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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 2013

The Board of Directors of Galaxy Entertainment Group Limited (“GEG”) is pleased to announce the results of GEG and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2013 as follows:

FULL YEAR AND FOURTH QUARTER 2013 HIGHLIGHTS

GEG: Record Highs in Revenue, Adjusted EBITDA and Net Profit Attributable to Shareholders

- Full year Group revenue increased by 16% to HK\$66 billion
- Full year Group Adjusted EBITDA of HK\$12.6 billion, an increase of 28%
- Net profit attributable to shareholders grew 36% to HK\$10.1 billion and 41% on an adjusted basis to HK\$10.4 billion
- Fourth quarter Group Adjusted EBITDA increased 41% year-on-year to HK\$3.5 billion

Galaxy Macau™: 10th Consecutive Quarter of Adjusted EBITDA Growth

- Full year revenue increased by 21% to HK\$40 billion and Adjusted EBITDA grew by 36% to HK\$8.8 billion
- Fourth quarter Adjusted EBITDA grew 35% year-on-year to HK\$2.5 billion

StarWorld Macau: Best Ever Year and Quarter

- Full year Adjusted EBITDA of HK\$3.7 billion, an increase of almost 14%
- Fourth quarter Adjusted EBITDA of HK\$1 billion, up 60%

Cotai and Hengqin Island: Exciting Medium and Long Term Development Plans

- Galaxy Macau™ Phase 2 - Remains on budget and on schedule to complete by mid-2015
- Cotai Phases 3 & 4 - Finalising plans for a HK\$50 - HK\$60 billion resort focused on non-gaming with construction expected to begin as early as late 2014
- Grand Waldo Complex - Refitting already commenced with expected unveiling of plans in mid-2014
- Hengqin Island – Recently entered into a framework agreement with the Hengqin authority to move forward on the proposed RMB10 billion plan to develop a world class destination resort on a 2.7 sq km land parcel

Balance Sheet: Exceptionally Strong and Liquid; Virtually Debt Free

- Cash on hand at 31 December 2013 of HK\$10.3 billion
- Net cash position of HK\$9.9 billion, with gearing at zero
- Borrowings reduced by 96% year-on-year from HK\$11 billion to HK\$450 million

Dividend: Announce Special Dividend

- Declared special dividend of HK\$0.7 per share, to be paid on or about 31 July 2014

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2013

	Note	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	2	66,032,501	56,746,423
Other income/gains, net		355,468	246,471
Special gaming tax and other related taxes to the Macau Government		(24,211,993)	(20,702,234)
Commission and allowances to gaming counterparties		(20,403,565)	(18,431,589)
Raw materials and consumables used		(1,222,545)	(1,016,874)
Amortisation and depreciation		(1,949,610)	(1,835,355)
Employee benefit expenses		(4,467,089)	(4,071,959)
Other operating expenses		(3,639,306)	(3,105,763)
Finance costs		(598,477)	(512,699)
Share of profits less losses of:			
Joint ventures		141,208	109,100
Associated companies		230	173
Profit before taxation	4	10,036,822	7,425,694
Taxation credit/(charge)	5	18,072	(45,268)
Profit for the year		10,054,894	7,380,426
Attributable to:			
Equity holders of the Company		10,051,764	7,377,839
Non-controlling interests		3,130	2,587
		10,054,894	7,380,426
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	6		
Basic		238.7	176.2
Diluted		234.8	173.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2013

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	10,054,894	7,380,426
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Change in fair value of non-current investments	76,987	44,262
Currency translation differences	47,307	(20,191)
Change in fair value of cash flow hedges	23,672	(17,236)
Discontinuance of hedge accounting - settlement of interest rate swap	57,039	-
	<u>205,005</u>	<u>6,835</u>
Other comprehensive income for the year, net of tax		
	<u>10,259,899</u>	<u>7,387,261</u>
Total comprehensive income for the year		
	<u>10,259,899</u>	<u>7,387,261</u>
Total comprehensive income attributable to:		
Equity holders of the Company	10,248,012	7,385,048
Non-controlling interests	11,887	2,213
	<u>10,259,899</u>	<u>7,387,261</u>

