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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 2020

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

I wish to take this opportunity to update you on the status of Macau and the performance of GEG in 2020. COVID-19 has continued to impact the community and businesses globally including Macau and GEG. In Q4 2020, Mainland China, Hong Kong and Macau continued to experience travel restrictions and social distancing measures as they continued to effectively contain the pandemic. Given the subdued revenue the Group’s Adjusted EBITDA was HK\$1.0 billion for the fourth quarter. This represents a 207% improvement compared to the Adjusted EBITDA loss of HK\$0.9 billion reported in Q3. This improvement was largely driven by an increase in visitation which translated into increased revenue and continuing cost control. The full year Adjusted EBITDA was HK\$(1.0) billion versus HK\$16.5 billion in 2019.

We again applaud the Macau Government for their proactive leadership during the challenging pandemic crisis. Their focus is not only to ensure the health and safety of the community, but also ensuring that Macau is well positioned to attract visitors, support economic recovery and maintain the social stability of Macau.

We continue to make good progress with our development projects including Cotai Phases 3 & 4. In the meanwhile, we renovate, reconfigure and introduce new products to our resorts. In addition, we remain engaged in our international expansion plans including Japan, which is also being impacted by the pandemic.

Due to our conservative financial management, the Group’s net cash as at year end provides us with valuable flexibility in managing our ongoing operations and allows us to continue with our longer term development plans.

In the Macau Policy Address for 2021, Chief Executive Mr. Ho Iat Seng stated that the Government will promote the stable and healthy development of the gaming industry, and to commence preparatory and preliminary work for the new gaming concessions. We are looking forward to the launching of the public consultation in the 2H 2021.

Upholding the philosophy of “what is taken from the community is to be used for the good of the community”, we have been proactively supporting Macau and the Mainland during this epidemic. GEG has been working with the community to combat the outbreak through an array of practical initiatives, including: offering cash donations, donating hygiene & essential supplies, supporting local SMEs and providing timely assistance to numerous non-profit welfare and social service organizations and schools. In addition, GEG also adopted and supported all protective measures laid out by the Health Bureau of the Macau SAR Government and strengthened the epidemic prevention measures within our resorts.

In the medium to longer term, we have great confidence in the future of Macau. We have seen signs of early recovery post the reinstatement of the Individual Visit Scheme (“IVS”) in late September 2020 and it may take a few more quarters for business volumes to ramp up. However, we do acknowledge the ongoing difficulties associated with COVID-19 and potential future flare ups of COVID-19 could have a material adverse impact on our financial performance. Given the uncertainty caused by the COVID-19 pandemic, today the Board of Directors has decided not to declare a dividend.

We are pleased to hear that Macau and other locations are proceeding with their COVID-19 vaccination rollout plans. We believe that when Mainland and international tourists make future travel plans, health and safety will be foremost in their minds.

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

Dr. Lui Che Woo

GBM, MBE, JP, LLD, DSSc, DBA

Chairman

ANNUAL RESULTS

The Board of Directors of GEG hereby announces the results of GEG and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020 as follows:

Q4 & FULL YEAR 2020 RESULTS HIGHLIGHTS

GEG: Well Capitalized to Weather the Storm

- Full Year Group Net Revenue of HK\$12.9 billion, down 75% year-on-year
- Full Year Group Adjusted EBITDA of HK\$(1.0) billion versus HK\$16.5 billion in 2019
- Full Year Group net profit attributable to shareholders (“NPAS”) of HK\$(4.0) billion, down 130% year-on-year including HK\$746 million of non-recurring and other charges
- Full year Adjusted NPAS of HK\$(3.2) billion, down 123% year-on-year after adjusting for non-recurring and other charges
- Q4 Group Net Revenue of HK\$5.1 billion, down 61% year-on-year and up 229% quarter-on-quarter
- Q4 Group Adjusted EBITDA of HK\$1.0 billion, down 75% year-on-year and up 207% quarter-on-quarter
- Played unlucky in Q4 which decreased Adjusted EBITDA by approximately HK\$59 million, normalized exclude luck factor (“Normalized”) Q4 Adjusted EBITDA of HK\$1.1 billion, down 73% year-on-year and up 214% quarter-on-quarter

Galaxy Macau™: Adjusting Operations to the Current Business Environment

- Full Year Net Revenue of HK\$7.8 billion, down 79% year-on-year
- Full Year Adjusted EBITDA of HK\$(0.9) billion versus HK\$12.6 billion in 2019
- Q4 Net Revenue of HK\$3.3 billion, down 64% year-on-year and up 430% quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$0.7 billion, down 77% year-on-year and up 193% quarter-on-quarter
- Played unlucky in Q4 which decreased Adjusted EBITDA by approximately HK\$41 million, Normalized Q4 Adjusted EBITDA of HK\$0.8 billion, down 74% year-on-year and up 199% quarter-on-quarter
- Hotel occupancy for Q4 across the five hotels was 49%

StarWorld Macau: Adjusting Operations to the Current Business Environment

- Full Year Net Revenue of HK\$2.2 billion, down 80% year-on-year
- Full Year Adjusted EBITDA of HK\$(0.3) billion versus HK\$3.5 billion in 2019
- Q4 Net Revenue of HK\$1.0 billion, down 64% year-on-year and up 380% quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$0.2 billion, down 81% year-on-year and up 167% quarter-on-quarter
- Played unlucky in Q4 which decreased Adjusted EBITDA by approximately HK\$18 million, Normalized Q4 Adjusted EBITDA of HK\$0.2 billion, down 79% year-on-year and up 176% quarter-on-quarter
- Hotel occupancy for Q4 was 57%

