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 2017

The Board of Directors of Galaxy Entertainment Group Limited ("GEG" or the "Company") is pleased to announce the results of GEG and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017 as follows:

Q4 & FULL YEAR 2017 RESULTS HIGHLIGHTS

GEG: Record Full Year and Q4 Adjusted EBITDA Driven by Record Mass, Improving VIP and Operating Efficiency

- Q4 2017 Group Adjusted EBITDA increased by 40% year-on-year and increased by 18% quarter-on-quarter to HK$4.2 billion
- Full year Group revenue increased by 18% year-on-year to HK$62.5 billion
- Full year Group Adjusted EBITDA increased by 37% year-on-year to HK$14.1 billion
- Full year net profit attributable to shareholders ("NPAS") of HK$10.5 billion, an increase of 67% year-on-year including HK$0.5 billion of non-recurring charges
- Full year Adjusted NPAS of HK$11.0 billion, up 61% year-on-year after adjusting for non-recurring charges
- Played lucky in Q4 2017 which increased Adjusted EBITDA by approximately HK$52 million
- Normalized exclude luck factor ("Normalized") Q4 2017 Adjusted EBITDA grew 46% year-on-year and grew 13% quarter-on-quarter to HK$4.1 billion

Galaxy Macau™: Record Full Year and Q4 Adjusted EBITDA

- Q4 2017 Adjusted EBITDA increased by 42% year-on-year and increased by 24% quarter-on-quarter to HK$3.4 billion
- Full year revenue increased by 17% year-on-year to HK$44.6 billion
- Full year Adjusted EBITDA increased by 31% year-on-year to HK$11.1 billion
- Full year non-gaming revenue increased by 6% year-on-year to HK$3.0 billion
- Hotel occupancy across the five hotels in Q4 2017 was virtually 100%
- Played lucky in Q4 2017 which increased Adjusted EBITDA by approximately HK$154 million
- Normalized Q4 2017 Adjusted EBITDA grew 41% year-on-year and 12% quarter-on-quarter to HK$3.2 billion

StarWorld Macau: Strong Performance Despite Bad Luck

- Q4 2017 Adjusted EBITDA increased by 18% year-on-year and decreased by 6% quarter-on-quarter to HK$751 million
- Full year revenue increased by 20% year-on-year to HK$14.2 billion
- Full year Adjusted EBITDA increased by 38% year-on-year to HK$3.0 billion
- Hotel occupancy in Q4 2017 was virtually 100%
- Played unlucky in Q4 2017 which decreased Adjusted EBITDA by approximately HK$106 million
- Normalized Q4 2017 Adjusted EBITDA grew 44% year-on-year and grew 14% quarter-on-quarter to HK$857 million

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

- Q4 2017 Adjusted EBITDA was HK$7 million versus HK$14 million in Q4 2016
- Full year revenue was HK$514 million versus HK$676 million in 2016
- Full year Adjusted EBITDA was HK$10 million versus HK$30 million in 2016
- Hotel occupancy in Q4 2017 was virtually 100%
- Played lucky in Q4 2017 which increased Adjusted EBITDA by approximately HK$4 million
- Normalized Q4 2017 Adjusted EBITDA was HK$3 million versus HK$8 million in Q4 2016

Balance Sheet: Remains Well Capitalized and Liquid

- Cash and liquid investments was HK$41.4 billion and net cash was HK$31.7 billion as at 31 December 2017
- Debt of HK$9.7 billion as of 31 December 2017 primary reflects ongoing yield management initiative
- Paid two special dividends in the year: HK$0.26 per share on 28 April 2017 and HK$0.33 per share on 27 October 2017
- Subsequently announced another special dividend of HK$0.41 per share payable on or about 27 April 2018, a 58% increase compared to April 2017

Development Update: Robust Growth Development Pipeline including Macau, Hengqin, Japan and the Philippines