CONSOLIDATED BALANCE SHEET
As at 31 December 2013

	31 December 2013	31 December 2012
Note	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	23,226,216	18,263,567
Investment properties	88,500	82,000
Leasehold land and land use rights	5,106,987	4,391,311
Intangible assets	1,715,360	1,103,508
Joint ventures	1,373,021	1,351,161
Associated companies	861	631
Other non-current assets	515,823	373,340
	<u>32,026,768</u>	<u>25,565,518</u>
Current assets		
Inventories	133,596	138,611
Debtors and prepayments	7 1,975,443	1,971,183
Amounts due from joint ventures	350,500	399,219
Taxation recoverable	10,534	6,146
Other investments	8,149	8,149
Other cash equivalents	1,391,640	691,136
Cash and bank balances	10,360,208	15,608,604
	<u>14,230,070</u>	<u>18,823,048</u>
Total assets	<u>46,256,838</u>	<u>44,388,566</u>
EQUITY		
Share capital	421,971	419,958
Reserves	32,019,490	21,433,430
Shareholders' funds	32,441,461	21,853,388
Non-controlling interests	612,827	440,992
Total equity	<u>33,054,288</u>	<u>22,294,380</u>
LIABILITIES		
Non-current liabilities		
Borrowings	236,973	6,291,171
Deferred taxation liabilities	245,165	279,059
Derivative financial instruments	-	80,711
Provisions	40,982	78,787
Retention payable	155,007	30,510
Other non-current payable	650,000	-
	<u>1,328,127</u>	<u>6,760,238</u>
Current liabilities		
Creditors and accruals	8 11,412,055	10,326,519
Amounts due to joint ventures	36,769	21,259
Current portion of borrowings and short-term bank loans	406,004	4,966,279
Provision for tax	19,595	19,891
	<u>11,874,423</u>	<u>15,333,948</u>
Total liabilities	<u>13,202,550</u>	<u>22,094,186</u>
Total equity and liabilities	<u>46,256,838</u>	<u>44,388,566</u>
Net current assets	<u>2,355,647</u>	<u>3,489,100</u>
Total assets less current liabilities	<u>34,382,415</u>	<u>29,054,618</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 (“HKICPA”) under the historical cost convention as modified by the revaluation of investment properties, non-current investments, financial assets and financial liabilities (including derivative financial instruments), which are carried at fair values.

(a) The adoption of new/amended standards and interpretations

In 2013, the Group adopted the following new/amended standards and interpretations which are relevant to its operations.

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Associates and Joint Ventures
HKAS 32 (Amendment)	Financial Instruments: Presentation
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for the adoption of HKAS 1 (Amendment), HKFRS 12 and HKFRS 13 which affected the Group's presentation and required additional disclosures, the Group has assessed the impact of the adoption of these new/amended HKFRS and considered that there was no significant impact on the Group's results and financial position.

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

(b) Standards, interpretations and amendments to existing standards that are not yet effective

<u>New standards, interpretations and amendments</u>		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of Derivatives	1 January 2014
HKFRS 10, 12 and HKAS 27 (Amendments)	Investment Entities	1 January 2014
HK(IFRIC) - Int 21	Levies	1 January 2014
HKFRS 9	Financial Instruments	To be determined
Annual improvements to HKFRSs 2010 – 2012 Cycle		1 July 2014
Annual improvements to HKFRSs 2011 – 2013 Cycle		1 July 2014

The Group has not early adopted the above standards, interpretations and amendments and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of financial statements will be resulted.

2. Revenue

Revenue comprises turnover from gaming operations, hotel operations, administrative fees from gaming operations and sales of construction materials.

	2013	2012
	HK\$'000	HK\$'000
Gaming operations		
Net gaming wins	61,615,190	52,647,123
Contributions from City Club Casinos (<i>Note</i>)	169,917	151,142
Tips received	13,471	18,862
Hotel operations	1,810,589	1,866,910
Administrative fees from gaming operations	11,210	12,300
Sales of construction materials	2,412,124	2,050,086
	66,032,501	56,746,423

(*Note*): 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 2013, the Group is entitled to HK\$169,917,000 (2012: HK\$151,142,000), 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.

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 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, sponsorship, gain on disposal of subsidiaries, reversal of provision and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes the effects of share option expenses, donation expenses, and unrealised losses on financial instruments.

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.