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

- Full Year Net Revenue of HK\$94 million, down 84% year-on-year
- Full Year Adjusted EBITDA of HK\$(0.2) billion, versus HK\$39.0 million in 2019
- Q4 Net Revenue of HK\$16 million, down 90% year-on-year, up 23% quarter-on-quarter
- Q4 Adjusted EBITDA of HK\$(28) million, versus HK\$(37) million in Q3 2020 and HK\$16 million in Q4 2019
- There was no luck impact on Q4 Adjusted EBITDA
- Hotel occupancy for Q4 was 22%

Balance Sheet: Healthy and Liquid Balance Sheet

- As at 31 December 2020, cash and liquid investments were HK\$46.0 billion and net cash was HK\$36.8 billion
- As at 31 December 2020, debt was HK\$9.2 billion, including HK\$8.7 billion associated with our treasury yield enhancement program and HK\$0.5 billion of core debt

Development Update: Continuing to Pursue Development Opportunities

- Continue to make ongoing progressive enhancements to our resorts to ensure that they remain competitive and appealing to our guests
- Cotai Phases 3 & 4 – Continue with development works for Phases 3 & 4, with a strong focus on non-gaming, primarily targeting Meetings, Incentives, Conferences and Events (MICE), entertainment, family facilities and also including gaming, given COVID-19, timelines may be impacted
- Hengqin – Encouraged by recent strengthening of the relationship between Hengqin and Macau, continue with planning of our Hengqin project. We are also expanding our focus beyond Hengqin and Macau to potentially include opportunities within the rapidly expanding Greater Bay Area
- International – Continuously exploring opportunities in overseas markets, including Japan

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2020

	Note	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue (Note)	2	12,876,099	51,901,991
Other income/gains, net		979,237	1,113,294
Special gaming tax and other related taxes to the Macau Government		(4,484,995)	(22,487,289)
Raw materials and consumables used		(1,171,549)	(1,087,023)
Amortisation and depreciation		(2,816,740)	(3,456,596)
Employee benefit expenses		(6,710,777)	(7,981,133)
Other operating expenses		(2,848,597)	(5,122,254)
Finance costs		(38,057)	(129,326)
Share of profits less losses of:			
Joint ventures		452,691	532,173
Associated companies		73	(18)
(Loss)/profit before taxation	4	(3,762,615)	13,283,819
Taxation charge	5	(150,628)	(155,964)
(Loss)/profit for the year		<u>(3,913,243)</u>	<u>13,127,855</u>
Attributable to:			
Equity holders of the Company		(3,973,078)	13,041,545
Non-controlling interests		59,835	86,310
		<u>(3,913,243)</u>	<u>13,127,855</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share	7		
Basic		(91.6)	301.1
Diluted		(91.6)	300.0
		<u>(91.6)</u>	<u>300.0</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Note: Analysis of revenue			
Gross revenue from gaming operations		11,017,024	57,205,198
Commission and incentives		(2,451,298)	(13,623,781)
Net revenue from gaming operations		8,565,726	43,581,417
Revenue from hotel, mall operations and others		1,571,157	5,486,582
Sales of construction materials		2,739,216	2,833,992
		<u>12,876,099</u>	<u>51,901,991</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2020

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year	(3,913,243)	13,127,855
Other comprehensive (loss)/income		
Items that will not be subsequently reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	(912,670)	1,768,354
Items that may be subsequently reclassified to profit or loss		
Translation differences of subsidiaries	106,694	(40,905)
Share of translation differences of joint ventures	121,097	(28,575)
	<hr/>	<hr/>
Other comprehensive (loss)/income for the year, net of tax	(684,879)	1,698,874
	<hr/>	<hr/>
Total comprehensive (loss)/income for the year	(4,598,122)	14,826,729
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(4,697,583)	14,747,381
Non-controlling interests	99,461	79,348
	<hr/>	<hr/>
	(4,598,122)	14,826,729
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CONSOLIDATED BALANCE SHEET**As at 31 December 2020**

	Note	2020 HK\$'000	2019 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		36,209,638	32,736,635
Right-of-use assets		4,838,991	4,950,013
Intangible assets		357,204	554,524
Joint ventures		1,954,136	1,836,036
Associated companies		2,310	2,238
Financial assets at amortised cost		18,753,138	25,164,997
Financial assets at fair value through other comprehensive income		5,371,458	6,262,099
Long-term bank deposits		4,450,079	4,470,886
Other non-current assets		329,745	202,293
		<u>72,266,699</u>	<u>76,179,721</u>
Current assets			
Inventories		201,716	177,834
Debtors and prepayments	8	1,740,568	2,145,046
Amounts due from joint ventures		162,720	161,946
Taxation recoverable		41,476	40,093
Current portion of financial assets at amortised cost		2,473,234	2,345,444
Cash and cash equivalents and other bank deposits		15,840,366	14,646,088
		<u>20,460,080</u>	<u>19,516,451</u>
Total assets		<u>92,726,779</u>	<u>95,696,172</u>
EQUITY			
Share capital and shares held for share award scheme		22,808,468	22,433,668
Reserves		44,615,313	51,153,725
Equity attributable to owners of the Company		<u>67,423,781</u>	<u>73,587,393</u>
Non-controlling interests		613,401	567,486
Total equity		<u>68,037,182</u>	<u>74,154,879</u>
LIABILITIES			
Non-current liabilities			
Borrowings		-	8,931
Deferred taxation liabilities		207,953	201,218
Lease liabilities		296,773	310,647
Retention payable		181,092	112,843
Non-current deposits and other payables		116,424	240,064
		<u>802,242</u>	<u>873,703</u>
Current liabilities			
Creditors and accruals	9	14,542,294	19,973,302
Amounts due to joint ventures		625	41,725
Current portion of lease liabilities		48,116	49,387
Current portion of borrowings and short-term bank loans		9,233,014	544,183
Provision for tax		63,306	58,993
		<u>23,887,355</u>	<u>20,667,590</u>
Total liabilities		<u>24,689,597</u>	<u>21,541,293</u>
Total equity and liabilities		<u>92,726,779</u>	<u>95,696,172</u>
Net current liabilities		<u>(3,427,275)</u>	<u>(1,151,139)</u>
Total assets less current liabilities		<u>68,839,424</u>	<u>75,028,582</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