- Cotai Phases 3 & 4 – Continue to move forward with Phases 3 & 4, with a strong focus on non-gaming, primarily targeting Meetings Incentives Conference and Events (MICE), entertainment, family facilities and also including gaming
- Hengqin – Plans moving forward to develop a low-density integrated resort to complement our high-energy entertainment resorts in Macau, anticipate to disclose further details later in the year
- International – Continuously exploring opportunities in overseas markets, including Japan
- Philippines – Exploring to develop a premium quality eco-friendly beach resort on Boracay Island

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	2	**62,450,453**	52,826,115
Other income/gains, net		**597,646**	209,316
Special gaming tax and other related taxes to the Macau Government		**(21,999,205)**	(18,688,155)
Commission and allowances to gaming counterparties		**(13,810,711)**	(11,272,674)
Raw materials and consumables used		**(1,261,578)**	(877,399)
Amortisation and depreciation		**(3,348,665)**	(3,572,577)
Employee benefit expenses		**(7,368,542)**	(6,903,204)
Other operating expenses		**(4,811,282)**	(5,401,947)
Finance costs		**(63,914)**	(43,673)
Share of profits less losses of:			
Joint ventures		**244,275**	71,015
Associated companies		**(100)**	1,245
Profit before taxation	4	**10,628,377**	6,348,062
Taxation charge	5	**(112,775)**	(76,656)
Profit for the year		**10,515,602**	6,271,406
Attributable to:			
Equity holders of the Company		**10,504,361**	6,283,397
Non-controlling interests		**11,241**	(11,991)
		10,515,602	6,271,406
		HK cents	*HK cents*
Earnings per share	7		
Basic		**245.1**	147.3
Diluted		**243.7**	146.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2017

	2017 *HK$'000*	2016 *HK$'000*
Profit for the year	**10,515,602**	6,271,406
Other comprehensive income/(loss)		
Items that may be subsequently reclassified to profit or loss		
Change in fair value of available-for-sale financial assets	**276,092**	(42,376)
Translation differences of subsidiaries	**79,399**	(72,552)
Share of translation differences of joint ventures	**91,912**	(90,275)
Other comprehensive income/(loss) for the year, net of tax	**447,403**	(205,203)
Total comprehensive income for the year	**10,963,005**	6,066,203
Total comprehensive income attributable to:		
Equity holders of the Company	**10,924,023**	6,105,346
Non-controlling interests	**38,982**	(39,143)
	10,963,005	6,066,203

CONSOLIDATED BALANCE SHEET
As at 31 December 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**31,801,690**	33,502,151
Investment properties		**-**	42,000
Leasehold land and land use rights		**5,013,464**	5,055,566
Intangible assets		**921,019**	1,138,488
Joint ventures		**1,518,367**	1,253,450
Associated companies		**2,217**	2,317
Held-to-maturity financial assets		**23,688,142**	2,339,965
Other non-current assets		**768,372**	895,335
		63,713,271	44,229,272
Current assets			
Inventories		**171,443**	158,367
Debtors and prepayments	8	**1,961,509**	1,583,156
Amounts due from joint ventures		**204,642**	302,783
Taxation recoverable		**23,456**	20,382
Current portion of held-to-maturity financial assets		**140,012**	11,178
Other cash equivalents		**35,324**	59,290
Cash and bank balances		**17,565,025**	19,896,602
		20,101,411	22,031,758
Total assets		**83,814,682**	66,261,030
EQUITY			
Share capital and shares held for share award scheme		**21,468,693**	20,106,376
Reserves		**34,013,004**	26,238,974
Equity attributable to owners of the Company		**55,481,697**	46,345,350
Non-controlling interests		**533,896**	517,663
Total equity		**56,015,593**	46,863,013
LIABILITIES			
Non-current liabilities			
Borrowings		**259,392**	525,978
Deferred taxation liabilities		**268,120**	256,783
Retention payable		**14,816**	-
Non-current deposits		**221,308**	293,883
		763,636	1,076,644
Current liabilities			
Creditors and accruals	9	**17,237,224**	12,659,706
Amounts due to joint ventures		**66,092**	15,729
Derivative financial instruments		**-**	121
Current portion of borrowings and short-term bank loans		**9,684,884**	5,608,695
Provision for tax		**47,253**	37,122
		27,035,453	18,321,373
Total liabilities		**27,799,089**	19,398,017
Total equity and liabilities		**83,814,682**	66,261,030
Net current (liabilities)/assets		**(6,934,042)**	3,710,385
Total assets less current liabilities		**56,779,229**	47,939,657