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 2013				
Reportable segment revenue	67,165,485	2,412,124	-	69,577,609
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	(3,726,235)	-	-	(3,726,235)
Contributions	169,917	-	-	169,917
Others	11,210	-	-	11,210
Revenue recognised under HKFRS	<u>63,620,377</u>	<u>2,412,124</u>	<u>-</u>	<u>66,032,501</u>
Adjusted EBITDA	<u>12,279,155</u>	<u>487,532</u>	<u>(191,376)</u>	12,575,311
Interest income and gross earnings on finance lease				215,113
Amortisation and depreciation				(1,949,610)
Finance costs				(598,477)
Taxation credit				18,072
Taxation of joint ventures				(40,590)
Adjusted items:				
Pre-opening expenses of Galaxy Macau™ Phase 2 at Cotai				(27,920)
Other pre-opening expenses				(13,843)
Share option expenses				(204,897)
Donation and sponsorship				(11,554)
Loss on disposal/written off of certain property, plant and equipment				(19,071)
Impairment of property, plant and equipment				(8,664)
Gain on disposal of subsidiaries				14,093
Reversal of provision				48,529
Other gains				58,402
Profit for the year				<u>10,054,894</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 2012				
Reportable segment revenue	58,204,763	2,050,086	-	60,254,849
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	(3,671,868)	-	-	(3,671,868)
Contributions	151,142	-	-	151,142
Others	12,300	-	-	12,300
Revenue recognised under HKFRS	<u>54,696,337</u>	<u>2,050,086</u>	<u>-</u>	<u>56,746,423</u>
Adjusted EBITDA	<u>9,534,878</u>	<u>458,641</u>	<u>(146,191)</u>	9,847,328
Interest income and gross earnings on finance lease				153,962
Amortisation and depreciation				(1,835,355)
Finance costs				(512,699)
Taxation charge				(45,268)
Taxation of joint ventures				(28,738)
Adjusted items:				
Pre-opening expenses of Galaxy Macau™ Phase 2 at Cotai				(14,401)
Unrealised loss on listed investments				(181)
Share option expenses				(141,855)
Donation and sponsorship				(32,400)
Loss on disposal/written off of certain property, plant and equipment				(14,849)
Impairment of goodwill				(33,014)
Gain on unlisted investment and related income				45,487
Other losses				<u>(7,591)</u>
Profit for the year				<u>7,380,426</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 2013				
Total assets	<u>38,212,082</u>	<u>4,979,395</u>	<u>3,065,361</u>	<u>46,256,838</u>
Total assets include:				
Joint ventures	51,722	1,321,299	-	1,373,021
Associated companies	<u>-</u>	<u>861</u>	<u>-</u>	<u>861</u>
Total liabilities	<u>11,871,368</u>	<u>1,250,582</u>	<u>80,600</u>	<u>13,202,550</u>
As at 31 December 2012				
Total assets	<u>37,141,474</u>	<u>4,456,697</u>	<u>2,790,395</u>	<u>44,388,566</u>
Total assets include:				
Joint ventures	31,116	1,320,045	-	1,351,161
Associated companies	<u>-</u>	<u>631</u>	<u>-</u>	<u>631</u>
Total liabilities	<u>17,049,263</u>	<u>1,542,133</u>	<u>3,502,790</u>	<u>22,094,186</u>
Year ended 31 December 2013				
Additions to non-current assets	<u>8,166,243</u>	<u>295,499</u>	<u>1,044</u>	<u>8,462,786</u>
Year ended 31 December 2012				
Additions to non-current assets	<u>2,268,793</u>	<u>214,916</u>	<u>29</u>	<u>2,483,738</u>
Geographical analysis				
		2013		2012
Year ended 31 December		<i>HK\$'000</i>		<i>HK\$'000</i>
Revenue				
Macau		64,192,080		54,997,845
Hong Kong		1,391,617		1,189,162
Mainland China		<u>448,804</u>		<u>559,416</u>
		<u>66,032,501</u>		<u>56,746,423</u>
Non-current assets, other than financial instruments				
		As at 31 December 2013		As at 31 December 2012
		<i>HK\$'000</i>		<i>HK\$'000</i>
Macau		29,333,957		23,044,941
Hong Kong		515,620		480,537
Mainland China		<u>2,177,191</u>		<u>2,040,040</u>
		<u>32,026,768</u>		<u>25,565,518</u>

4. Profit before taxation

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit before taxation is arrived at after crediting:		
Rental income from investment properties	5,740	5,210
Interest income	214,304	152,780
Dividend income from unlisted investments	38,380	28,000
Change in fair value of investment properties	<u>6,500</u>	<u>5,000</u>
and after charging:		
Unrealised loss on listed investments	-	181
Loss on disposal/written off of property, plant and equipment	43,579	29,051
Depreciation	1,655,726	1,602,529
Amortisation		
Gaming licence	106,337	106,629
Computer software	53,092	48,361
Quarry site improvements	16,216	16,216
Overburden removal costs	8,385	8,385
Quarry site development	387	316
Leasehold land and land use rights	70,132	52,919
Reacquired right	<u>39,335</u>	<u>-</u>

5. Taxation (credit)/charge

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	29,226	29,828
Mainland China income tax	17,691	12,845
Macau complementary tax	6,613	637
Net over-provision in prior years	(1,008)	(881)
Deferred taxation	<u>(70,594)</u>	<u>2,839</u>
Taxation (credit)/charge	<u>(18,072)</u>	<u>45,268</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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% (2012: 12% to 25%). The weighted average applicable tax rate was 12% (2012: 12%).

6. Earnings per share

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

Diluted 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 one (2012: one) category of dilutive potential ordinary shares: share options. For the share options, a calculation is 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 above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>10,051,764</u>	<u>7,377,839</u>
	Number of shares	
	2013	2012
Weighted average number of shares for calculating basic earnings per share	4,211,650,943	4,187,301,189
Effect of dilutive potential ordinary shares		
Share options	<u>69,464,607</u>	<u>67,245,243</u>
Weighted average number of shares for calculating diluted earnings per share	<u>4,281,115,550</u>	<u>4,254,546,432</u>

7. Debtors and prepayments

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors, net of provision	642,012	628,983
Other debtors and deposit paid, net of provision	1,234,583	1,253,587
Prepayments	81,745	63,596
Amounts due from associated companies	11,293	12,174
Current portion of finance lease receivable	<u>5,810</u>	<u>12,843</u>
	<u>1,975,443</u>	<u>1,971,183</u>

7. Debtors and prepayments (Cont'd)

Trade debtors mainly arise from the sales of construction materials. 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 (2012: 30 to 60 days) for customers in Hong Kong and Macau and 120 to 210 days (2012: 120 to 210 days) for customers in Mainland China. These are subject to periodic reviews by management.