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

During the year ended 31 December 2020, the Group incurred a net loss of approximately HK\$3,913 million (2019: net profit of approximately HK\$13,128 million), and as at 31 December 2020, the Group’s current liabilities exceeded its current assets by HK\$3,427 million. Taking into account the cash flows from operations, unutilised banking facilities and liquid investments, the Group has a reasonable expectation that it has adequate resources to meet its liabilities and commitments (principally relating to the development of Galaxy Macau™ resort at Cotai) as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the consolidated financial statements.

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results 2020 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 2019 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 2020 in due course.

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

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

(a) The adoption of amended standards

In 2020, the Group adopted the following amended standards which are relevant to its operations.

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge Accounting
HKFRS 3 (Amendment)	Definition of a Business

In addition, the Group has early adopted the following amendment to the accounting standards for the accounting period commencing 1 January 2020:

HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions
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The Group has assessed the impact of the adoption of these amended standards and considered that there was no significant impact on the Group's results and financial position.

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

<u>New standard and amendments</u>	<u>Effective for accounting periods beginning on or after</u>	
AG5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	1 January 2021
HKFRS 3 (Amendment)	Reference to the Conceptual Framework	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contracts	1 January 2023
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Annual Improvements to HKFRSs 2018 - 2020 Cycle		1 January 2022
HKAS 41 (Amendment)	Agriculture	
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards	
HKFRS 9 (Amendment)	Financial Instruments	
HKFRS 16 (Amendment)	Leases	

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

2. Revenue

Revenue recognised during the year are as follows:

	2020 <i>HK\$'000</i>	2019 HK\$'000
Gaming operations		
Net gaming wins	10,986,101	57,072,885
Contributions from City Club Casinos (Note i)	17,138	107,332
Tips received and administrative fees	13,785	24,981
Gross revenue from gaming operations	11,017,024	57,205,198
Less: Commission and incentives	(2,451,298)	(13,623,781)
Net revenue from gaming operations	8,565,726	43,581,417
Revenue from hotel, mall operations and others (Note ii)	1,571,157	5,486,582
Sales of construction materials	2,739,216	2,833,992
	12,876,099	51,901,991

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

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

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

During the year ended 31 December 2020, the Group is entitled to HK\$17,138,000 (2019: HK\$107,332,000), which is calculated by reference to various rates on the net gaming wins. Special gaming tax and other related taxes to the Macau Government, and all relevant operating and administrative expenses relating to the operations of the City Club Casinos are not recognised as expenses of the Group in the consolidated financial statements.

Note ii: Revenue from hotel, mall operations and others includes rental income amounted to approximately HK\$614 million (2019: HK\$1,328 million).

3. Segment information

The Board of Directors is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, based on a measurement of adjusted (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, gain/loss on disposal and write-off of certain property, plant and equipment, and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes taxation of joint ventures and associated companies, the effects of share option expenses and share award expenses.

3. Segment information (Cont'd)

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

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

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

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2020				
Reportable segment revenue	10,595,917	2,739,216	-	13,335,133
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	(486,222)	-	-	(486,222)
Contributions	17,138	-	-	17,138
Others	10,050	-	-	10,050
	<u>10,136,883</u>	<u>2,739,216</u>	<u>-</u>	<u>12,876,099</u>
Revenue recognised under HKFRS				
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>(1,992,734)</u>	<u>1,118,386</u>	<u>(145,157)</u>	<u>(1,019,505)</u>
Interest income, dividend income from listed investments and gross earnings on finance lease				1,184,021
Amortisation and depreciation				(2,816,740)
Finance costs				(38,057)
Taxation charge				(150,628)
Adjusted items:				
Taxation of joint ventures and associated companies				(141,927)
Pre-opening expenses				(238,693)
Loss on disposal and write-off of certain property, plant and equipment				(190,449)
Share option expenses				(175,220)
Share award expenses				(122,591)
Donation and sponsorship				(7,530)
Foreign exchange loss				(172,281)
Others				(23,643)
Loss for the year				<u>(3,913,243)</u>
Share of results of joint ventures and associated companies	<u>(5,788)</u>	<u>458,552</u>	<u>-</u>	<u>452,764</u>

3. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2019				
Reportable segment revenue	51,099,351	2,833,992	-	53,933,343
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	(2,149,634)	-	-	(2,149,634)
Contributions	107,332	-	-	107,332
Others	10,950	-	-	10,950
Revenue recognised under HKFRS	<u>49,067,999</u>	<u>2,833,992</u>	<u>-</u>	<u>51,901,991</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>15,497,211</u>	<u>1,161,843</u>	<u>(179,910)</u>	<u>16,479,144</u>
Interest income, dividend income from listed investments and gross earnings on finance lease				1,403,226
Amortisation and depreciation				(3,456,596)
Finance costs				(129,326)
Taxation charge				(155,964)
Adjusted items:				
Taxation of joint ventures and associated companies				(147,682)
Pre-opening expenses				(240,991)
Loss on disposal and write-off of certain property, plant and equipment				(106,177)
Share option expenses				(166,314)
Share award expenses				(109,077)
Donation and sponsorship				(11,812)
Foreign exchange loss				(227,025)
Others				(3,551)
Profit for the year				<u>13,127,855</u>
Share of results of joint ventures and associated companies	<u>50,078</u>	<u>482,077</u>	<u>-</u>	<u>532,155</u>

3. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2020				
Total assets	<u>87,181,400</u>	<u>5,489,243</u>	<u>56,136</u>	<u>92,726,779</u>
Total assets include:				
Joint ventures	84,625	1,869,511	-	1,954,136
Associated companies	<u>-</u>	<u>2,310</u>	<u>-</u>	<u>2,310</u>
Total liabilities	<u>14,234,591</u>	<u>1,500,290</u>	<u>8,954,716</u>	<u>24,689,597</u>
As at 31 December 2019				
Total assets	<u>90,612,484</u>	<u>5,007,568</u>	<u>76,120</u>	<u>95,696,172</u>
Total assets include:				
Joint ventures	104,879	1,731,157	-	1,836,036
Associated companies	<u>-</u>	<u>2,238</u>	<u>-</u>	<u>2,238</u>
Total liabilities	<u>19,705,940</u>	<u>1,295,256</u>	<u>540,097</u>	<u>21,541,293</u>
Year ended 31 December 2020				
Additions to non-current assets	<u>5,957,401</u>	<u>126,602</u>	<u>1,339</u>	<u>6,085,342</u>
Year ended 31 December 2019				
Additions to non-current assets	<u>4,615,329</u>	<u>75,082</u>	<u>19,072</u>	<u>4,709,483</u>
Geographical analysis				
		2020		2019
Year ended 31 December		<i>HK\$'000</i>		<i>HK\$'000</i>
Revenue				
Macau		10,445,825		49,386,330
Hong Kong		1,512,758		1,459,115
Mainland China		<u>917,516</u>		<u>1,056,546</u>
		<u>12,876,099</u>		<u>51,901,991</u>
		As at		As at
		31 December		31 December
		2020		2019
Non-current assets		<i>HK\$'000</i>		<i>HK\$'000</i>
Macau		68,738,261		72,780,810
Hong Kong		513,328		522,308
Mainland China		<u>3,015,110</u>		<u>2,876,603</u>
		<u>72,266,699</u>		<u>76,179,721</u>

4. (Loss)/profit before taxation

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss)/profit before taxation is arrived at after crediting:		
Interest income	1,155,348	1,293,950
Dividend income from listed investments	28,225	107,008
Dividend income from unlisted investments	2,500	12,045
	<u><u>1,186,073</u></u>	<u><u>1,413,003</u></u>
and after charging:		
Depreciation		
Property, plant and equipment	2,452,492	3,097,873
Right-of-use assets	139,936	137,615
Amortisation		
Gaming licence	106,631	106,337
Computer software	27,515	26,846
Reacquired right	87,926	87,925
Quarry site development	2,240	-
Loss on disposal and write-off of property, plant and equipment	194,974	120,173
	<u><u>2,973,774</u></u>	<u><u>3,576,769</u></u>

5. Taxation charge

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	28,631	22,557
Mainland China income tax and withholding tax	68,941	77,963
Macau complementary tax	8,608	7,836
Net under provision in prior years	1,305	4,677
Lump sum in lieu of Macau complementary tax on dividend	36,408	36,408
Deferred taxation	6,735	6,523
	<u><u>150,628</u></u>	<u><u>155,964</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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% (2019: 12% to 25%). The weighted average applicable tax rate was 12% (2019: 12%).

6. Dividends

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
First special dividend paid of HK\$0.45 (2019: HK\$0.45) per ordinary share	1,950,596	1,947,991
Second special dividend paid of HK\$ nil (2019: HK\$0.46) per ordinary share	<u>-</u>	<u>1,992,168</u>
	<u>1,950,596</u>	<u>3,940,159</u>

The Board of Directors does not declare any final dividend for the year ended 31 December 2020 (2019: nil).

7. (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 year ended 31 December 2019, a calculation for the share options was done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below was compared with the number of shares that would have been issued from the share options and the share awards, the dilutive effect of the share award scheme was assumed if the awarded shares were issued by new shares, which was yet to be determined. For the year ended 31 December 2020, the diluted loss per share equals to the basic loss per share since the conversion of the outstanding share options and share awards would not have a dilutive effect on the loss per share.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss)/profit attributable to equity holders of the Company	<u>(3,973,078)</u>	<u>13,041,545</u>
	Number of shares	
	2020	2019
Weighted average number of shares for calculating basic (loss)/earnings per share	4,337,820,915	4,331,681,470
Effect of dilutive potential ordinary shares		
Share options	-	13,744,855
Share awards	<u>-</u>	<u>1,264,296</u>
Weighted average number of shares for calculating diluted (loss)/earnings per share	<u>4,337,820,915</u>	<u>4,346,690,621</u>

8. Debtors and prepayments

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors, net of loss allowance	494,581	510,322
Other debtors and deposit paid, net of loss allowance	992,615	1,381,200
Contract assets	102,886	119,824
Prepayments	132,798	113,593
Current portion of finance lease receivable	17,688	20,107
	<u>1,740,568</u>	<u>2,145,046</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 (2019: 30 to 60 days) for customers in Hong Kong and Macau and 30 to 60 days (2019: 60 to 180 days) for customers in Mainland China. These are subject to periodic reviews by management. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers.

