銀娛GEG

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 2011

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 2011 as follows:

Highlights

GEG: Another Historic Year with All-time Records

- Record full year Group revenue doubled to HK$41 billion
- Record full year Group Adjusted EBITDA of HK$5.7 billion, up 158% year-on-year
- Record fourth quarter Group Adjusted EBITDA of HK$2.1 billion (2010: HK$625 million), and the 13th consecutive quarter of Adjusted EBITDA growth
- Record net profit attributable to shareholders in the year tripled to HK$3 billion
- Achieved global recognition and won Casino Operator of the Year Australia/Asia at the prestigious International Gaming Awards

Galaxy Macau™: Successfully Launched to Worldwide Acclaim in May 2011

- Revenue of HK$16 billion and Adjusted EBITDA of HK$2.6 billion in first seven and a half months
- Fourth quarter revenue of HK$7.6 billion and Adjusted EBITDA of HK$1.2 billion
- Fourth quarter mass market revenue increased by 31% quarter-on-quarter, significantly ahead of the market
- Acknowledged as The World's Best Casino/Integrated Resort 2011 by the International Gaming Awards

StarWorld: All-time Records; 14th Consecutive Quarter of Adjusted EBITDA Growth

- Record full year Adjusted EBITDA of HK$3 billion, an increase of 45% year-on-year
- Record fourth quarter Adjusted EBITDA of HK$827 million, its 14th consecutive quarter of Adjusted EBITDA growth even after the opening of Galaxy Macau™
- Record Return on Investment (ROI*) of 86% in 2011, ranking among the highest return casinos in the world

Balance Sheet: Continued to Strengthen as a result of Strong Cash Generation

- Strong balance sheet with cash on hand at 31 December 2011 of HK$7.7 billion, which included HK$2 billion of restricted cash

***ROI calculated based on the total Adjusted EDITDA for the latest twelve months divided by the book cost, including land cost.*

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Revenue	2	**41,186,446**	19,262,133
Other income/gains, net		**130,209**	25,456
Special gaming tax and other related taxes to the Macau Government		**(15,116,844)**	(6,966,527)
Commission and allowances to gaming counterparties		**(14,993,995)**	(7,594,026)
Raw materials and consumables used		**(750,250)**	(601,691)
Amortisation and depreciation		**(1,247,898)**	(510,519)
Employee benefit expenses		**(3,275,854)**	(1,342,296)
Other operating expenses		**(2,476,195)**	(975,903)
Net loss on buyback of guaranteed notes		**-**	(133,175)
Finance costs		**(399,597)**	(59,142)
Change in fair value of derivative under the convertible notes		**(164,718)**	(286,058)
Share of profits less losses of:			
Jointly controlled entities		**169,468**	141,866
Associated companies		**456**	(857)
Profit before taxation	4	**3,061,228**	959,261
Taxation charge	5	**(31,612)**	(44,725)
Profit for the year		**3,029,616**	914,536
Attributable to:			
Equity holders of the Company		**3,003,908**	898,455
Non-controlling interests		**25,708**	16,081
		3,029,616	914,536
		HK cents	*HK cents*
Earnings per share	6		
Basic		**72.8**	22.8
Diluted		**71.4**	22.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**3,029,616**	914,536
Other comprehensive income		
Change in fair value of non-current investments	**36,422**	11,528
Currency translation differences	**69,168**	31,629
Change in fair value of cash flow hedges	**(63,475)**	-
Derecognition of cash flow hedges	**-**	5,890
Other comprehensive income for the year, net of tax	**42,115**	49,047
Total comprehensive income for the year	**3,071,731**	963,583
Total comprehensive income attributable to:		
Equity holders of the Company	**3,032,474**	941,143
Non-controlling interests	**39,257**	22,440
	3,071,731	963,583

CONSOLIDATED BALANCE SHEET
As at 31 December 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**17,469,329**	12,394,439
Investment properties		**77,000**	77,000
Leasehold land and land use rights		**4,444,253**	4,330,351
Intangible assets		**1,270,424**	1,320,129
Jointly controlled entities		**1,169,155**	1,042,147
Associated companies		**458**	-
Long-term pledged bank deposits		**1,702,230**	-
Other non-current assets		**348,179**	486,307
		26,481,028	19,650,373
Current assets			
Inventories		**138,471**	87,113
Debtors and prepayments	7	**1,578,636**	852,634
Amounts due from jointly controlled entities		**298,194**	143,059
Derivative financial instruments		**-**	2,475
Taxation recoverable		**8,379**	1,562
Other investments		**8,330**	20,463
Other cash equivalents		**1,238,562**	258,800
Cash and bank balances		**6,012,706**	4,169,695
		9,283,278	5,535,801
Total assets		**35,764,306**	25,186,174
EQUITY			
Share capital		**417,421**	395,440
Reserves		**13,804,605**	8,801,497
Shareholders' funds		**14,222,026**	9,196,937
Non-controlling interests		**421,201**	377,614
Total equity		**14,643,227**	9,574,551
LIABILITIES			
Non-current liabilities			
Borrowings		**10,530,722**	7,143,507
Deferred taxation liabilities		**276,220**	277,555
Derivative financial instruments		**63,475**	-
Provisions		**101,234**	115,150
Retention payable		**155,984**	67,647
		11,127,635	7,603,859
Current liabilities			
Creditors and accruals	8	**8,829,439**	5,243,615
Amounts due to jointly controlled entities		**14,875**	23,763
Current portion of borrowings		**1,141,862**	2,282,725
Derivative financial instruments		**-**	387,242
Provision for tax		**7,268**	70,419
		9,993,444	8,007,764
Total liabilities		**21,121,079**	15,611,623
Total equity and liabilities		**35,764,306**	25,186,174
Net current liabilities		**(710,166)**	(2,471,963)
Total assets less current liabilities		**25,770,862**	17,178,410

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.

