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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 ON CERTAIN SELECTED UNAUDITED KEY PERFORMANCE INDICATORS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

This announcement is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board of Directors (the “Board”) of Galaxy Entertainment Group Limited (“GEG”) is pleased to announce certain selected unaudited key performance indicators of GEG and its subsidiaries (collectively referred to as the “Group”) for the third quarter ended 30 September 2014 as follows:

THIRD QUARTER HIGHLIGHTS

GEG: Delivering Growth Despite Challenging Conditions

- Revenue of HK\$17.3 billion, an increase of 6% year-on-year
- Adjusted EBITDA of HK\$3.3 billion, an increase of 1% year-on-year

GEG: Returning Surplus Capital To Shareholders During The Quarter

- Paid special dividend of HK\$0.70 per share to shareholders on 31 July 2014
- Announced the establishment of the HK\$1.3 billion GEG Foundation on 4 July 2014

Galaxy Macau™: Delivers Robust Performance

- Year-on-year revenue increase of 11% to HK\$11.1 billion
- Adjusted EBITDA of HK\$2.4 billion, up 4% year-on-year

StarWorld Macau: Earnings Directionally In Line Year-on-Year

- Year-on-year revenue increase of 0.5% to HK\$5.7 billion
- Adjusted EBITDA at HK\$904 million, down 0.7% year-on-year

Development Update: Advancing Galaxy Macau™ Phase 2; Game Changer for GEG’s Hotel, Retail And Leisure Offer

- Galaxy Macau™ Phase 2 – Remains on budget and on schedule to complete by mid-2015
- Cotai Phases 3 & 4 – Site investigation works for the HK\$50-HK\$60 billion resort due to commence shortly
- Grand Waldo Complex – Target to unveil conceptual plans in January 2015 and re-launch in early 2015
- Hengqin Island – Continued development of resort conceptual plans for the 2.7 sq km land parcel
- International – Continuously exploring opportunities in overseas markets, primarily in Asia

Balance Sheet: Remains Well Capitalised and Liquid

- Cash on hand at 30 September 2014 of HK\$11.5 billion
- Virtually debt free with a net cash position of HK\$11.2 billion

Subsequent Event:

- Paid another special dividend of HK\$0.45 per share or approximately HK\$1.9 billion to shareholders on 31 October 2014

Our results represent a strong performance in the face of strong macro headwinds, underlining the enduring appeal of our properties and management's rigorous focus on growing revenues and driving efficiencies across the business.

During the quarter we completed our 10th year of operation in Macau and to celebrate we announced the establishment of the GEG Foundation. The Foundation primarily aims to educate and empower young people in Macau and on the Mainland.

We are pleased that both of our flagship properties performed well in the period. Galaxy Macau™ delivered solid financial results, and StarWorld Macau's EBITDA performance was in line with the same quarter last year and ahead of the previous quarter.

We remain very optimistic about Macau's medium to longer term prospects and excited that Galaxy Macau™ Phase 2 is on schedule to complete on time and on budget by mid-2015. It will significantly increase the property's inventory of five star luxury hotel rooms and its high-end retail and leisure space, strengthening Galaxy Macau™'s status as a first choice destination for discerning, higher value customers.

The redevelopment on the Grand Waldo Complex is on schedule and we plan to unveil our exciting conceptual plans in January 2015. The emphasis will be Family Friendly leisure and entertainment for the middle-class supported by many local Macau businesses.

Underscoring our continued confidence in the outlook for the Group and for Macau, we paid a special dividend of HK\$0.70 per share to shareholders on 31 July 2014, and paid another special dividend of HK\$0.45 per share to shareholders on the 31 October 2014.

As always, GEG would like to thank its team of 16,000 staff for their commitment to provide customers with a truly memorable experience, by offering the highest quality resort facilities and delivering 'World Class, Asian Heart' service. We believe that this truly differentiates GEG.