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one month	291,041	306,381
Two to three months	180,447	159,375
Four to six months	10,007	35,450
Over six months	13,086	9,116
	<u>494,581</u>	<u>510,322</u>

9. Creditors and accruals

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors	3,048,087	4,019,224
Other creditors	2,911,552	4,224,103
Chips issued	6,193,272	9,315,854
Loans from non-controlling interests	84,026	86,967
Accruals and provision	2,305,357	2,327,154
	<u>14,542,294</u>	<u>19,973,302</u>

9. Creditors and accruals (Cont'd)

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within one month	2,656,411	3,679,447
Two to three months	58,077	64,647
Four to six months	108,841	24,771
Over six months	224,758	250,359
	<u>3,048,087</u>	<u>4,019,224</u>

10. Post Balance Sheet Event

On 19 February 2021, the Group entered into a legally binding letter of intent with China Construction Engineering (Macau) Company Limited, being the main contractor, in relation to the provision of construction and related services for the Group's construction of Cotai Phase 4 Project with contract sum of approximately MOP13.01 billion (equivalent to approximately HK\$12.63 billion).

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

With the outbreak of COVID-19, the Macau Government acted rapidly and decisively to control the pandemic. Basically for the whole year of 2020 Macau was impacted by COVID-19 and the associated travel restrictions. Based on DICJ reporting, Macau's gross gaming revenue ("GGR") for the full year 2020 was \$58.7 billion, down 79% year-on-year. GGR in Q4 2020 was \$21.2 billion, down 70% year-on-year and up 347% quarter-on-quarter.

Furthermore, border entry restrictions were introduced and combined with the ongoing IVS temporary suspension, customer arrivals were impacted. The IVS was progressively reinstated through the third quarter of 2020. However, the majority of Mainland Chinese visitors were not eligible to apply for travel to Macau until late September.

In 2020, visitor arrivals to Macau were 5.9 million, down 85% year-on-year, in which overnight visitors and same-day visitors both decreased 85% year-on-year. The average length of stay for overnight visitors increased by 0.6 day to 2.8 days. Mainland visitor arrivals to Macau were 4.8 million, down 83% year-on-year. For Q4 2020, visitor arrivals to Macau were 1.9 million, down 80% year-on-year and up 150% quarter-on-quarter. Mainland visitor arrivals to Macau were 1.7 million, down 73% year-on-year and up 155% quarter-on-quarter.

REVIEW OF OPERATIONS

Group Financial Results

The Group posted net revenue of \$12.9 billion, down 75% year-on-year. Adjusted EBITDA was \$(1.0) billion versus \$16.5 billion in 2019. Net profit attributable to shareholders was \$(4.0) billion, down 130% year-on-year. Galaxy Macau™'s Adjusted EBITDA was \$(0.9) billion versus \$12.6 billion in 2019. StarWorld Macau's Adjusted EBITDA was \$(0.3) billion versus \$3.5 billion in 2019. Broadway Macau™'s Adjusted EBITDA was \$(0.2) billion versus \$39.0 million in 2019.

GEG played lucky in its gaming operation during 2020, which increased its Adjusted EBITDA by approximately \$25 million. Normalized 2020 Adjusted EBITDA was \$(1.0) billion versus \$15.7 billion in 2019.

The Group's total GGR on a management basis¹ in 2020 was \$11.5 billion, down 81% year-on-year. Mass GGR was \$6.1 billion, down 79% year-on-year. VIP GGR was \$4.9 billion, down 82% year-on-year. Electronic GGR was \$477 million, down 81% year-on-year.

Balance Sheet

Due to our conservative financial management, our balance sheet continues to remain strong. At the year end, cash and liquid investments were \$46.0 billion. Total debt was \$9.2 billion, including \$8.7 billion associated with our treasury yield enhancement program and \$0.5 billion of core debt. We remained virtually unlevered with net cash of \$36.8 billion. This provides us with valuable flexibility in managing our ongoing operations and allows us to continue investing in our longer term development plans. Given the uncertainty caused by the COVID-19 pandemic, today the Board of Directors has decided not to declare a dividend.

Set out below is the segmental analysis of the Group's operating results for 2020:

(HK\$m)

	2019	2020
Revenues:		
Net Gaming	43,582	8,566
Non-gaming	5,486	1,571
Construction Materials	2,834	2,739
Total Net Revenue	51,902	12,876
Adjusted EBITDA	16,479	(1,020)

Gaming Statistics²

(HK\$m)

	2019	2020
Rolling Chip Volume ³	715,988	130,584
Win Rate %	3.9%	3.8%
Win	27,583	4,910
Mass Table Drop ⁴	121,879	25,662
Win Rate %	24.0%	23.9%
Win	29,260	6,129
Electronic Gaming Volume	67,942	14,131
Win Rate %	3.7%	3.4%
Win	2,513	477
Total GGR Win ⁵	59,356	11,516

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.

² Gaming statistics are presented before deducting commission and incentives.

³ Reflects junket rolling chip volume only.

⁴ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

⁵ Total GGR win includes gaming win from City Clubs.

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™

Financial and Operational Performance

Galaxy Macau™ is the primary contributor to Group revenue and earnings. In 2020, net revenue was \$7.8 billion, down 79% year-on-year. Adjusted EBITDA was \$(0.9) billion, versus \$12.6 billion in 2019.

Galaxy Macau™ played lucky in its gaming operations which increased its Adjusted EBITDA by approximately \$43 million. Normalized 2020 Adjusted EBITDA was \$(0.9) billion, versus \$12.0 billion in 2019.

The combined five hotels occupancy rate was 28% for 2020.