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 non-current investments, financial assets and financial liabilities, which are carried at fair values.

At 31 December 2017, the Group's current liabilities exceeded its current assets by HK$6,934 million. Taking into account the cash flows from operations and unutilised banking facilities, the Group has a reasonable expectation that it has adequate resources to meet its liabilities and commitments (principally relating to the development of Galaxy Macau™ resort at Cotai) as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the consolidated financial statements.

The financial information relating to the years ended 31 December 2017 and 2016 included in this preliminary announcement of annual results 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2017 in due course.

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

(a) The adoption of amended standards

In 2017, the Group adopted the following amended standards which are relevant to its operations.

HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014 - 2016 Cycle	
HKFRS 12 (Amendment)	Disclosure of Interests in Other Entities

The Group has assessed the impact of the adoption of these 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

New standards, interpretations and amendments		Effective for accounting periods beginning on or after
HKAS 28 (Amendment)	Long-term Interests in an Associate or Joint Venture	1 January 2019
HKAS 40 (Amendment)	Transfers of Investment Property	1 January 2018
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatment	1 January 2019
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 15 and HKFRS 15 (Amendment)	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

Annual Improvements to HKFRSs 2014 - 2016 Cycle

HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards

Annual Improvements to HKFRSs 2015 - 2017 Cycle

HKAS 12 (Amendment)	Income Taxes
HKAS 23 (Amendment)	Borrowing Costs
HKFRS 3 (Amendment)	Business Combinations
HKFRS 11 (Amendment)	Joint Arrangements

Further information about those new standards, amendments and interpretations that are not yet effective but are expected to be applicable to the Group is set out below:

HKFRS 9, 'Financial instruments'

The new standard addresses and introduces new requirements for the classification, measurement and derecognition of financial instruments, hedge accounting, and a new impairment model for financial assets.

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

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

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group has assessed that its financial assets currently measured at amortised cost or fair value through profit or loss will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The Group has also assessed on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment provision is determined based on the 12-month expected credit losses which are not material to the Group.

HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group has assessed the effects of the applying the new standard on the consolidated financial statements and has not identified any material impact to the Group.

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases.

At 31 December 2017, the Group had operating lease commitments of HK$160 million. Upon adoption of HKFRS 16 the majority of operating lease commitments will be recognised in the consolidated balance sheet as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term.

The Group has not early adopted the above standards, amendments and interpretations on the Group's accounting policies and financial statements.

2. Revenue

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

	2017	2016
	HK$'000	*HK$'000*
Gaming operations		
Net gaming wins	**55,826,912**	47,331,691
Contributions from City Club Casinos (*Note*)	**97,435**	97,351
Tips received	**11,698**	9,987
Hotel and mall operations	**3,436,205**	3,227,582
Administrative fees from gaming operations	**10,825**	18,570
Sales of construction materials	**3,067,378**	2,140,934
	62,450,453	52,826,115

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 2017, the Group is entitled to HK$97,435,000 (2016: HK$97,351,000), 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, donation and sponsorship, loss on disposal of certain property, plant and equipment, and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes taxation of joint ventures, the effects of share option expenses and share award expenses.