At 31 December 2011, the Group's current liabilities exceeded its current assets by HK$710 million. Taking into account the committed unutilised banking facilities of HK$2.9 billion as at 31 December 2011 and cash flows from operations, 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.

(a) The adoption of new/revised HKFRS

In 2011, the Group adopted the following new/revised HKFRS which are relevant to its operations.

HKAS 24 (Revised)	Related party disclosures
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

Annual improvements to HKFRS published in May 2010

HKFRS 3 (Amendment)	Business Combinations
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 7 (Amendment)	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these new/revised HKFRS and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements.

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

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

New standards and amendments		Effective for accounting periods beginning on or after
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets	1 July 2011
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying assets	1 January 2012
HKAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKFRS 7 (Amendment)	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Mandatory Effective date of HKFRS 9 and Transitional Disclosure	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015

The Group has not early adopted the above standards 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 sales of construction materials, gaming operations, hotel operations and administrative fees from gaming operations.

	2011	2010
	HK$'000	*HK$'000*
Sales of construction materials	**1,574,012**	1,241,715
Gaming operations		
Net gaming wins	**38,432,664**	17,622,855
Contributions from Certain City Club Casinos *(Note)*	**118,167**	79,709
Tips received	**18,385**	11,639
Hotel operations	**1,034,318**	297,740
Administrative fees from gaming operations	**8,900**	8,475
	41,186,446	19,262,133

(Note): In respect of the operations of certain city club casinos (the "Certain City Club Casinos"), the Group entered into certain 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, certain service providers (the "Service Providers") undertake for the provision of a steady flow of customers to the Certain 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 Certain City Club Casinos is recognised based on the established rates for the net gaming wins, after deduction of special gaming taxes and other related taxes to the Macau Government, 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 Certain City Club Casinos are not recognised as expenses of the Group in the consolidated financial statements.

During the year ended 31 December 2011, the Group is entitled to HK$118,167,000 (2010: HK$79,709,000), 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 Certain 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, net loss on buyback of guaranteed notes, gain on disposal of investments and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes the effects of forfeiture on equity-settled share-based payments, share option expenses, donation expenses, loss on derecognition of cash flow hedges, and unrealised gains or 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	Construction materials	Corporate and treasury management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2011				
Reportable segment revenue	**42,742,777**	**1,574,012**	**–**	**44,316,789**
Adjusted for:				
Certain City Club Casinos arrangement set out in note 2				
Revenue not recognised	**(3,250,162)**	**–**	**–**	**(3,250,162)**
Contributions	**118,167**	**–**	**–**	**118,167**
Others	**1,652**	**–**	**–**	**1,652**
Revenue recognised under HKFRS	**39,612,434**	**1,574,012**	**–**	**41,186,446**
Adjusted EBITDA	**5,408,471**	**433,306**	**(93,108)**	**5,748,669**
Interest income and gross earnings on finance lease				**61,838**
Amortisation and depreciation				**(1,247,898)**
Finance costs				**(399,597)**
Change in fair value of derivative under the convertible notes				**(164,718)**
Taxation charge				**(31,612)**
Taxation of jointly controlled entities				**(25,933)**
Adjusted items:				
Pre-opening expenses of Galaxy Macau™ resort at Cotai				**(786,133)**
Unrealised loss on listed investments				**(12,133)**
Share option expenses				**(84,616)**
Donation and sponsorship				**(34,980)**
Impairment of property, plant and equipment				**(10,809)**
Other compensation income				**17,538**
Profit for the year				**3,029,616**

3. Segment information (Cont'd)

	Gaming and entertainment	Construction materials	Corporate and treasury management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2010				
Reportable segment revenue	20,356,032	1,241,715	–	21,597,747
Adjusted for:				
Certain City Club Casinos arrangement set out in note 2				
Revenue not recognised	(2,416,991)	–	–	(2,416,991)
Contributions	79,709	–	–	79,709
Others	1,668	–	–	1,668
Revenue recognised under HKFRS	18,020,418	1,241,715	–	19,262,133
Adjusted EBITDA	1,974,657	348,014	(91,698)	2,230,973
Interest income and gross earnings on finance lease				14,659
Amortisation and depreciation				(510,519)
Finance costs				(59,142)
Change in fair value of derivative under the convertible notes				(286,058)
Taxation charge				(44,725)
Taxation of jointly controlled entities				(14,169)
Adjusted items:				
Net loss on buyback of guaranteed notes				(133,175)
Pre-opening expenses of Galaxy Macau™ resort at Cotai				(161,528)
Unrealised loss on listed investments				(14,669)
Share option expenses				(51,423)
Donation expenses				(20,854)
Loss on derecognition of cash flow hedges				(5,890)
Loss on disposal and impairment of certain plant and equipment				(26,553)
Other				(2,391)
Profit for the year				914,536