Galaxy Macau™ Key Financial Data

(HK\$m)

	Q4 2019	Q3 2020	Q4 2020	FY2019	FY2020
Revenues:					
Net Gaming	8,137	407	2,731	32,780	6,398
Hotel / F&B / Others	872	146	290	3,430	809
Mall	327	73	297	1,231	572
Total Net Revenue	9,336	626	3,318	37,441	7,779
Adjusted EBITDA	3,211	(788)	736	12,641	(900)
Adjusted EBITDA Margin	34%	NEG ⁶	22%	34%	NEG⁷

Gaming Statistics⁸

(HK\$m)

	Q4 2019	Q3 2020	Q4 2020	FY2019	FY2020
Rolling Chip Volume ⁹	114,669	6,785	29,552	485,343	89,219
Win Rate %	4.0%	4.6%	3.9%	4.2%	4.1%
Win	4,612	309	1,156	20,171	3,673
Mass Table Drop ¹⁰	18,359	860	7,348	72,786	14,994
Win Rate %	28.4%	25.9%	27.3%	28.0%	28.0%
Win	5,221	223	2,009	20,411	4,198
Electronic Gaming Volume	11,872	746	3,064	45,572	8,755
Win Rate %	4.5%	3.2%	5.0%	4.6%	4.2%
Win	539	23	153	2,076	368
Total GGR Win	10,372	555	3,318	42,658	8,239

⁶ NEG represents negative margin.

⁷ NEG represents negative margin.

⁸ Gaming statistics are presented before deducting commission and incentives.

⁹ Reflects junket rolling chip volume only.

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

StarWorld Macau

Financial and Operational Performance

In 2020, StarWorld Macau's net revenue was down 80% year-on-year to \$2.2 billion. Adjusted EBITDA was \$(0.3) billion, versus \$3.5 billion in 2019.

StarWorld Macau played unlucky in its gaming operations which decreased its Adjusted EBITDA by approximately \$17 million. Normalized 2020 Adjusted EBITDA was \$(0.3) billion, versus \$3.3 billion in 2019.

Hotel occupancy was 28% for 2020.

StarWorld Macau Key Financial Data

(HK\$'m)

	Q4 2019	Q3 2020	Q4 2020	FY2019	FY2020
Revenues:					
Net Gaming	2,515	184	914	10,403	2,119
Hotel / F&B / Others	125	10	35	461	99
Mall	13	5	6	53	19
Total Net Revenue	2,653	199	955	10,917	2,237
Adjusted EBITDA	782	(223)	150	3,502	(275)
Adjusted EBITDA Margin	29%	NEG ¹¹	16%	32%	NEG¹²

Gaming Statistics¹³

(HK\$'m)

	Q4 2019	Q3 2020	Q4 2020	FY2019	FY2020
Rolling Chip Volume ¹⁴	50,539	4,429	13,280	222,014	37,434
Win Rate %	3.5%	3.3%	3.6%	3.2%	3.0%
Win	1,770	148	481	7,118	1,140
Mass Table Drop ¹⁵	9,217	619	3,957	36,274	8,474
Win Rate %	17.5%	16.9%	16.9%	18.7%	18.1%
Win	1,614	105	668	6,787	1,535
Electronic Gaming Volume	2,421	155	584	8,632	2,099
Win Rate %	2.2%	2.3%	2.1%	2.3%	2.2%
Win	55	4	11	196	45
Total GGR Win	3,439	257	1,160	14,101	2,720

¹¹ NEG represents negative margin.

¹² NEG represents negative margin.

¹³ Gaming statistics are presented before deducting commission and incentives.

¹⁴ Reflects junket rolling chip volume only.

¹⁵ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

Broadway Macau™

Financial and Operational Performance

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs, it does not have a VIP gaming component. In 2020, Broadway Macau™'s net revenue was \$94 million, down 84% year-on-year. Adjusted EBITDA was \$(0.2) billion versus \$39 million in 2019.

Broadway Macau™ played unlucky in its gaming operations which decreased its Adjusted EBITDA by approximately \$1 million. Normalized 2020 Adjusted EBITDA was \$(0.2) billion versus \$34 million in 2019.

Hotel occupancy was 20% for 2020.

Broadway Macau™ Key Financial Data

(HK\$'m)

	Q4 2019	Q3 2020	Q4 2020	FY2019	FY2020
Revenues:					
Net Gaming	65	1	0	282	22
Hotel / F&B / Others	78	6	10	267	49
Mall	11	6	6	44	23
Total Net Revenue	154	13	16	593	94
Adjusted EBITDA	16	(37)	(28)	39	(162)
Adjusted EBITDA Margin	10%	NEG ¹⁶	NEG ¹⁷	7%	NEG ¹⁸

Gaming Statistics¹⁹

(HK\$'m)

	Q4 2019	Q3 2020	Q4 2020	FY2019	FY2020
Mass Table Drop ²⁰	320	NIL*	NIL*	1,334	114
Win Rate %	19.1%	NIL*	NIL*	20.0%	17.9%
Win	61	NIL*	NIL*	267	20
Electronic Gaming Volume	471	36	7	1,923	337
Win Rate %	2.3%	2.4%	1.5%	2.4%	2.1%
Win	11	1	0	47	7
Total GGR Win	72	1	0	314	27

* NIL represents tables not opened during the period.

¹⁶ NEG represents negative margin.

¹⁷ NEG represents negative margin.

¹⁸ NEG represents negative margin.

¹⁹ Gaming statistics are presented before deducting commission and incentives.

²⁰ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

City Clubs

City Clubs contributed \$27 million of Adjusted EBITDA in 2020, down 77% year-on-year.