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

The reportable segments derive their revenue from the 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 *HK$'000*	Construction materials *HK$'000*	Corporate and treasury management *HK$'000*	Total *HK$'000*
Year ended 31 December 2017				
Reportable segment revenue	**61,416,779**	**3,067,378**	**-**	**64,484,157**
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	**(2,141,964)**	**-**	**-**	**(2,141,964)**
Contributions	**97,435**	**-**	**-**	**97,435**
Others	**10,825**	**-**	**-**	**10,825**
Revenue recognised under HKFRS	**59,383,075**	**3,067,378**	**-**	**62,450,453**
Adjusted EBITDA including share of results of joint ventures and associated companies	**13,554,409**	**744,494**	**(151,494)**	**14,147,409**
Interest income and gross earnings on finance lease				**627,017**
Amortisation and depreciation				**(3,348,665)**
Finance costs				**(63,914)**
Taxation charge				**(112,775)**
Adjusted items:				
Taxation of joint ventures and associated companies				**(75,494)**
Pre-opening expenses				**(51,469)**
Loss on disposal/write-off of certain property, plant and equipment				**(122,630)**
Share option expenses				**(123,777)**
Share award expenses				**(257,272)**
Donation and sponsorship				**(6,342)**
Others				**(96,486)**
Profit for the year				**10,515,602**
Share of results of joint ventures and associated companies	**46,330**	**197,845**	**-**	**244,175**

3. Segment information (Cont'd)

	Gaming and entertainment *HK$'000*	Construction materials *HK$'000*	Corporate and treasury management *HK$'000*	Total *HK$'000*
Year ended 31 December 2016				
Reportable segment revenue	52,734,008	2,140,934	-	54,874,942
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	(2,164,748)	-	-	(2,164,748)
Contributions	97,351	-	-	97,351
Others	18,570	-	-	18,570
Revenue recognised under HKFRS	50,685,181	2,140,934	-	52,826,115
Adjusted EBITDA including share of results of joint ventures and associated companies	10,057,041	434,445	(143,039)	10,348,447
Interest income and gross earnings on finance lease				151,025
Amortisation and depreciation				(3,572,577)
Finance costs				(43,673)
Taxation charge				(76,656)
Adjusted items:				
Taxation of joint ventures and associated companies				(32,959)
Pre-opening expenses				(44,441)
Share option expenses				(185,009)
Share award expenses				(225,256)
Donation and sponsorship				(8,057)
Others				(39,438)
Profit for the year				6,271,406
Share of results of joint ventures and associated companies	17,048	55,212	-	72,260

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 2017				
Total assets	**77,768,177**	**5,972,591**	**73,914**	**83,814,682**
Total assets include:				
Joint ventures	**94,066**	**1,424,301**	**-**	**1,518,367**
Associated companies	**-**	**2,217**	**-**	**2,217**
Total liabilities	**16,662,555**	**2,330,355**	**8,806,179**	**27,799,089**
As at 31 December 2016				
Total assets	60,513,416	5,696,510	51,104	66,261,030
Total assets include:				
Joint ventures	58,684	1,194,766	-	1,253,450
Associated companies	-	2,317	-	2,317
Total liabilities	12,291,216	2,125,796	4,981,005	19,398,017
Year ended 31 December 2017				
Additions to non-current assets	**1,304,144**	**82,369**	**349**	**1,386,862**
Year ended 31 December 2016				
Additions to non-current assets	787,282	433,799	-	1,221,081

Geographical analysis

Year ended 31 December	**2017** *HK$'000*	2016 *HK$'000*
Revenue		
Macau	**59,694,127**	50,866,815
Hong Kong	**1,857,173**	1,560,383
Mainland China	**899,153**	398,917
	62,450,453	52,826,115

Non-current assets	**As at 31 December 2017** *HK$'000*	As at 31 December 2016 *HK$'000*
Macau	**60,289,982**	40,999,658
Hong Kong	**535,271**	576,608
Mainland China	**2,888,018**	2,653,006
	63,713,271	44,229,272