Group Financial Results

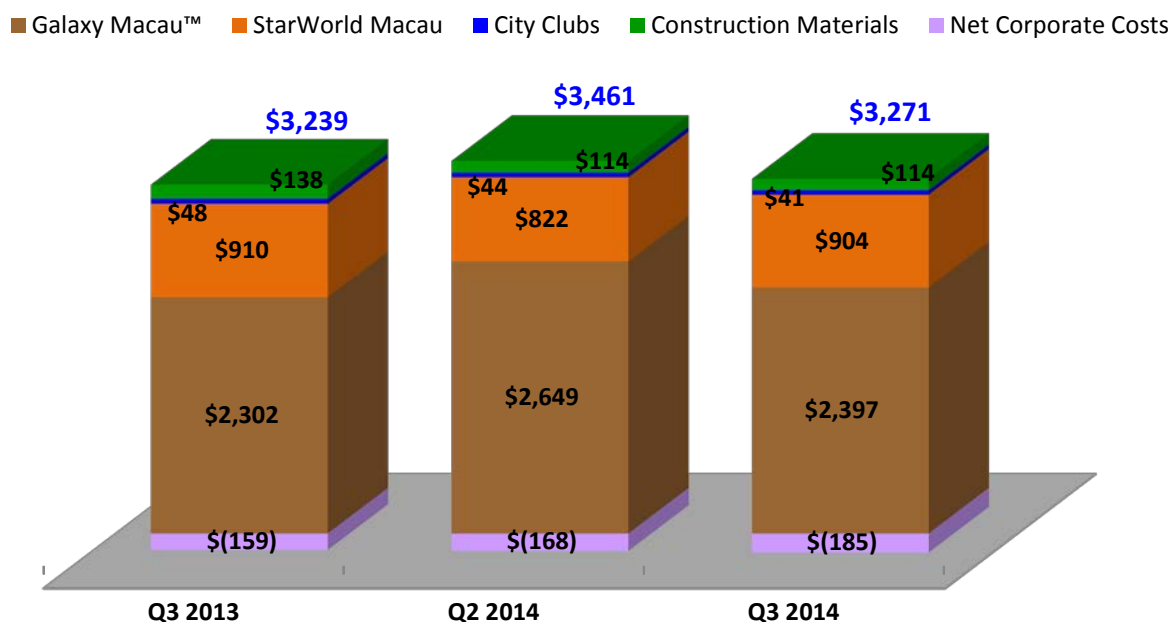
The Group posted quarterly revenue of HK\$17.3 billion, an increase of 6% year-on-year. Adjusted EBITDA increased by 1% in the same period to HK\$3.3 billion. As of 30 September 2014, the latest twelve months Adjusted EBITDA climbed 22% to HK\$14.1 billion. The Group's flagship properties achieved solid quarterly performances, with Galaxy Macau™ registering Adjusted EBITDA growth of 4% year-on-year and StarWorld Macau bouncing back quarter-on-quarter with Adjusted EBITDA improving by 10%.

The Group's total gaming revenue for Q3 2014 on a management basis¹ grew a market leading 6.5% year-on-year to HK\$17.1 billion driven by solid increases in VIP and Mass. Total Mass revenue increased 12% year-on-year to HK\$4.8 billion while VIP climbed 5% year-on-year to HK\$11.8 billion. Electronic games also grew 6% year-on-year to HK\$0.5 billion.

¹ The primary difference between statutory revenue and management basis revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gaming revenue is reported on a management basis.

GEG's balance sheet at 30 September 2014 remains well capitalised and liquid, with cash on hand of HK\$11.5 billion and net cash of HK\$11.2 billion. GEG had debt of just HK\$240 million at 30 September 2014.

Group Adjusted EBITDA (HK\$m)



Galaxy Macau™

Galaxy Macau™'s revenue in the third quarter increased by 11% year-on-year to HK\$11.1 billion and Adjusted EBITDA grew 4% to HK\$2.4 billion. These good results were driven by robust performances in both the VIP and mass gaming segments, where revenue increased by 12% to HK\$7.2 billion and by 12% to HK\$3.1 billion, respectively. Non-gaming revenue increased 3% to HK\$386 million. Hotel occupancy rates at the property's three five star hotels averaged 99% for the quarter.

Adjusted EBITDA margins under HKFRS and US GAAP for the period ended 30 September 2014 were 22% (Q3 2013: 23%) and 29% (Q3 2013: 31%), respectively. The property generated an impressive latest twelve months Return on Investment (ROI)² of 60%.