3. **Segment information (Cont'd)**

	Gaming and entertainment *HK$'000*	Construction materials *HK$'000*	Corporate and treasury management *HK$'000*	Total *HK$'000*
As at 31 December 2011				
Total assets	**29,892,938**	**3,754,280**	**2,117,088**	**35,764,306**
Total assets include:				
Jointly controlled entities	**12,391**	**1,156,764**	**-**	**1,169,155**
Associated companies	**-**	**458**	**-**	**458**
Additions to non-current assets	**6,198,636**	**180,985**	**5,679**	**6,385,300**
Total liabilities	**16,108,124**	**1,540,599**	**3,472,356**	**21,121,079**
As at 31 December 2010				
Total assets	20,413,296	3,151,052	1,621,826	25,186,174
Total assets include:				
Jointly controlled entities	13,325	1,028,822	-	1,042,147
Additions to non-current assets	5,557,510	327,568	33	5,885,111
Total liabilities	10,456,163	1,398,626	3,756,834	15,611,623

Geographical analysis

Year ended 31 December	**2011** ***HK$'000***	2010 *HK$'000*
Revenue		
Macau	**39,695,133**	18,092,665
Hong Kong	**927,753**	782,276
Mainland China	**563,560**	387,192
	41,186,446	19,262,133

Non-current assets, other than financial instruments	**As at 31 December 2011** ***HK$'000***	As at 31 December 2010 *HK$'000*
Macau	**22,499,814**	17,619,030
Hong Kong	**463,998**	599,800
Mainland China	**1,814,986**	1,431,543
	24,778,798	19,650,373

4. Profit before taxation

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation is arrived at after crediting:		
Rental income from investment properties	**6,246**	5,911
Interest income	**60,262**	9,951
Dividend income from listed investments	**181**	-
Change in fair value of investment properties	**-**	10,300
and after charging:		
Depreciation	**1,037,689**	326,306
Amortisation		
Gaming licence	**106,337**	106,337
Computer software	**33,607**	12,464
Quarry site improvements	**16,216**	16,216
Overburden removal costs	**8,385**	8,385
Quarry site development	**316**	316
Leasehold land and land use rights	**45,348**	40,495
Unrealised loss on listed investments	**12,133**	14,669
Net loss on disposal and impairment of property, plant and equipment	**8,651**	32,346

5. Taxation charge

	2011	2010
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax	**18,325**	19,371
Mainland China income tax	**15,250**	9,356
Macau complementary tax	**413**	485
Net (over)/under-provision in prior years	**(1,041)**	9,842
Deferred taxation	**(1,335)**	5,671
Taxation charge	**31,612**	44,725

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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, and these rates range from 12% to 25% (2010: 12% to 25%).

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 two categories of dilutive potential ordinary shares: convertible notes and share options. Diluted earnings per share for the period ended 31 December 2011 did not assume the conversion of the convertible notes at the beginning of period and to the date of conversion since the conversion would have an anti-dilutive effect. 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:

	2011	2010
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**3,003,908**	898,455

	Number of shares	
	2011	2010
Weighted average number of shares for calculating basic earnings per share	**4,124,565,318**	3,945,153,249
Effect of dilutive potential ordinary shares		
Share options	**82,454,717**	36,774,541
Weighted average number of shares for calculating diluted earnings per share	**4,207,020,035**	3,981,927,790

7. Debtors and prepayments

	2011	2010
	HK$'000	*HK$'000*
Trade debtors, net of provision	**594,833**	363,324
Other debtors and deposit paid, net of provision	**901,611**	413,626
Prepayments	**50,438**	35,112
Amount due from associated companies	**17,420**	12,413
Current portion of finance lease receivable	**14,334**	28,159
	1,578,636	852,634

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 (2010: 30 to 60 days) for customers in Hong Kong and Macau and 120 to 210 days (2010: 120 to 180 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:

	2011	2010
	HK$'000	*HK$'000*
Within one month	**240,364**	142,565
Two to three months	**211,222**	113,507
Four to six months	**98,280**	65,799
Over six months	**44,967**	41,453
	594,833	363,324

8. Creditors and accruals

	2011	2010
	HK$'000	*HK$'000*
Trade creditors	**943,626**	1,050,050
Other creditors	**4,408,892**	2,195,880
Chips issued	**2,042,824**	1,268,935
Loans from non-controlling interests	**68,216**	49,119
Accruals and provision	**1,304,342**	666,478
Deposits received	**61,539**	13,153
	8,829,439	5,243,615

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

	2011	2010
	HK$'000	*HK$'000*
Within one month	**724,053**	611,223
Two to three months	**99,550**	91,645
Four to six months	**35,457**	51,000
Over six months	**84,566**	296,182
	943,626	1,050,050

FINAL DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW

2011 has been a landmark year for the Group. The widely acclaimed opening of Galaxy Macau™, the best ever performance of StarWorld, and solid profit growth at City Clubs and Construction Materials Division, all contributed to a record breaking year with revenue doubling and Adjusted EBITDA increasing by 158% to $5.7 billion. The Group concluded the year by achieving Q4 Adjusted EBITDA of $2.1 billion, more than three times that of the corresponding period last year, and its 13th consecutive quarter of Adjusted EBITDA growth. There can be no doubt that GEG is successfully delivering its vision to be globally recognised as Asia's leading gaming and entertainment corporation.