4. Profit before taxation

	2017	2016
	HK$'000	*HK$'000*
Profit before taxation is arrived at after crediting:		
Rental income from investment properties	**-**	4,304
Interest income	**625,623**	149,473
Dividend income from unlisted investments	**2,650**	2,100
and after charging:		
Loss on disposal of other investments	**-**	896
Loss on disposal/write-off of property, plant and equipment	**121,652**	4,929
Depreciation	**3,028,726**	3,252,445
Amortisation		
Gaming licence	**106,337**	106,629
Computer software	**36,602**	36,349
Leasehold land and land use rights	**89,075**	89,229
Reacquired right	**87,925**	87,925

5. Taxation charge

	2017	2016
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax	**37,810**	33,683
Mainland China income tax and withholding tax	**24,973**	2,575
Macau complementary tax	**3,756**	2,272
Net over provision in prior years	**(635)**	(3,911)
Lump sum in lieu of Macau complementary tax on dividend	**35,534**	35,534
Deferred taxation	**11,337**	6,503
Taxation charge	**112,775**	76,656

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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% (2016: 12% to 25%). The weighted average applicable tax rate was 12% (2016: 12%).

6. Dividends

	2017 *HK$'000*	2016 *HK$'000*
First special dividend paid of HK$0.26 (2016: HK$0.15) per ordinary share	**1,111,839**	639,639
Second special dividend paid of HK$0.33 (2016: HK$0.18) per ordinary share	**1,413,750**	768,659
	2,525,589	1,408,298

The Board of Directors does not declare any final dividend for the year ended 31 December 2017 (2016: nil).

Details of the special dividend declared subsequent to the year ended 31 December 2017 are given in note 10.

7. 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 (2016: two) categories of dilutive potential ordinary shares: share options and share award. 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 below is compared with the number of shares that would have been issued from the share options and the share award, the dilutive effect of the share award scheme is assumed if the awarded shares are issued by new shares, which is yet to be determined.

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

	2017 *HK$'000*	2016 *HK$'000*
Profit attributable to equity holders of the Company	**10,504,361**	6,283,397

	Number of shares	
	2017	2016
Weighted average number of shares for calculating basic earnings per share	**4,285,220,145**	4,266,230,997
Effect of dilutive potential ordinary shares		
Share options	**23,880,906**	10,129,141
Share award	**2,039,150**	21,741,501
Weighted average number of shares for calculating diluted earnings per share	**4,311,140,201**	4,298,101,639

8. Debtors and prepayments

	2017 *HK$'000*	2016 *HK$'000*
Trade debtors, net of provision	**627,360**	486,408
Other debtors and deposit paid, net of provision	**1,166,988**	947,829
Prepayments	**139,595**	125,347
Current portion of finance lease receivable	**27,566**	23,572
	1,961,509	1,583,156

Trade debtors mainly arise from the sales of construction materials and mall operations. The Group has established credit policies which follow local industry standards. The Group normally allows an approved credit period ranging from 30 to 60 days (2016: 30 to 60 days) for customers in Hong Kong and Macau and 60 to 180 days (2016: 60 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:

	2017 *HK$'000*	2016 *HK$'000*
Within one month	**363,959**	320,527
Two to three months	**234,065**	145,690
Four to six months	**16,877**	13,993
Over six months	**12,459**	6,198
	627,360	486,408

9. Creditors and accruals

	2017 *HK$'000*	2016 *HK$'000*
Trade creditors	**4,330,338**	2,251,461
Other creditors	**4,373,944**	4,974,565
Chips issued	**6,245,684**	3,258,253
Loans from non-controlling interests	**26,509**	26,505
Accruals and provision	**2,223,640**	2,127,876
Deposits received	**37,109**	21,046
	17,237,224	12,659,706

9. Creditors and accruals (Cont'd)

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

	2017	2016
	HK$'000	*HK$'000*
Within one month	**3,865,907**	1,882,003
Two to three months	**137,366**	91,372
Four to six months	**133,962**	95,134
Over six months	**193,103**	182,952
	4,330,338	2,251,461