VIP Gaming					
HK\$m	Q3 2013	Q2 2014	Q3 2014	QoQ%	YoY%
Turnover	191,140	264,340	224,435	(15%)	17%
Net Win	6,473	8,364	7,239	(13%)	12%
Win %	3.4%	3.2%	3.2%	n/a	n/a

² ROI calculated based on the total Adjusted EBITDA for the latest twelve months divided by gross book value through 30 September 2014 including allocated land cost.

Mass Gaming					
HK\$m	Q3 2013	Q2 2014	Q3 2014	QoQ%	YoY%
Table Drop	7,012	6,943	6,842	(1%)	(2%)
Net Win	2,730	3,020	3,070	2%	12%
Hold %	38.9%	43.5%	44.9%	n/a	n/a

Electronic Gaming					
HK\$m	Q3 2013	Q2 2014	Q3 2014	QoQ%	YoY%
Slots Handle	8,375	8,823	9,325	6%	11%
Net Win	402	384	419	9%	4%
Hold %	4.8%	4.4%	4.5%	n/a	n/a

StarWorld Macau

StarWorld Macau delivered Adjusted EBITDA of HK\$904 million, broadly flat on the same period last year and up 10% sequentially. Revenue increased by 0.5% year-on-year to HK\$5.7 billion. These results were achieved off the back of continuing good growth in the mass gaming segment, where revenue increased by 10% year-on-year to HK\$1.1 billion, and a solid performance in the VIP segment, which saw a modest 2% reduction in revenue to HK\$4.4 billion. Hotel occupancy was 99% for the quarter.

Adjusted EBITDA margins under HKFRS and US GAAP for the period ended 30 September 2014 were 16% (Q3 2013: 16%) and 24% (Q3 2013: 26%), respectively. StarWorld Macau reported latest twelve months Return on Investment (ROI)³ of 108%.

VIP Gaming					
HK\$m	Q3 2013	Q2 2014	Q3 2014	QoQ%	YoY%
Turnover	169,121	168,460	150,452	(11%)	(11%)
Net Win	4,500	4,260	4,412	4%	(2%)
Win %	2.7%	2.5%	2.9%	n/a	n/a

Mass Gaming					
HK\$m	Q3 2013	Q2 2014	Q3 2014	QoQ%	YoY%
Table Drop	2,829	2,874	2,661	(7%)	(6%)
Net Win	1,012	1,094	1,116	2%	10%
Hold %	35.4%	37.6%	41.4%	n/a	n/a

³ ROI calculated based on the total Adjusted EBITDA for the latest twelve months divided by gross book value through 30 September 2014 including allocated land cost.

Electronic Gaming					
HK\$m	Q3 2013	Q2 2014	Q3 2014	QoQ%	YoY%
Slots Handle	744	727	682	(6%)	(8%)
Net Win	44	48	45	(6%)	2%
Hold %	5.9%	6.6%	6.6%	n/a	n/a

City Clubs and Construction Materials Division

City Clubs achieved HK\$41 million of Adjusted EBITDA in the quarter.

The Construction Materials Division reported Adjusted EBITDA of HK\$114 million, down 17% year-on-year but flat sequentially.

Developing Macau's Largest Development Pipeline

GEG currently offers approximately a total of 2,700 five-star hotel rooms and has been operating at near maximum occupancy. To meet the expected growth in demand and to provide visitors with a more complete entertainment, retail and food & beverage offer, GEG has ambitious plans to build out the largest development pipeline in the Macau gaming market and the global gaming industry.

Phase 2 of Galaxy Macau™ will add approximately a further 1,350 five-star hotel rooms targeting higher value customers and will dramatically extend the property's retail offer. We are confident that it will complete by mid-2015 as Macau's next major resort. We are expanding our retail offering to approximately 100,000 square metres and are pleased to report that the space is virtually fully leased and that it has secured world renowned brands where we will be introducing a number of new brands to Macau. GEG expects that the expanded Galaxy Macau™ will capture a new wave of higher value visitors and believes that it has a distinct advantage in being the first operator to open new capacity in 2015.