The greatest milestone of the year was the opening of Galaxy Macau™ in May 2011. The 550,000 square metre, integrated destination resort has received uniformly glowing praise from visitors and the local community and has transformed the Macau leisure and tourism landscape. Its Asian-centric appeal and world class standards have already received global recognition in a number of awards from prestigious industry bodies such as the International Gaming Awards. Furthermore, its Adjusted EBITDA contribution of $2.6 billion in just seven and a half months was highly impressive, with all business segments performing well.

StarWorld, the Group's other flagship property and one of Macau's most successful casinos, finished the year strongly with its 14th consecutive quarter of Adjusted EBITDA growth delivering $827 million in Q4, an increase of 41% on the same period last year. Total Adjusted EBITDA for the year increased by 45% to $3 billion. A combination of continued good VIP sales growth, highest ever mass gaming volumes and prudent cost controls, enabled it to deliver a Return on Investment (ROI) of 86% in 2011, ranking StarWorld among one of the best performing casinos in the world.

The Group's balance sheet has continued to strengthen as a result of exceptionally strong cash generation from the Group's operations. Cash on hand at 31 December 2011 stood at $7.7 billion, which included $2 billion of restricted cash.

There is huge potential for growth in leisure tourism in Macau. This is being driven by rapid regional economic growth and increasing demand from Mainland China for leisure tourism and travel as a result of rising incomes and continued strong domestic consumption, all of which is being bolstered by major infrastructure projects under construction in Macau and Mainland China to improve accessibility and drive visitor volumes. GEG's deep understanding of the local market and the needs and demands of its Asian customers, coupled with its ownership of the largest contiguous casino resort permitted landbank in Macau, make it uniquely well positioned to build out its development plan and capitalise on this growth.

The Group remains fully focused on maximising and optimising returns, growing profitable gaming volumes and diversifying revenues into alternative leisure and hospitality streams.

REVIEW OF OPERATIONS

GROUP FINANCIAL RESULTS

GEG's financial performance in 2011 has been outstanding, with net profit attributable to shareholders in 2011 increasing more than three times over the prior year to $3 billion (2010: $898 million). Revenue for the year climbed to $41 billion, generating a 158% rise in Group Adjusted EBITDA of $5.7 billion. This compares to revenue of $19.3 billion and Adjusted EBITDA of $2.2 billion in the previous year. The significant uplift reflects in large part the contribution of Galaxy Macau™ which opened in May 2011, but also the strong underlying growth at StarWorld and ongoing progress in growing profitable and diverse revenue streams, while at the same time tightly controlling costs.

Excluding non-recurring items such as Galaxy Macau™'s pre-opening expenses of $0.8 billion, non-cash charges from the change in fair value of the derivative under the convertible notes of $0.2 billion and net loss on buyback of guaranteed notes of $0.1 billion, pro forma profit attributable to shareholders increased to $4 billion in 2011 versus $1.5 billion in 2010.

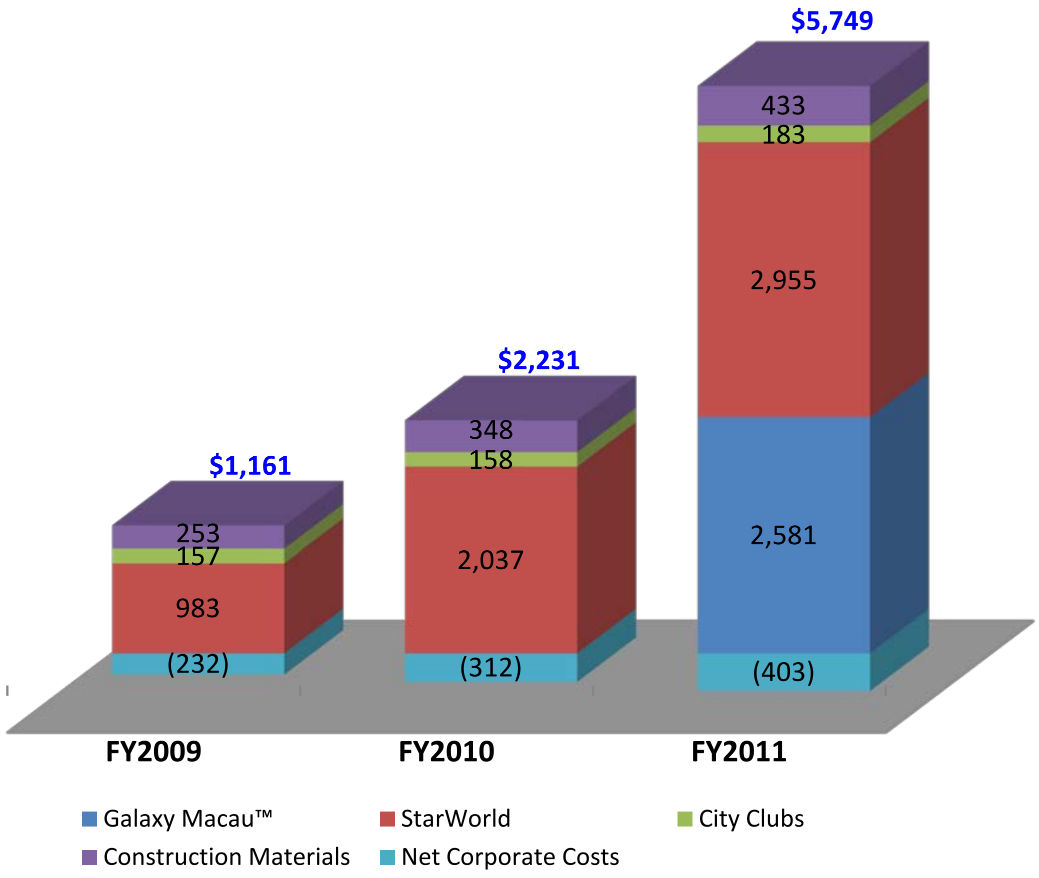
GEG's City Clubs and the Construction Materials Division continued to perform solidly, achieving Adjusted EBITDA growth of 16% and 24% respectively compared to 2010.