10. Post Balance Sheet Event

On 28 February 2018, the Board of Directors declared a special dividend of HK$0.41 per share, payable to shareholders of the Company whose names appear on the register of members of the Company on 29 March 2018. The total amount of the special dividend to be distributed is estimated to be approximately HK$1,780 million and will be paid on or about 27 April 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW OF MACAU GAMING MARKET

Despite increased competition both in Macau and regionally, combined with a number of geo-political events occurring globally during 2017, we are encouraged to see that Macau is experiencing a continued market recovery. Gross gaming revenue for 2017 was $258 billion, up 19% year-on-year. Q4 2017 gross gaming revenue was $70.3 billion, up 20% year-on-year and up 8% quarter-on-quarter.

During 2017, visitation to Macau was 32.6 million, up 5% year-on-year. Visitors from Mainland were 22 million, up 9% compared to 2016. In particular, overnight visitors grew at a faster rate of 10% year-on-year. New hotel capacity has successfully grown overnight visitation. We view this trend as very positive as overnight visitors have a higher spend per customer than day trippers. The average length of stay of overnight visitors was 2.1 days in 2017.

Infrastructure continued to progress in 2017. The opening of the new Taipa Ferry Terminal and the additional train lines to Zhuhai added to the high speed train network help make it easier to visit Macau. We look forward to the opening of the Hong Kong-Zhuhai-Macau Bridge which will further enhance the appeal and accessibility to Macau for both Chinese and International visitors.

On the regulatory side, the Macau Government set new standards for financial reporting which helps to bring greater transparency. The revised smoking bill was passed in 2017 and operators will enhance standards of their smoking lounges on the main gaming floor and install smoking lounges into VIP rooms no later than 1 January 2019, thereby enhancing the work place environment.

REVIEW OF OPERATIONS

Group Financial Results

The Group posted revenue of $62.5 billion, up 18% year-on-year, and generating Adjusted EBITDA of $14.1 billion, up 37% year-on-year in 2017. Net profit attributable to shareholders was $10.5 billion. Galaxy Macau™'s Adjusted EBITDA was $11.1 billion, up 31% year-on-year. StarWorld Macau's Adjusted EBITDA was $3.0 billion, up 38% year-on-year. Broadway Macau™'s Adjusted EBITDA was $10 million versus $30 million in 2016.

GEG experienced bad luck in its gaming operations during 2017, which decreased its Adjusted EBITDA by approximately $37 million. Normalized 2017 Adjusted EBITDA grew 44% year-on-year to $14.2 billion.

The Group's total gaming revenue on a management basis[1] in 2017 was $58.0 billion, up 17% year-on-year, total mass gaming revenue was $24.2 billion, up 15% year-on-year and total VIP gaming revenue was $31.6 billion, up 19% year-on-year.

At GEG, we continuously search to identify opportunities to make our resorts more attractive and competitive. During 2017, we undertook a number of activities to achieve this continuous improvement. This included relaying parts of the gaming floor, adding new F&B offerings and retail outlets where appropriate. We believe this approach helps ensure that our resorts remain attractive and competitive to our customers, but in particular to our repeat visitors who can enjoy new experiences each visit.

Group Gaming in 2017 (HK$'m)	**Turnover/ Table Drop/ Slots Handle**	**Net Win**	**Win / Hold %**
VIP Gaming	**912,147**	**31,600**	**3.5%**
Mass Gaming	**58,786**	**24,208**	**41.2%**
Electronic Gaming	**61,847**	**2,161**	**3.5%**

Group Gaming in 2016 (HK$'m)	Turnover/ Table Drop/ Slots Handle	Net Win	Win / Hold %
VIP Gaming	716,279	26,553	3.7%
Mass Gaming	52,451	20,977	40.0%
Electronic Gaming	56,342	1,966	3.5%

Group Gaming in Q4 2017 (HK$'m)	**Turnover/ Table Drop/ Slots Handle**	**Net Win**	**Win / Hold %**
VIP Gaming	**280,698**	**9,481**	**3.4%**
Mass Gaming	**15,612**	**6,655**	**42.6%**
Electronic Gaming	**15,936**	**551**	**3.5%**

[1] The primary difference between statutory revenue and management basis revenue is the treatment of City Clubs revenue where fee income is reported on a statutory basis and gaming revenue is reported on a management basis. At the group level the gaming statistics include Company owned resorts plus City Clubs.