The ageing analysis of trade debtors of the Group based on the invoice dates and net of provision for bad and doubtful debts is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within one month	249,290	229,972
Two to three months	238,784	206,051
Four to six months	67,488	97,227
Over six months	86,450	95,733
	<u>642,012</u>	<u>628,983</u>

8. Creditors and accruals

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade creditors	1,872,761	1,499,732
Other creditors	4,974,158	5,041,421
Chips issued	3,018,755	2,300,394
Loans from non-controlling interests	62,653	75,638
Accruals and provision	1,451,360	1,390,923
Deposits received	32,368	18,411
	<u>11,412,055</u>	<u>10,326,519</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within one month	1,490,260	1,122,119
Two to three months	168,386	256,401
Four to six months	99,863	64,974
Over six months	114,252	56,238
	<u>1,872,761</u>	<u>1,499,732</u>

DIVIDENDS

The Board of Directors has not declared and does not recommend any final dividend for the year ended 31 December 2013 (2012: nil).

Arrangements have been made for Galaxy Casino S.A. (“GCSA”), GEG’s principal subsidiary, to declare and pay a dividend upon approval of GCSA’s annual accounts, of which approximately HK\$3,398 million will ultimately be received, through dividends of wholly-owned subsidiaries (the “Subsidiary Dividend”) by GEG. On declaration of the Subsidiary Dividend, GEG will have distributable reserves of approximately HK\$3,086 million, which will be reflected in a special purpose financial statement to be prepared by GEG and delivered to the Registrar of Companies in Hong Kong for registration, in compliance with the Companies Ordinance.

As a result of the above, the Board of Directors is pleased to announce that it has declared the payment of a special cash dividend of HK\$0.7 per share (“Special Dividend”) for the year ending 31 December 2014, subject to and conditional upon the Subsidiary Dividend receivable by GEG being declared (which is expected to occur on or about 30 April 2014), payable to shareholders whose names appear on the register of members of GEG on 30 May 2014. This Special Dividend is expected to be paid on or about 31 July 2014.

Based on the number of 4,230,492,560 issued shares as at the date of this announcement, the Special Dividend, if paid, will amount to an aggregate sum of approximately HK\$2,961 million.

The Special Dividend should not be taken as an indication of the level of profit or dividend for the full year.

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW

2013 was another successful and eventful year for GEG. All-time record highs were achieved in revenue and earnings, and net profit attributable to shareholders increased 36% to \$10.1 billion. The balance sheet at December year-end was exceptionally strong, with \$10.3 billion of cash on hand and virtually debt-free after borrowings were significantly reduced during the year. Operationally, GEG continued to optimise the potential of Galaxy Macau™ and implemented new growth initiatives at StarWorld Macau that led to its best ever yearly performance. City Clubs and the Construction Materials Division also made valuable contributions to the top and bottom line. All businesses recorded full year revenue and Adjusted EBITDA ahead of the prior year, enabling Group revenue to improve 16% year-on-year to \$66 billion and Adjusted EBITDA to increase 28% year-on-year to \$12.6 billion.

In its full second year of operation, Galaxy Macau™ was again instrumental in the Group’s record results. Adjusted EBITDA for the full year increased by 36% to \$8.8 billion, buoyed by a fourth quarter that represented its 10th consecutive quarter of earnings growth. Revenue for the year grew 21% to \$40 billion and the property’s ROI¹ for the latest twelve months was 51%. Excellent performances in the mass segment and record VIP volumes, were key contributing factors.

¹ Return on investment (“ROI”) calculated based on the total Adjusted EBITDA for the latest twelve months divided by gross book value through 31 December 2013 including allocated land cost.

Development of the Group's remaining landbank on Cotai continued to progress on budget and on schedule with Galaxy Macau™ Phase 2 expected to complete by mid-2015 as the next major project in Macau. Plans for Cotai Phases 3 & 4 are also well advanced, with construction expected to begin as early as late 2014. In July 2013 the Group also completed a \$3.25 billion strategic acquisition of the Grand Waldo Complex. Located adjacent to Galaxy Macau™, it extends GEG's casino permitted landbank in Cotai. The Group is confident that these complementary developments will provide visitors with the widest choice of entertainment, cultural and MICE facilities in Macau.

