this opportunity to comment on how we see the longer-term outlook for Macau in general and GEG specifically. Our balance sheet remains exceptionally strong with \$23.5 billion net cash and with minimal debt. We have substantial positive cash flow from operations, and we have positive NPAS. In fact, the strength of our Company can be demonstrated with today's announcement of another dividend to be payable in April this year.

Our resorts continue to remain extremely popular with near 100% occupancy across our approximately 5,000 hotel rooms. Our mass gaming drop and revenue in the recent Chinese New Year was 120% of 2019 level. Total visitation for the 8-day Chinese New Year was 1.4 million with daily average visitation of 167,725. Daily visitation rose 163% when compare with 2023 Chinese New Year Golden Week. Mainland visitors represented 76% of the total visitation, it has grown about 242% when compare with 2023 Chinese New Year Golden Week.

The Macau Government will spend an estimated MOP235 million this year to attract international visitors to Macau by actively promoting Macau in overseas destinations through roadshows and subsidizing airline tickets to Macau. We are actively supporting this important Government initiative through both attending their international marketing event and opening GEG international business development offices within the region. Macau welcomed 28 million visitors in 2023 and the MGTO expects Macau will receive around 33 million visitors in 2024.

We continue with the development of Phase 4, which we target to open in 2027. Phase 4 is the next generation integrated resort which has a strong focus on non-gaming, targeting entertainment, family facilities and also includes gaming. These projects will complete our ecosystem in Cotai and strategically position GEG for future growth.

Infrastructure continues to improve access to Macau and movement within Macau. The fourth cross-sea bridge linking Macau Peninsula and Taipa is expected to be completed in 2024. Furthermore, Light Rail Transit's new Macau Barra station, which connects Taipa with the Macau peninsula, opened in December 2023. The improvement of infrastructure will increase the accessibility and convenience for tourists and Macau citizens.

We remain very confident in the longer-term outlook for Macau and believe that our resorts offer a unique range of facilities and experiences to our guests that will continue to attract high value customers to Macau and further broaden the addressable visitor markets.

We are very pleased to welcome the 75th anniversary of the founding of the People’s Republic of China and the 25th anniversary of Macau’s return in 2024. We hope that the industry will continue to receive the full support of the Central Government and the Macau SAR Government. As always GEG will support these important milestones with a range of supportive promotional activities.

Shorter term we acknowledge that globally the world is experiencing both geo-political and economic challenges that are impacting consumers and investors sentiment. However, we remain cautiously optimistic on the future of Macau and GEG. We still continue to explore overseas development opportunities on a case by case basis, but continue to believe that Macau offers the greatest growth opportunity.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 31 December 2023 increased to \$70,759 million, an increase of 11% over that as at 31 December 2022 of \$63,914 million while the Group’s total assets employed increased to \$87,215 million as at 31 December 2023 as compared to \$80,961 million as at 31 December 2022.

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 2023, the listed debt securities were predominantly denominated in U.S. dollar with a weighted average tenor of approximately 1 year (2022: 2 years). Following the maturity of certain listed debt securities in our holding (all of investment grade) in 2023, and without sizeable re-investment of the proceeds in listed debt securities, our listed debt securities investment reduced considerably, from \$9,019 million as at 31 December 2022 to \$6,787 million as at 31 December 2023, of which a significant portion remained in investment grade rated securities. Listed debt securities investments are closely monitored by a 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 2023 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 2023, none of the listed debt securities in any individual investee company held by the Group equaled or exceeded 5% of the Group’s total assets.

As at 31 December 2023, the Group invested \$6,787 million (\$9,019 million as at 31 December 2022) in listed debt securities and \$3,700 million (\$3,349 million as at 31 December 2022) in listed shares of Wynn Resorts, Limited (“Wynn Resorts”). As at 31 December 2023, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.7% (4.6% as at 31 December 2022) of the issued share capital of Wynn Resorts. Investment cost was \$7,142 million. The 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 2023 was the fair value of this listed investment. As of 31 December 2023, fair value of our investment in Wynn Resorts was \$3,700 million, representing 4.2% of the Group’s total asset of \$87,215 million. The market value of Wynn Resorts as of 31 December 2022 and 31 December 2023, and the performance of the investment during the year ended 31 December 2022 and 2023 are as follows:

(HK\$’m)	2022	2023
Market value	3,349	3,700
Unrealised (loss)/gain for the year ended 31 December	(100)	351
Dividend income for the year ended 31 December	-	21

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 a significant development pipeline.