Set out below is the segmental analysis of the Group's operating results for the year ended 31 December 2011.

FY2011 (HK$'m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	39,612	1,574	-	41,186
Adjusted EBITDA	5,409	433	(93)	5,749

FY2010 (HK$'m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	18,020	1,242	-	19,262
Adjusted EBITDA	1,975	348	(92)	2,231

Group Adjusted EBITDA (HK$'m)



GAMING AND ENTERTAINMENT DIVISION

Overview of the Macau Gaming Market

The Macau gaming market experienced another year of strong growth. Total gaming revenue reached $260 billion, representing a year-on-year increase of 42% (2010: $183 billion). Total visitor arrivals in the year grew by 12% to 28 million, with the proportion of Chinese visitors increasing from 53% to 58%.

VIP gaming remains the largest segment of the market. In the year, revenue increased by a very healthy 45% to $190.4 billion (2010: $131.7 billion). VIP Baccarat is the dominant game of the Macau gaming industry, accounting for 73% of overall gaming revenue in 2011.

Mass market displayed substantial growth during the year with revenue of $58.6 billion, an increase of 37% on 2010. Encouragingly, growth rates accelerated in the second half of the year with revenue totaling $31.9 billion against second half of 2010 revenue of $22.7 billion, an increase of almost 41%. The opening of Galaxy Macau™ has been well timed as the Group looks to take advantage of the opportunities in the fast growing mass market.

The development of major infrastructure projects in Macau and Mainland China, such as the expansion of the barrier gates in Macau (completed in 2011) and Zhuhai (due to complete 2012), and the construction of the High Speed Railway Network on the Mainland, will improve accessibility and boost visitor volumes. The strong momentum behind Macau is likely to be sustained over the coming years by a series of other new projects in the pipeline, including development projects in Hengqin, the Hong Kong-Zhuhai-Macau Bridge due to open in 2016, and the Light Rail Transit connecting Macau, Taipa and Cotai due to open in 2015-2016.

Electronic gaming accounts for 4% of overall gaming revenue. It also experienced strong growth in 2011, with revenue up 33% to $11.1 billion against revenue of $8.4 billion in 2010.

This continued growth in gaming revenue and visitor numbers, set against a backdrop of moderating economic growth in China, is testimony to the enhanced attractiveness of Macau as a leisure and tourism destination. We believe the opening of Galaxy Macau™ has successfully diversified our product offer in the territory and increased visitor numbers to Cotai, thereby stimulating the demand for the resort industry.

Galaxy Macau™

Successful Completion and Launch

The 550,000 square metre Galaxy Macau™ integrated resort opened 15 May 2011 to worldwide acclaim. Its vision, design and delivery have been extremely well received by guests, investors and the industry as a whole, all of whom appreciate its "World Class, Asian Heart" service philosophy. Its resounding success to date reflects GEG's meticulous planning, testing and operational capabilities.

Opened just seven and a half months, Galaxy Macau™ has achieved significant recognition, the most prestigious of which were: The World's Best Casino/Integrated Resort 2011 at the International Gaming Awards, 2011 Best Integrated Resort award at the Top Travel Awards in Beijing held in December of last year, New Hotel of the Year at 2011 Travel Weekly China Travel & Meeting Industry Awards, Five-Star Diamond Award at The American Academy of Hospitality Sciences and Annual Hotel Space Award at the 9th (2011) Modern Decoration International Media Award Committee.