StarWorld Macau, the Group's flagship property on the Macau peninsula, registered its highest ever quarter of Adjusted EBITDA in the fourth quarter, breaking through the \$1 billion threshold for the first time. A continued outperformance in mass and a notable strengthening in VIP in the second half of the year, resulted in full year Adjusted EBITDA growing 14% to \$3.7 billion.

GEG is very optimistic on Macau's prospects for 2014 and beyond. The evolution of the market to mass gaming continues, momentum in the VIP segment is improving and the development of major infrastructure and transport projects is set to transform access to Macau from Mainland China and connectivity within Macau itself. Developments such as the Guangzhou-Zhuhai Intercity Mass Rapid Transit connecting to the immigration gate at Gongbei and expansion of the Gongbei gate on Zhuhai side, which became effective in December 2012 and June 2013 respectively, are already boosting visitation. GEG believes initiatives such as these will increase penetration of Chinese consumers further, enabling Macau and GEG to tap into increasingly affluent Chinese consumers and their growing appetite for travel. With a well-defined short, medium and long term development pipeline in the world's most dynamic market in Macau, GEG has confidence that it can attract the new influx of visitors, and in turn deliver long term sustainable growth to its shareholders.

Major Achievement

Reflecting the Group's impressive growth and many achievements since gaining a gaming concession in 2002, GEG reached a major milestone in its vision to be 'globally recognised as Asia's leading gaming and entertainment corporation' by becoming a constituent of Hong Kong's benchmark Hang Seng Index effective from 17 June 2013. The achievement is a fitting reward for the 16,000 team members at GEG that ensure every guest receives a 'World Class, Asian Heart' product and service experience.

Overview of the Macau Gaming Market

The Macau gaming market experienced faster year-on-year growth than that of 2012. Total gaming revenue increased by almost 19% year-on-year to \$350 billion (2012: \$295 billion, an increase of 14% on 2011). Visitations were up 4% to 29.3 million, with Mainland visitations growing at a faster rate of 10% to 18.6 million. Mainland visitors now account for 64% of all visitors, compared to 60% in 2012.

VIP accounts for 66% of total gaming revenue, and remains the largest segment of the market. Year-on-year revenue growth was up 13% to \$232 billion.

As Macau diversifies its leisure and entertainment offering to appeal to a broader customer set, the market continues to evolve to the higher margin mass segment with revenue growing 35% to \$105 billion, representing 30% of Macau's total gaming revenue. GEG is continuously refining its product offering at both of its flagship properties to capture this growth opportunity, and combined with its planned new developments on Cotai, believes it is well positioned to benefit from this fundamental shift in the market.

Initiatives to improve accessibility to Macau from Mainland China and connectivity within Macau itself are expected to profoundly change the tourism landscape of the region, driving a new wave of visitors to Macau and its surrounding areas. Hengqin Island, which is located adjacent to Macau, will also play a key role in supporting Macau's ambitions to become the world centre of tourism and leisure.

Electronic gaming saw revenue growth of 9% in 2013, and now accounts for 4% of the total gaming market.

REVIEW OF OPERATIONS

Group Financial Results

GEG posted record full year results, generating revenue of \$66 billion and Adjusted EBITDA of \$12.6 billion, year-on-year increases of 16% and 28%, respectively. Net profit attributable to shareholders grew 36% to \$10.1 billion. Excluding non-recurring costs associated with prepaying bank loan of approximately \$0.3 billion, adjusted net profit attributable to shareholders grew 41% to \$10.4 billion. All segments of the business delivered year-on-year revenue and earnings growth, with Galaxy Macau™ excelling once again by achieving Adjusted EBITDA growth of 36%. StarWorld Macau also enjoyed resurgence in 2013, achieving double digit growth in Adjusted EBITDA of 14%. GEG's Construction Materials Division and City Clubs also made solid contributions to earnings of \$488 million and \$181 million, respectively.

Of the gaming segments, mass was once again a strong performer at both flagship properties. Galaxy Macau™ saw net win increase from \$7.3 billion in 2012 to \$10.5 billion in 2013 for a 44% increase, while StarWorld Macau climbed 59% to \$3.9 billion.

The Group's exceptional cash generation translated to cash on hand of \$10.3 billion as of 31 December 2013, including restricted cash of \$0.4 billion. The Group has a net cash position of \$9.9 billion. At year-end 2013 GEG was virtually debt free after reducing total borrowings by 96% during the course of the year from \$11 billion to \$450 million, primarily as a result of repaying a \$6.9 billion club loan, a \$1.7 billion maturing RMB bond and a \$1.6 billion back-to-back loan.

Set out below is the segmental analysis of the Group's operating results for the year ended 31 December 2013.

2013 (HK\$m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	63,620	2,412	-	66,032
Adjusted EBITDA	12,279	488	(192)	12,575

2012 (HK\$m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	54,696	2,050	-	56,746
Adjusted EBITDA	9,534	459	(146)	9,847

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™

Financial and Operational Performance

Galaxy Macau™ celebrated its second year anniversary in May 2013, and capped off another strong performance with a 10th consecutive quarter of earnings growth in the final quarter of the year. Full year revenue was \$40 billion, up 21% on the prior year, which translated to an increase of 36% in Adjusted EBITDA at \$8.8 billion. Latest twelve months ROI was 51%.