City Clubs Key Financial Data

(HK\$m)

	Q4 2019	Q3 2020	Q4 2020	FY2019	FY2020
Adjusted EBITDA	28	1	8	117	27

Gaming Statistics²¹

(HK\$m)

	Q4 2019	Q3 2020	Q4 2020	FY2019	FY2020
Rolling Chip Volume ²²	3,767	587	1,078	8,631	3,931
Win Rate %	2.1%	2.4%	1.1%	3.4%	2.5%
Win	78	15	11	294	97
Mass Table Drop ²³	2,705	175	732	11,485	2,080
Win Rate %	16.1%	17.8%	19.2%	15.6%	18.1%
Win	434	31	140	1,795	376
Electronic Gaming Volume	3,220	387	667	11,815	2,940
Win Rate %	1.7%	2.0%	1.9%	1.6%	1.9%
Win	54	8	14	194	57
Total GGR Win	566	54	165	2,283	530

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division (“CMD”) has delivered solid results despite the COVID-19 pandemic. CMD’s revenue and Adjusted EBITDA for the year were slightly down 3% and 4% year-on-year to \$2.7 billion and \$1.1 billion respectively. These results were mainly driven by a rapid recovery of demand for construction materials in both Hong Kong and Mainland China after easing of COVID-19 restrictions in Q1 2020.

Hong Kong and Macau

The growth in Hong Kong was mainly driven by the high demand for ready mixed concrete as customers tried to catch up with delayed construction projects in Q1 2020. The construction of a ready mixed concrete site-plant in Hong Kong International Airport’s three-runway system (“3RS”) has been completed and will commence operation in Q1 2021. Going forward, CMD will continue to leverage on its core competencies and seek to capture further opportunities from the 3RS projects and potentially, the wider Greater Bay Area.

In Macau, land reclamation works and government housing projects are expected to increase the demand for construction materials.

²¹ Gaming statistics are presented before deducting commission and incentives.

²² Reflects junket rolling chip volume only.

²³ Mass table drop includes the amount of table drop plus cash chips purchased at the cage.

Mainland China

The demand for cement remained high for the year. The commission of new cement production capacities and a slowdown of infrastructure projects in Yunnan Province resulted in downward price pressure since Q4 2020.

Demand for Ground Granulated Blast-furnace Slag (“GGBS”) in Eastern China was impacted by longer COVID-19 restrictions in Hubei Province and severe flooding along Yangtze River in Q3 2020. Thereafter, the construction activities resumed to their previous level.

DEVELOPMENT UPDATE

Galaxy Macau™ and StarWorld Macau

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

Cotai – The Next Chapter

GEG is uniquely positioned for long term growth. We are proceeding with the development of Phases 3 & 4 and continue to review and refine plans to ensure a world-class optimal development. We see the premium market evolving with this segment preferring higher quality and spacious rooms. Phases 3 & 4 combined will have approximately 3,000 high end and family rooms and villas, 400,000 square feet of MICE space, a 500,000 square feet 16,000-seat multi-purpose arena, F&B, retail and casinos, among others. We will try to maintain our development targets, however due to COVID-19, development timelines may be impacted. At this point we cannot quantify the impact but we will endeavor to maintain our schedule.

Hengqin / Greater Bay Area

We continue to make progress with the planning of our project on Hengqin that will complement our high energy resorts in Macau.

We are also expanding our focus beyond Hengqin and Macau to potentially include opportunities within the rapidly expanding Greater Bay Area.

International

Our Japan based team continues with our Japan development efforts even as they deal with the COVID-19 crisis. We view Japan as a long term growth opportunity that will complement our Macau operations and our other international expansion ambitions. GEG, together with Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (“Monte-Carlo SBM”) from the Principality of Monaco and our Japanese partners, remain interested in bringing our brand of World Class Integrated Resorts to Japan.

GROUP OUTLOOK

We believe that COVID-19 will continue to impact Macau for the immediate future. Mainland China, Hong Kong and Macau continue to experience social distancing measures and travel restrictions which have been progressively easing. We are pleased with the progressive reinstatement of the IVS visas in Mainland through Q3 2020 and we expect visitation to improve as Macau benefits from the ramping up of the IVS program. In the medium to longer term, we have great confidence in the future of Macau. However, we do acknowledge the ongoing difficulties associated with COVID-19 and the potential for COVID-19 to materially adversely impact our future financial results.

The expanded infrastructure will continue to improve the accessibility to Macau. In particular, the new Hengqin immigration port and the extension line of Zhuhai Urban-Airport Intercity Railway which commenced operation in August 2020. In addition, the Macau Government plans to repurpose part of the Taipa Ferry Terminal into the second terminal building of the Macau International Airport and increase the total airport capacity. The Macau Government also plans to build the east section of the Light Rail Transport which will connect the peninsula's Gongbei Border Gate checkpoint to the Taipa Ferry Terminal.

We are pleased to hear that Macau and other locations are proceeding with their COVID-19 vaccination rollout plans. We believe that when Mainland and international tourists make future travel plans, health and safety will be foremost in their minds.

Specifically, to GEG, the Group is ready to capture future growth with our substantial development pipeline. These include the ongoing development of Cotai Phases 3 & 4 which are specifically designed to capture a larger share of the Mass business, renovate the existing properties, reconfigure and introduce new products to our resorts to ensure they remain highly competitive and appealing to our valuable guests. These projects will support Macau's economy in the near term.

We remain engaged in our international expansion plans including Japan. We understand that due to the impact of COVID-19, Japan has revised their timeline of Integrated Resorts licenses and we remain interested in introducing our brands to Japan.