The Group's total cash and bank balances (including fixed deposits) were \$14,500 million as at 31 December 2023 compared to \$14,011 million as at 31 December 2022 while total borrowings were \$1,453 million as at 31 December 2023 as compared to \$7,505 million as at 31 December 2022. The Group was in a net cash position as at 31 December 2023 and 31 December 2022.

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

CHARGES ON GROUP ASSETS

No property, plant and equipment, leasehold land and land use rights was pledged to secure banking facilities (31 December 2022: nil). Bank deposits of \$10 million (31 December 2022: \$299 million) was pledged to secure banking facilities.

GUARANTEES

GEG has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to \$4,770 million (31 December 2022: \$5,770 million). At 31 December 2023, facilities utilized by a subsidiary amounted to \$596 million (31 December 2022: \$4,228 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to \$42 million (31 December 2022: \$43 million). At 31 December 2023, \$20 million (31 December 2022: \$14 million) had been utilized.

DEALINGS IN LISTED SECURITIES

During the year, the trustee of the share award scheme adopted by the Company on 13 May 2021 purchased on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) a total of 504,488 shares of the Company for a total consideration of approximately HK\$25.83 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 504,488 shares of the Company were subsequently transferred to the Connected Persons on the respective vesting dates of the share awards.

Upon the expiration of the share award scheme adopted by the Company on 4 August 2014, there were no unvested awards under the scheme and the trustee of the scheme sold 320,216 forfeited Awarded Shares due to lapse of awards in August 2023 for HK\$16.52 million. The sales proceeds were remitted to the Company.

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 2023.

REVIEW OF ANNUAL RESULTS

The Group’s annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee of GEG. The figures in this preliminary announcement of the results of the Group for the year ended 31 December 2023 have been agreed to the amounts set out in the Group’s draft consolidated financial statements for the year by GEG’s auditor, PricewaterhouseCoopers. The work of PricewaterhouseCoopers in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

Throughout the year under review, GEG has complied with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, except code provision B.2.2.

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

DIVIDENDS

A special dividend of HK\$0.20 per share for the year ended 31 December 2023 was paid to the shareholders of the Company on 27 October 2023.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil). Total dividend paid to shareholders of the Company for the year ended 31 December 2023 was HK\$0.20 per share (2022: HK\$0.30 per share).

On 28 February 2024, the Board of Directors has resolved to declare special dividend of HK\$0.30 per share totaling approximately HK\$1,310 million, payable to shareholders whose names appear on the register of members of the Company on 28 March 2024. This special dividend is expected to be paid on or about 26 April 2024.

CLOSURE OF REGISTER OF MEMBERS

SPECIAL DIVIDEND

For the purpose of ascertaining the shareholders who are entitled to the special dividend, the register of members of GEG will be closed from Tuesday, 26 March 2024 to Thursday, 28 March 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed special dividend, all share certificates with completed transfer documents must be lodged with GEG's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 25 March 2024.

ENTITLEMENT TO ATTEND AND VOTE AT THE 2024 ANNUAL GENERAL MEETING

The 2024 Annual General Meeting of the shareholders of GEG will be held on Tuesday, 14 May 2024. The register of members of GEG will be closed from Wednesday, 8 May 2024 to Tuesday, 14 May 2024, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the 2024 Annual General Meeting, all share certificates with completed transfer documents must be lodged with the GEG's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 7 May 2024.

ANNUAL REPORT 2023

The Annual Report 2023 of GEG containing all the information required by the Listing Rules will be available on the respective websites of Hong Kong Exchanges and Clearing Limited and GEG and dispatched to the shareholders in due course.

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

Hong Kong, 28 February 2024

As at the date of this announcement, the executive Directors of GEG are Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Joseph Chee Ying Keung and Mrs. Paddy Tang Lui Wai Yu; the non-executive Director of GEG is Dr. Charles Cheung Wai Bun; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam, Professor Patrick Wong Lung Tak and Mr. Michael Victor Mecca.

Website: www.galaxyentertainment.com