Adjusted EBITDA margin under HK GAAP rose from 20% in 2012 to 22% in 2013, and from 28% to 31% under US GAAP. This was due to continuously improving mass revenues and increased efficiency across the business.

VIP Gaming Performance

Total VIP rolling chip volume for the year was \$774 billion, generating revenue of \$26.5 billion, an increase of 15% year-on-year.

The property closing out the year with a strong fourth quarter with VIP net win up 37% year-on-year at \$8.1 billion in the fourth quarter.

VIP Gaming							
HK\$m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2012	FY 2013	YoY%
Turnover	168,014	178,196	191,140	236,793	698,720	774,143	11%
Net Win	5,910	5,965	6,473	8,143	23,083	26,491	15%
Win %	3.5%	3.3%	3.4%	3.4%	3.3%	3.4%	n/a

Mass Gaming Performance

In 2013, revenue in the mass market segment was \$10.5 billion, up 44% year-on-year. Fourth quarter revenue was \$2.9 billion, up 40% year-on-year.

Mass Gaming							
HK\$m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2012	FY 2013	YoY%
Table Drop	6,694	6,845	7,012	7,345	24,706	27,896	13%
Net Win	2,261	2,538	2,730	2,932	7,291	10,461	44%
Hold %	33.8%	37.1%	38.9%	39.9%	29.5%	37.5%	n/a

Electronic Gaming Performance

Electronic gaming revenue was \$1.5 billion in 2013, up 25% year-on-year.

Electronic Gaming							
HK\$m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2012	FY 2013	YoY%
Slots Handle	6,187	7,781	8,375	7,708	19,560	30,051	54%
Net Win	359	383	402	371	1,210	1,515	25%
Hold %	5.8%	4.9%	4.8%	4.8%	6.2%	5.0%	n/a

Non-Gaming Performance

Non-gaming revenue was flat against the prior year at \$1.5 billion.

Hotel occupancy on a combined basis at the resort's three luxury hotels was at 98% for the full year.

Cotai landbank development - Phases 2, 3 and 4

GEG is well advanced with the construction of Galaxy Macau™ Phase 2. It remains on budget and on schedule to complete by mid-2015 as the next major project in Macau. Together with Phase 1, it will boast an unparalleled selection of cuisine options under one roof; nearly 200 luxury retail outlets; total meetings, events and banquet capacity for 3,000 guests; and, approximately 3,600 luxury five star hotel rooms, suites and villas.

GEG's medium and long term growth, Phases 3 & 4 design plans on Cotai are also in the final stages and construction is expected to begin as early as late 2014. The \$50 - \$60 billion project will double the footprint of the first two phases. Highlights include:

- A total floor area of approximately 1 million square metres, with non-gaming amenities accounting for 95% of the total floor space
- Thousands of additional luxury hotel rooms
- A state of the art multi-purpose arena for world class entertainment and sporting events
- A large convention centre

The Group is confident that this exciting new development will enable GEG to attract the new wave of visitors as Macau develops into one of the world's most dynamic tourism and leisure destinations.

Strategic Acquisition of the Grand Waldo Complex

On 17 July 2013, GEG purchased 100% of the properties of the Grand Waldo Complex for a purchase price of \$3.25 billion. Grand Waldo Complex is strategically located adjacent to Galaxy Macau™ and will be complementary to GEG's Cotai development with a focus on family customers. Refitting works are already underway where GEG expects to unveil our plans in mid-2014.

StarWorld Macau

Financial and Operational Performance

Revenue increased by 9% to \$23.5 billion and Adjusted EBITDA climbed to \$3.7 billion, an increase of 14% on 2012. Adjusted EBITDA margin in the year improved from 15% to 16% under HK GAAP, and stood at 25% under US GAAP (2012: 25%). StarWorld Macau reported the latest twelve months ROI of 105% (2012: 94%). Fourth quarter Adjusted EBITDA surpassed the \$1 billion mark for the first time.

The property's excellent results can be attributed to a range of factors, including outperforming the market considerably in the mass segment and VIP bouncing back strongly in the second half of the year, and particularly in the final quarter where VIP volumes reached historic highs.

VIP Gaming Performance

StarWorld Macau reported VIP rolling chip volume of \$662 billion in 2013, up 5% on the previous year. This translated to revenue of \$19.1 billion (2012: \$18.4 billion). Fourth quarter revenue grew 21% year-on-year.

Growth initiatives to reinvigorate the property's VIP offering were completed at the mid-point of the year.

Management is continuing to rework other areas of the building to ensure the property delivers the very best quality VIP products and services in aspirational surroundings.