As Macau's first truly integrated destination resort, Galaxy Macau™ offers a number of game-changing features and amenities which help make it the most complete holiday destination in Macau:

- Three 5-star Asian hotel brands offering the pinnacle of luxury in approximately 2,200 rooms, suites and floating villas: comprising the Banyan Tree Macau, the Hotel Okura Macau and the Galaxy Hotel

- The 52,000 square metre Grand Resort Deck including the world's largest sky-top wave pool, complete with 350 tons of white sand

- The renowned award winning Banyan Tree Spa which offers a myriad of Asian health and beauty treatments and therapies

- China Rouge, a 1920s and 1930s Shanghai cabaret inspired lounge designed by the world-famous Hong Kong architect Alan Chan

- Macau's first 9-screen 3D Cinema theatre - opened in Q4, 2011 with the world premiere of The Flying Swords of Dragon Gate 3D by director Tsui Hark

- The Fortune Diamond - a mammoth three-metre gem that rises from behind a waterfall in the main lobby

- The Wishing Crystals - a marvel of interaction with numerous gems rising from the entrance lobby

- The Galaxy Laserama - one of the largest laser shows in the world, with eight showings a night and a different spectacle every time

- Approximately 450 gaming tables and over 1,300 electronic games

- More than 50 food and beverage outlets

GEG has sought to create a truly Asian experience for its customers and it is hugely satisfying to be lauded by prestigious industry global bodies.

Financial and Operational Performance

All the Galaxy Macau™ business segments performed well during the seven and a half months since launch, and the Group is managing to drive significant operational efficiencies as the property matures.

In terms of the key financials, revenue in the period since launch was $16.4 billion, with Adjusted EBITDA at $2.6 billion for a 16% margin.

VIP Gaming Performance

Galaxy Macau™ performed strongly in the fast growing VIP market. Total VIP rolling chip volume for the year was $380 billion, which translated into revenue of $12.2 billion. Three additional VIP rooms were added in the second half of the year bringing the total number to ten.

VIP Gaming							
HK$'m	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**FY 2010**	**FY 2011**	**YoY%**
Turnover	**n/a**	**50,000**	**163,000**	**167,000**	**n/a**	**380,000**	**n/a**
Net Win	**n/a**	**1,800**	**4,900**	**5,500**	**n/a**	**12,200**	**n/a**
Win %	**n/a**	**3.5%**	**3.0%**	**3.3%**	**n/a**	**3.2%**	**n/a**

Mass Gaming Performance

Galaxy Macau™ mass market revenue since launch was $2.8 billion. Revenue in the fourth quarter increased by 31% quarter-on-quarter to $1.4 billion, significantly ahead of the market which grew at 10%.

Mass Gaming							
HK$'m	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**FY 2010**	**FY 2011**	**YoY%**
Table Drop	**n/a**	**2,400**	**5,000**	**5,700**	**n/a**	**13,100**	**n/a**
Net Win	**n/a**	**400**	**1,000**	**1,400**	**n/a**	**2,800**	**n/a**
Win %	**n/a**	**17.5%**	**20.9%**	**24.1%**	**n/a**	**21.7%**	**n/a**

Electronic Gaming Performance

Galaxy Macau™ electronic gaming revenue was $645 million.

Electronic Gaming							
HK$'m	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2010	FY 2011	YoY%
Slots Handle	n/a	1,800	4,000	4,300	n/a	10,100	n/a
Net Win	n/a	114	262	269	n/a	645	n/a
Win %	n/a	6.3%	6.5%	6.3%	n/a	6.4%	n/a

Non-Gaming Performance

Non-gaming revenue totalled $697 million. The number of hotel rooms increased from approximately 1,400 at the time of the opening of Galaxy Macau™ to virtually all 2,200 by the end of the year. Occupancy rates at the year-end reached an impressive 90%.

The opening of the 3D cineplex in December, which received great reviews from Galaxy Macau™'s guests and the community, also significantly increased the sales of the property's adjacent restaurants and outlets.

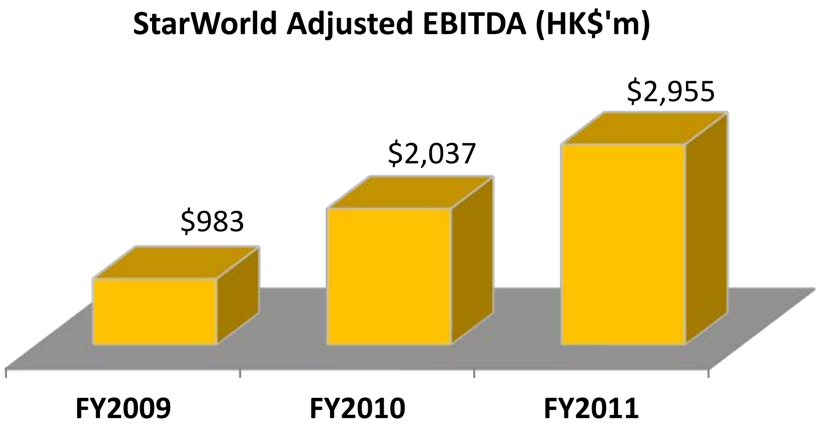
The Grand Resort Deck facilities have been a major success with approximately 3,500 customers per day visiting the wave pool during the summer months.

Landbank Development

The opening of Galaxy Macau™ has been a fantastic success for GEG, its customers and Macau. However, it is only the first stage of a multi-stage resort destination development. GEG has Macau's largest contiguous landbank with an integrated resort permit. Additional phases will total approximately 1.5 million square metres, bringing the overall development to approximately 2 million square metres. The planning for the next phase of Galaxy Macau™ is progressing well and will be announced in due course. Upon completion, the expanded facility with additional offerings will further enhance the attractiveness and competitiveness of Galaxy Macau™.