The redevelopment on the Grand Waldo Complex is on schedule and we plan to unveil our exciting conceptual plans in January 2015 with the aim to re-launch the Complex in early 2015. The emphasis will be Family Friendly leisure and entertainment for the middle-class. We are particularly pleased that a number of Macau's SMEs will be joining GEG and participating in the success of the Grand Waldo Complex.

For the long term, GEG is set to begin initial works for Cotai Phases 3 & 4 and is advancing conceptual plans for its 2.7 square kilometre land parcel on Hengqin Island.

HK\$1.3 Billion GEG Foundation

To celebrate the Group's 10th year in operation, GEG announced the establishment of the GEG Foundation on 4 July 2014. Initially funded with HK\$300 million and a further commitment of another HK\$1 billion due later on, the Foundation aims to educate and empower young people in Macau and on the Mainland.

Selected Major Awards (January to October 2014)

	Award	Presenter
GEG	Best Hotel Group Award	Robb Report China's 2014 Best of the Best Awards
	Forbes Asia's Fabulous 50 Companies	Forbes Magazine
	Gaming and Lodging – Best Company	Institutional Investor Magazine – All Asia Executive Team Survey
	Best Managed Companies in Asia – Gaming	Euromoney Magazine
	Casino Operator of the Year Australia / Asia	International Gaming Awards
Galaxy Macau™	My Favourite Hotel and Resort	U Magazine
	Best Resort of the Year (HK/Macau)	Travel Weekly Magazine and Events Magazine jointly organized – China Travel & Meetings Industry Awards
	Best Service Resort Asia	Golden Horse Award of China Hotel
	Top 10 Resort Hotels of China	China Hotel Starlight Awards
	Hurun Report Best of the Best Awards – Luxury Hotel in Macau Star Performer	Hurun Report
StarWorld Macau	Ranked as “Top Class Comfort”	Michelin Guide Hong Kong Macau 2014
	2014 Certificate of Excellence	TripAdvisor Travelers' Choice Awards
	Best Service Hotel of the Year	Travel Weekly Magazine and Events Magazine jointly organized – China Travel & Meetings Industry Awards
	Best Service Hotel of Asia	Golden Horse Award of China Hotel
	Top 10 Glamorous Hotels of China	China Hotel Starlight Awards

Special Dividends

Reflecting GEG's confidence in its future prospects and its ability to generate surplus cash, even while developing Macau's largest development pipeline, a special dividend of HK\$0.70 per share was paid to shareholders on 31 July 2014.

Post period end, GEG paid another special dividend to shareholders of HK\$0.45 per share on 31 October 2014. Together these special dividends totaled approximately HK\$5 billion and demonstrate GEG's commitment to returning surplus capital to shareholders.

Outlook

GEG continues to be optimistic about its future prospects and those of Macau as a whole. While 2014 has been a more challenging year for the industry, primarily as a result of economic headwinds, the appeal of Macau as a recreational and holiday destination for Mainland Chinese visitors is undiminished. This is illustrated by visitation in the first nine months of the year growing a healthy 7% year-on-year to 23.5 million. Furthermore, the fundamental long term drivers for growth remain unaltered, with major infrastructure works and increasing domestic consumption in Mainland China set to drive substantial visitation growth for many years to come.

With a high quality property portfolio, powerful brand and extensive development pipeline, GEG has a unique platform to attract new higher value customers, drive profitability and selectively returns surplus capital to its shareholders. Phase 2 of Galaxy Macau™ is on schedule to be the next major resort to complete in Macau by mid-2015. We plan to unveil our exciting conceptual plans for the Grand Waldo Complex in January 2015 with the aim to re-launch the Complex in early 2015. Management is deeply excited by the breadth and scale of the expanded property's offer and is confident it will further fulfil GEG's promise of providing customers with the very best facilities and service of any integrated resort in Macau.

CAUTION STATEMENT

The Board wishes to remind shareholders and potential investors that the above financial data primarily relates only to a part of operations of the Group and is based on the Group's internal records and management accounts. The above financial data has not been reviewed or audited by independent auditors and is not a forecast of the performance of the gaming and entertainment division or of the Group as a whole. Shareholders and potential investors are cautioned not to unduly rely on such data and are advised to exercise caution when dealing in the shares of GEG.

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

Hong Kong, 11 November 2014

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 Director of GEG is Mr. Anthony Thomas Christopher Carter; 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