VIP Gaming							
HK\$m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2012	FY 2013	YoY%
Turnover	149,440	161,913	169,121	181,548	633,067	662,022	5%
Net Win	4,805	4,807	4,500	4,964	18,383	19,076	4%
Win %	3.2%	2.9%	2.7%	2.7%	2.9%	2.9%	n/a

Mass Gaming Performance

Mass Gaming continued to be the fastest growing gaming segment at StarWorld Macau. Full year revenue increased by 59% to almost \$3.9 billion, with fourth quarter revenue increasing by 69% year-on-year and by 18% on a sequential basis.

Mass Gaming							
HK\$m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2012	FY 2013	YoY%
Table Drop	2,664	2,663	2,829	2,935	9,978	11,091	11%
Net Win	802	856	1,012	1,193	2,433	3,863	59%
Hold %	29.6%	32.2%	35.4%	40.2%	23.9%	34.4%	n/a

Electronic Gaming Performance

StarWorld Macau's electronic gaming generated revenue of \$209 million, down 15% on last year as a result of slightly less volume and a lower win rate for the year.

Electronic Gaming							
HK\$m	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2012	FY 2013	YoY%
Slots Handle	898	777	744	781	3,545	3,200	(10%)
Net Win	64	48	44	53	247	209	(15%)
Hold %	7.1%	6.1%	5.9%	6.8%	7.0%	6.5%	n/a

Non-Gaming Performance

Non-gaming revenue was \$364 million (2012: \$416 million). The decline was primarily due to a change in accounting practices related to travel related revenue plus the closure of a restaurant for refurbishment.

Hotel room occupancy remained at near capacity throughout the year at 99%.

City Clubs

City Clubs contributed \$181 million of Adjusted EBITDA to the Group's earnings, an increase of 11% year-on-year.

CONSTRUCTION MATERIALS DIVISION

The Construction Materials Division ("CMD") once again delivered a solid performance for the full year. Revenue and Adjusted EBITDA grew by 18% to \$2.4 billion and by 6% to \$488 million, respectively.

Hong Kong and Macau

Hong Kong's major infrastructure projects such as the Hong Kong-Zhuhai-Macau Bridge and associated border crossing facility, together with long-term projects from the Urban Renewal Authority to redevelop rundown areas, continue to generate a stable demand for construction material products. In addition, the policy commitment of the Government to address the housing supply issue will further increase demand for construction materials in the medium term. With the benefit of CMD's strategic aggregate reserve in Huidong Quarry in Guangdong Province, together with its well positioned fully integrated downstream production facilities for ready-mixed concrete and asphalt, we are confident to maintain CMD's position as the leading construction materials supplier in Hong Kong.

Macau's infrastructure projects and the continued expansion of leisure and entertainment sector continue to drive construction demand, leading to a rise for construction materials during the year.

Mainland China

China's commitment to urbanisation will continue to underscore economic growth, and the cyclical rebound led by infrastructure investment will ensure a growing demand for construction materials, including cement and ground granulated blast furnace slag.

SELECTED MAJOR AWARDS FOR 2013

During 2013 GEG won over 50 major awards including some selected awards highlighted below.

GEG	
International Gaming Awards	- Casino Operator of the Year Australia/Asia
The Hong Kong Institute of Financial Analysts and Professional Commentators Limited	- Outstanding Listed Company Award
Asiamoney Magazine	- Overall Best Company in Hong Kong for Corporate Governance - Best for Shareholders' Rights and Equitable Treatment in Hong Kong - Best for Disclosure and Transparency in Hong Kong
FinanceAsia Magazine	- Best Managed Company in Hong Kong
Forbes Magazine	- Forbes Asia's Fabulous 50 Companies
Galaxy Macau™	
China Hotel Starlight Awards	- Top 10 Resort Hotels of China
Golden Horse Award of China Hotel	- Most Charming Resort in Asia
International Hotel Awards	- Best Resort Hotel Macau
Hurun Report	- Best of the Best Awards - Luxury Hotel in Macau Star Performer
StarWorld Macau	
China Hotel Starlight Awards	- Top 10 Glamorous Hotels of China
Golden Horse Award of China Hotel	- Best Service Hotel
Travel Weekly Magazine and Events Magazine	- Best Service Hotel of the Year
- China Travel and Meetings Industry Awards	
Construction Materials Division	
The Hong Kong Council of Social Service	- 10 Consecutive Years Plus Caring Company Logo
Business Environmental Council	- HSBC Living Business 2013 - Long Term Achievement Award
Labour Department/Occupational Safety & Health Council	- 12th Hong Kong Occupational Safety & Health Award – Best Safety Performance Award

ADDITIONAL UPDATE

Development in Hengqin Island

GEG recently entered into a framework agreement for a 2.7 square kilometre land parcel to move forward with the proposed development of a world class destination resort in Hengqin Island. The property includes approximately 2.5 kilometres of water front coastline. GEG plans to invest RMB10 billion in the proposed resort that will complement GEG's business in Macau, significantly differentiate GEG from its competitors and play a key role in supporting Macau to become a world centre of tourism and leisure.