Group Gaming in Q4 2016 (HK$'m)	Turnover/ Table Drop/ Slots Handle	Net Win	Win / Hold %
VIP Gaming	190,746	7,194	3.8%
Mass Gaming	13,528	5,632	41.6%
Electronic Gaming	14,732	513	3.5%

Balance Sheet, Treasury Management and Special Dividends

The Group's balance sheet remains healthy and liquid. As of 31 December 2017, cash and liquid investments were $41.4 billion (2016: $22.6 billion) and net cash was $31.7 billion. Total debt increased from $5.9 billion at 31 December 2016 to $9.7 billion at 31 December 2017. This increase in debt is due solely to a treasury management exercise where interest income on cash holdings exceeds corresponding borrowing costs. Our strong balance sheet combined with substantial cash flow from operations allows us to return capital to shareholders via dividends and to fund our development pipeline and international expansion ambitions.

In 2017, GEG returned capital to shareholders by paying two special dividends of $0.26 per share and $0.33 per share on 28 April 2017 and 27 October 2017 respectively. Subsequently GEG announced another special dividend of $0.41 per share to be paid on or about 27 April 2018, a 58% increase compared to April 2017.

Set out below is the segmental analysis of the Group's operating results for the 2017.

2017 (HK$'m)	**Gaming and Entertainment**	**Construction Materials**	**Corporate**	**Total**
Revenue	**59,383**	**3,067**	**-**	**62,450**
Adjusted EBITDA	**13,554**	**744**	**(151)**	**14,147**

2016 (HK$'m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	50,685	2,141	-	52,826
Adjusted EBITDA	10,057	434	(143)	10,348

GAMING AND ENTERTAINMENT DIVISION

Galaxy Macau™

Financial and Operational Performance

Galaxy Macau™ is the primary contributor to Group revenue and earnings. Revenue in the year was up 17% year-on-year to $44.6 billion. Adjusted EBITDA was up 31% year-on-year to $11.1 billion.

Galaxy Macau™ experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately $35 million in 2017. Normalized 2017 Adjusted EBITDA grew 39% year-on-year to $11.2 billion.

Adjusted EBITDA margin for 2017 calculated under HKFRS was 25% (2016: 22%), or 32% under US GAAP (2016: 28%). Q4 2017 Adjusted EBITDA margin under HKFRS increased to 25% (Q4 2016: 23%), or 34% under US GAAP (Q4 2016: 30%).

VIP Gaming Performance

VIP rolling chip volume for 2017 was $621.5 billion, up 27% year-on-year. This translated to revenue of $23.1 billion, up 18% year-on-year.

VIP Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Turnover	131,755	132,899	164,876	191,995	490,694	**621,525**	27%
Net Win	5,113	4,830	5,854	7,263	19,540	**23,060**	18%
Win %	3.9%	3.6%	3.6%	3.8%	4.0%	**3.7%**	n/a

Mass Gaming Performance

Mass gaming revenue for 2017 was $16.7 billion, up 19% year-on-year.

Mass Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Table Drop	8,839	8,930	9,619	10,121	32,046	**37,509**	17%
Net Win	3,968	3,845	4,169	4,682	13,969	**16,664**	19%
Hold %	44.9%	43.1%	43.3%	46.3%	43.6%	**44.4%**	n/a

Electronic Gaming Performance

Electronic gaming revenue for 2017 was $1.8 billion, up 6% year-on-year.