StarWorld Hotel & Casino

StarWorld, our flagship property on the Macau Peninsula, achieved another excellent year and finishing 2011 with its 14th consecutive quarter of Adjusted EBITDA growth with record Adjusted EBITDA of $3 billion for the year.



For the year as a whole, revenue increased by 36% to $22.5 billion. This generated a 45% increase in full year Adjusted EBITDA to nearly $3 billion. This outstanding increase was driven by improved gaming revenues, strict cost controls and broadly normalised win rates.

2011 Adjusted EBITDA of $3 billion resulted in an annualised ROI of 86%. StarWorld has further enhanced its position as one of the highest return casinos in the world.

Of real significance, is that revenue in second half of 2011 grew by 25% to $12.5 billion against first half revenue of $10 billion. These figures demonstrate that there has been no cannibalisation from StarWorld's sister casino Galaxy Macau™. On the contrary, StarWorld has seen increased footfall as the two properties are highly complementary, with shared transport infrastructure, and the Galaxy Macau™ brand is growing strongly.

VIP Gaming Performance

StarWorld performed strongly in VIP gaming achieving an all-time high VIP rolling chip volume of $664 billion (2010: $515 billion). This resulted in revenue of $20.2 billion, compared to $14.9 billion in 2010.

It enjoys one of the highest VIP market shares in Macau.

VIP Gaming							
HK$'m	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**FY 2010**	**FY 2011**	**YoY%**
Turnover	**151,000**	**158,000**	**180,000**	**175,000**	**515,000**	**664,000**	**29%**
Net Win	**4,400**	**4,500**	**5,900**	**5,400**	**14,900**	**20,200**	**36%**
Win %	**2.9%**	**2.9%**	**3.2%**	**3.1%**	**2.9%**	**3.1%**	**n/a**

Mass Gaming Performance

Mass market revenue for the year was $1.7 billion. Revenue in the fourth quarter increased quarter-on-quarter by 15% to $0.5 billion, significantly ahead of the market which grew at 10%. The exceptional performance can be attributed to its great location in the gaming hub, outstanding service delivery, attractive product offer catering for the specific taste of traditional Chinese, and its ability to leverage on the significant mass customer base at Galaxy Macau™ through shared transport links between the two casinos. The two sister casinos complement each other extremely well and we expect StarWorld to benefit further as Galaxy Macau™'s reputation grows.

Mass Gaming							
HK$'m	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**FY 2010**	**FY 2011**	**YoY%**
Table Drop	**1,900**	**2,100**	**2,300**	**2,300**	**6,600**	**8,600**	**30%**
Net Win	**362**	**366**	**433**	**500**	**1,153**	**1,661**	**44%**
Win %	**18.1%**	**17.3%**	**18.9%**	**20.9%**	**16.8%**	**18.9%**	**n/a**

Electronic Gaming Performance

StarWorld's electronic gaming generated revenue of $241 million in the year, an increase of 16% over 2010, reflecting the revamp of the electronic gaming area on level three.

Electronic Gaming							
HK$'m	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**FY 2010**	**FY 2011**	**YoY%**
Slots Handle	**1,050**	**1,020**	**917**	**1,038**	**2,837**	**4,025**	**42%**
Net Win	**70**	**49**	**58**	**64**	**207**	**241**	**16%**
Win %	**6.7%**	**4.8%**	**6.3%**	**6.1%**	**7.3%**	**6.0%**	**n/a**

Non-Gaming Performance

Non-gaming revenue increased from $315 million in 2010 to $360 million in 2011, an increase of 14%. Room occupancy was at near capacity throughout the year averaging 98%. These statistics are unprecedented and demonstrate that StarWorld is outpacing all other 5-star hotels in Macau.

Awards

StarWorld as one of the most distinguished and popular casinos in Macau has been further reinforced by receiving major industry awards including the Five-Star Diamond Award for the 5th consecutive year; Best Service Hotel award and Best Consumer Satisfaction Hotel award at the Golden Horse Award of China Hotel; Top Ten Glamorous Hotels of China at the China Hotel Starlight Awards and Top Ten China Charming Hotel Brands at Continental Diamond Awards of World Hotel Association (China).

City Clubs

City Clubs focuses on providing a boutique service to selected VIP customers. The division continues to make a valuable contribution to the Group. In the year under review it generated Adjusted EBITDA of $183 million, an increase of 16% on the prior year.

GEG will continue to carefully manage the business to ensure sustained profitability.

CONSTRUCTION MATERIALS DIVISION

The Construction Materials Division (CMD) has made considerable progress in 2011. For the year ended 31 December 2011, CMD's revenue stood at $1.6 billion and Adjusted EBITDA surged to $433 million, representing an increase of 27% and 24% respectively from last year. CMD continued its expansion strategy in the production and sales of Ground Granulated Blast-furnace Slag ("GGBS") in order to take advantage of this increasingly recognised environmentally friendly and sustainable construction material product.

Mainland China

Expanding GGBS production capacity to maintain leadership position in China

Profit contribution from our network of GGBS plants across the Mainland continues to grow with the operational commencement during the year of our subsidiary in Qian An, Hebei Province. We expect to continue expanding our operations in the future.