GROUP OUTLOOK

GEG made significant financial, operational and developmental progress in 2013. Historic highs in revenue and earnings were achieved on a full year and quarterly basis. The balance sheet was strengthened considerably as borrowings were reduced by 96%. Great strides were made in optimising the performance of the Group's two flagship properties, with Galaxy Macau™ and StarWorld Macau recording best ever fourth quarters. Development of Phases 2, 3 & 4 on Cotai advanced apace, and were complemented by GEG's strategic acquisition of the Grand Waldo Complex, as well as the proposed expansion in Hengqin Island which will be highly complementary to our Macau properties and support Macau in developing into a world class tourism destination. GEG is also actively exploring new opportunities to expand our successful brand into overseas markets and create value for stakeholders. And finally, the Group's inclusion as a constituent to the blue chip Hang Seng Index in June 2013 reinforced its position as one of the region's most distinguished companies.

GEG is very confident in Macau's future prospects. Planned infrastructure and transport improvements over the next several years such as the extension of Guangzhou-Zhuhai Intercity Mass Rapid Transit, Hong Kong-Zhuhai-Macau Bridge and the Light Rail Transit connecting Macau, Taipa and Cotai, are expected to drive visitation numbers and in turn facilitate strong growth in the higher margin mass segment as the penetration of increasingly affluent Chinese consumers deepens.

The Group's unique expertise and exceptional properties, clear roadmap for short, medium and long term growth through its extensive development pipeline, and increasingly powerful brand, position it well to build further value for its shareholders and contribute to the continuing transformation of Macau and China's tourism landscape.

LIQUIDITY AND FINANCIAL RESOURCES

The shareholders' funds as at 31 December 2013 was \$32,441 million, an increase of approximately 48% over that as at 31 December 2012 of \$21,853 million, while the Group's total assets employed increased to \$46,257 million as at 31 December 2013 as compared to \$44,389 million as at 31 December 2012.

The Group continues to maintain a strong cash position. As at 31 December 2013, total cash and bank balances were \$10,360 million, as compared to \$15,609 million as at 31 December 2012. The Group's total indebtedness was \$643 million as at 31 December 2013 as compared to \$11,257 million as at 31 December 2012. The Group was in a net cash position as at 31 December 2013 and 31 December 2012.

The total indebtedness of the Group mainly comprises bank loans and other obligations which are largely denominated in Hong Kong Dollar 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, working capital requirements and future assets acquisitions.

TREASURY POLICY

The Group continues to adopt a conservative treasury policy with a majority of bank deposits in Hong Kong Dollar, Renminbi or in the local currencies of the operating subsidiaries, keeping a minimum exposure to foreign exchange risks. All of the Group's borrowings are in Hong Kong Dollar or Renminbi. Forward foreign exchange contracts are utilised 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.

CHARGES ON GROUP ASSETS

Property, plant and equipment with net book value of \$239 million (2012: \$15,377 million), leasehold land and land use rights with net book value of \$24 million (2012: \$2,584 million), other assets with net book value of \$51 million (2012: \$300 million) and bank deposits of \$262 million (2012: \$1,892 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 \$369 million (2012: \$7,552 million), of which \$178 million (2012: \$7,314 million) have been utilised.

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures and an associated company amounting to \$258 million (2012: \$9 million). At 31 December 2013, facilities utilised amounted to \$186 million (2012: \$9 million).

DEALINGS IN LISTED SECURITIES

Neither GEG nor any of its subsidiaries has purchased, sold or redeemed any of GEG's shares during the year ended 31 December 2013.

PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board has proposed to make certain amendments to GEG's Memorandum and Articles of Association taking into account certain provisions under the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong, which took effect on 3 March 2014, and for housekeeping purposes (the "Proposed Amendments").

The Proposed Amendments are subject to the approval of the shareholders of GEG by way of special resolutions at the 2014 Annual General Meeting. A circular, containing, among other things, the Notice of Annual General Meeting which contains the full text of the Proposed Amendments will be despatched to the shareholders as soon as practicable.

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, 27 May 2014 to Friday, 30 May 2014, 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, 26 May 2014.

Entitlement to attend and vote at the 2014 Annual General Meeting

The 2014 Annual General Meeting of the shareholders of GEG will be held on Wednesday, 11 June 2014. The register of members of GEG will be closed from Monday, 9 June 2014 to Wednesday, 11 June 2014, 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 2014 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, 6 June 2014.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2013 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 2013 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except code provision A.4.2.

A.4.2 - Given that the other Directors do retire by rotation in accordance with the Articles of Association of 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.

ANNUAL REPORT 2013

The Annual Report 2013 of GEG containing all the information required by the Listing Rules will be published on the respective websites of Hong Kong Exchanges and Clearing Limited and GEG and printed copies will be sent to the shareholders in due course.

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

Hong Kong, 19 March 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