In the shorter to medium term, we do acknowledge it is hard to determine the speed of recovery with anticipated progressive-opening of travel restrictions and expected social distancing within our resorts. Further, we are also mindful that consumer sentiment has been impacted by a slower global economy, ongoing trade tensions and currency fluctuation among others. These events have been impacting consumer sentiment and subsequent spending habits. Longer term, we have great confidence in Macau and we will continue with our development program. GEG remains committed to support the Government's vision to develop Macau into a World Center of Tourism and Leisure.

Through our prudent business management, GEG has a strong and virtually unlevered balance sheet. This allows us to continue to invest into and upgrade our existing resorts and proceed with the planned opening of Cotai Phases 3 & 4. During the period of low revenue, we will continue to focus on effective cost control. However, we are mindful not to cut costs excessively and therefore adversely impact our renowned "World Class, Asian Heart" service standards and customer experiences.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 31 December 2020 decreased to \$67,424 million, a decrease of approximately 8% over that as at 31 December 2019 of \$73,587 million while the Group's total assets employed decreased to \$92,727 million as at 31 December 2020 as compared to \$95,696 million as at 31 December 2019.

The Group continues to maintain a strong financial position. To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in low risk fixed deposits as well as high quality debt securities issued by large financial institutions and corporations to generate low risk interest income for the Group. As at 31 December 2020, the debt securities were predominantly denominated in the U.S. dollar with weighted average tenor of approximately 2 years and significant majority in investment grade rating. Debt securities investments are closely monitored by designated team with the help of international leading banks. The debt securities were classified as financial assets at amortized cost and their carrying amounts as at 31 December 2020 approximated their fair values. These debt securities were considered to be of low credit risk and the expected credit loss was minimal. As at 31 December 2020, none of the debt securities in any individual investee company held by the Group equaled or exceeded 5 per cent of the Group's total assets.

As at 31 December 2020, the Group invested \$21,226 million (\$27,510 million as at 31 December 2019) in debt securities and \$4,549 million in listed investment of Wynn Resorts, Limited ("Wynn Resorts") (\$5,625 million as at 31 December 2019). As at 31 December 2020, the Group held 5.2 million shares of Wynn Resorts, which represented approximately 4.8% 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 2020 was the fair value of this listed investment. As of 31 December 2020, fair value of our investment in Wynn Resorts was \$4,549 million, representing 4.9% of the Group's total asset of \$92,727 million. The market value of Wynn Resorts as of 31 December 2019 and 31 December 2020, and the performance of the investment during the year ended 31 December 2019 and 2020 are as follows:

(HK\$'m)	2019	2020
Market value	5,625	4,549
Unrealised gain/(loss) for the year ended 31 December	1,597	(1,076)
Dividend income for the year ended 31 December	107	28

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

The Group's total cash and bank balances (including fixed deposits) were \$20,290 million as at 31 December 2020 compared to \$19,117 million as at 31 December 2019 while total borrowings were \$9,233 million as at 31 December 2020 as compared to \$553 million as at 31 December 2019. The Group was in a net cash position as at 31 December 2020 and 31 December 2019.

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

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

TREASURY POLICY

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

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

CHARGES ON GROUP ASSETS

No property, plant and equipment, leasehold land and land use rights was pledged to secure banking facilities (2019: nil). Bank deposits of \$410 million (2019: \$430 million) have been pledged to secure banking facilities.

GUARANTEES

GEG has executed guarantees in favour of banks in respect of facilities granted to subsidiaries amounting to \$6,970 million (2019: \$5,470 million). At 31 December 2020, facilities utilized by a subsidiary amounted to \$300 million (2019: nil).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures amounting to \$116 million (2019: \$145 million). At 31 December 2020, no facility has been utilized (2019: \$3 million).

DEALINGS IN LISTED SECURITIES

During the year 2020, 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 587,302 shares of the Company for a total consideration of approximately HK\$36.80 million for satisfying the share awards granted to the connected persons (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")), who are also employees of the Company. All 587,302 shares were subsequently transferred to those connected persons on the respective vesting dates of the share awards.

Save as disclosed, neither GEG nor any of its subsidiaries has purchased, sold or redeemed any of GEG's shares during the year ended 31 December 2020.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2020 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 2020 have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year by GEG's auditor, PricewaterhouseCoopers. The work of PricewaterhouseCoopers in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

Throughout the year under review, GEG has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except code provision A.4.2.

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

DIVIDENDS

Special dividend of HK\$0.45 per share for the year ended 31 December 2020 was paid to the shareholders of the Company on 24 April 2020.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil) or any special dividend.

Total dividends paid to shareholders of the Company for the year ended 31 December 2020 were HK\$0.45 per share (2019: HK\$0.91 per share).

CLOSURE OF REGISTER OF MEMBERS

ENTITLEMENT TO ATTEND AND VOTE AT THE 2021 ANNUAL GENERAL MEETING

The 2021 Annual General Meeting of the shareholders of GEG will be held on Thursday, 13 May 2021. The register of members of GEG will be closed from Monday, 10 May 2021 to Thursday, 13 May 2021, 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 2021 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 Friday, 7 May 2021.

ANNUAL REPORT 2020

The Annual Report 2020 of GEG containing all the information required by the Listing Rules will be available on the respective websites of Hong Kong Exchanges and Clearing Limited and GEG and dispatched to the shareholders in due course.

By Order of the Board
Galaxy Entertainment Group Limited
Wong Chui Lai
Company Secretary

Hong Kong, 25 February 2021

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 Ms. Paddy Tang Lui Wai Yu; the non-executive Directors of GEG are Dr. Charles Cheung Wai Bun and Mr. Michael Victor Mecca; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak.

Website: www.galaxyentertainment.com