Expanding cement production capacities in Yunnan Province

CMD's cement joint ventures in Yunnan Province, namely Anning, Baoshan and Shizong continued to deliver good results in 2011 due to increasing demand for high quality cement for the infrastructure construction projects in the Province. CMD plans to continue to expand its cement production capacity in 2012 and beyond.

Hong Kong and Macau

CMD will benefit from Hong Kong's major infrastructure development projects

During 2011, the demands for construction materials in Hong Kong remained strong. Over the next few years, several major infrastructure projects will commence, including the construction of the MTR's Guangzhou-Shenzhen-Hong Kong Express Rail and Shatin to Central Links, East Kowloon Development, and the Hong Kong-Zhuhai-Macau Bridge. CMD is well positioned to benefit from the increased demand for construction materials arising from these major projects, and will play a key role in supplying construction materials for these projects from our Anderson Road Quarry and Lam Tei Quarry. To cope with the increasing demand, a new quarry site in Huidong, Guangdong Province is targeted to commence operation in 2012.

Macau Ready Mixed Concrete ("RMC") market shows signs of pick uplift

In Macau, the construction market continues its steady recovery with increasing demand from the public housing sector and further expansion of construction work in the gaming and entertainment industry. CMD's long established RMC operations are well positioned to gain maximum advantage from this uplift.

GROUP OUTLOOK FOR 2012

GEG has created an enviable position. It is the only operator with flagship properties in both the gaming hub of Macau's Peninsula and the rapidly emerging destination resort area of Cotai. The successful opening of Galaxy Macau™ has firmly established GEG as one of Asia's leading gaming and entertainment groups, and well positioned us to take advantage of accelerating growth in the mass market.

Visitors from Mainland China to Macau increased by 22% year-on-year to 16.2 million and they now represent close to 60% of all visitors (Source: Macau Statistics and Census Service). The pace of growth over the last few years has been phenomenal, with visitors from Mainland China increasing by 47% since 2009. Total visitor arrivals in Macau in 2011 also set a new record of 28 million. These figures illustrate the resilience of Asian economies and the powerful appeal of Macau.

Looking to the future, growth is expected to be fueled by major infrastructure improvements and integrated resorts like Galaxy Macau™, which offer visitors a far more diverse leisure experience. Expansion of the immigration barrier gates in Macau and Zhuhai (the former having already been completed), combined with large scale infrastructure projects such as the High Speed Railway Network in Mainland China, the Light Rail Transit in Macau, and the Hong Kong-Zhuhai-Macau Bridge, all of which are set to be completed in the next few years, will play a paramount role in positioning Macau as a first choice, first class destination for many of Asia's leading economies.

As the owner of the largest contiguous landbank in Macau, and with an acute sense of Asian preferences and tastes, we believe we are very well placed to capitalise on the significant growth opportunities in Macau as it rapidly diversifies and develops into one of the world's pre-eminent leisure and tourist destinations.

LIQUIDITY AND FINANCIAL RESOURCES

The shareholders' funds as at 31 December 2011 was $14,222 million, an increase of approximately 55% over that as at 31 December 2010 of $9,197 million while the Group's total assets employed increased to $35,764 million as at 31 December 2011 as compared to $25,186 million as at 31 December 2010.

The Group continues to maintain a strong cash position. As at 31 December 2011, total cash and bank balances were $6,013 million as compared to $4,170 million as at 31 December 2010. The Group's total indebtedness was $11,672 million as at 31 December 2011 as compared to $9,426 million as at 31 December 2010. The gearing ratio, defined as the ratio of total borrowings outstanding less cash and bank balances to total assets (excludes cash and bank balances), was 19% as at 31 December 2011 (31 December 2010: 25%).

The total indebtedness of the Group mainly comprises bank loans, Renminbi bonds and other obligations which are largely denominated in Hong Kong Dollar, United States 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 all bank deposits in either Hong Kong Dollar, United States 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 either Hong Kong Dollar, United States 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 $16,349 million (2010: $11,497 million), leasehold land and land use rights with net book value of $2,828 million (2010: $2,961 million), other assets with net book value of $235 million (2010: $245 million), bank deposits of $1,802 million (2010: $59 million) and shares of certain subsidiaries 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 $10,057 million (2010: $10,001 million), of which $7,543 million (2010: $5,278 million) have been utilised.

The Group has executed guarantees in favour of a bank in respect of facilities granted to an associated company amounting to $9 million (2010: $9 million). At 31 December 2011, facilities utilised amounted to $9 million (2010: $9 million).

DEALINGS IN LISTED SECURITIES

Neither GEG nor any of its subsidiaries has purchased, sold or redeemed any of GEG's shares or listed debt securities during the year ended 31 December 2011.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2011 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 2011 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 code provisions in the Code on Corporate Governance Practices 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. The Board considers that the spirit of code provision A.4.2 has been upheld, given that the other Directors do retire by rotation in accordance with the Articles of Association of GEG and 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 2011

The Annual Report 2011 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 of
Galaxy Entertainment Group Limited
Sin Li Mei Wah, Jenifer
Company Secretary

Hong Kong, 15 March 2012

As at the date of this announcement, the executive Directors of GEG are Dr. Che-woo Lui (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 Mr. Anthony Thomas Christopher Carter and Mr. Henry Lin Chen; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam and Dr. Patrick Wong Lung Tak.

Website: www.galaxyentertainment.com