Electronic Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Slots Handle	11,385	11,187	11,708	11,782	46,531	**46,062**	(1%)
Net Win	454	439	482	467	1,730	**1,842**	6%
Hold %	4.0%	3.9%	4.1%	4.0%	3.7%	**4.0%**	n/a

Non-Gaming Performance

Non-gaming revenue for 2017 was $3.0 billion, up 6% year-on-year. The combined five hotels registered strong occupancy of 98% in 2017. Net rental revenue for the Promenade was $906 million for 2017, up 16% year-on-year.

Non-Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Net Rental Revenue	222	212	222	250	782	**906**	16%
Hotel Revenue / F&B / Others	485	501	551	561	2,041	**2,098**	3%
Total	707	713	773	811	2,823	**3,004**	6%

StarWorld Macau

Financial and Operational Performance

StarWorld Macau's revenue for the year was up 20% year-on-year to $14.2 billion. Adjusted EBITDA was up 38% year-on-year to $3.0 billion.

There was no material luck impact for StarWorld Macau's Adjusted EBITDA in 2017.

Adjusted EBITDA margin for 2017 calculated under HKFRS was 21% (2016: 18%), or 29% under US GAAP (2016: 25%). Q4 2017 Adjusted EBITDA margin under HKFRS was 20% (Q4 2016: 19%), or 28% under US GAAP (Q4 2016: 26%).

VIP Gaming Performance

VIP rolling chip volume for 2017 was $278.6 billion, up 30% year-on-year. This translated to revenue of $8.2 billion, up 24% year-on-year.

VIP Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Turnover	63,066	62,698	66,891	85,920	215,040	**278,575**	30%
Net Win	1,703	2,102	2,292	2,116	6,637	**8,213**	24%
Win %	2.7%	3.4%	3.4%	2.5%	3.1%	**2.9%**	n/a

Mass Gaming Performance

Mass gaming revenue for 2017 was $5.6 billion, up 15% year-on-year.

Mass Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Table Drop	3,442	3,501	3,569	3,694	12,538	**14,206**	13%
Net Win	1,291	1,426	1,425	1,467	4,871	**5,609**	15%
Hold %	37.5%	40.7%	39.9%	39.7%	38.8%	**39.5%**	n/a

Electronic Gaming Performance

Electronic gaming revenue for 2017 was $146 million, up 39% year-on-year.

Electronic Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Slots Handle	1,594	1,668	1,570	1,640	2,878	**6,472**	125%
Net Win	34	36	41	35	105	**146**	39%
Hold %	2.1%	2.2%	2.6%	2.1%	3.7%	**2.3%**	n/a

Non-Gaming Performance

Non-gaming revenue in 2017 was $212 million, up 2% year-on-year. Hotel room occupancy was 99% for 2017.

Non-Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Net Rental Revenue	12	11	12	13	37	**48**	30%
Hotel Revenue / F&B / Others	39	39	39	47	171	**164**	(4%)
Total	51	50	51	60	208	**212**	2%

Broadway Macau™

Financial and Operational Performance

Broadway Macau™ is a unique family friendly, street entertainment and food resort supported by Macau SMEs, it does not have a VIP gaming component. The property's revenue in 2017 was down 24% year-on-year to $514 million. Adjusted EBITDA was $10 million for 2017 versus $30 million in 2016.

Broadway Macau™ experienced bad luck in its gaming operations which decreased its Adjusted EBITDA by approximately $2 million in 2017. Normalized 2017 Adjusted EBITDA was $12 million versus $24 million in 2016.

Mass Gaming Performance

Mass gaming revenue for 2017 was $262 million, down 42% year-on-year.

Mass Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Table Drop	325	291	184	262	1,970	**1,062**	(46%)
Net Win	75	64	48	75	449	**262**	(42%)
Hold %	23.1%	22.0%	26.1%	28.5%	22.8%	**24.6%**	n/a

Electronic Gaming Performance

Electronic gaming revenue for 2017 was $31 million, up 3% year-on-year.

Electronic Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Slots Handle	201	308	183	327	522	**1,019**	95%
Net Win	8	8	6	9	30	**31**	3%
Hold %	4.0%	2.6%	3.1%	2.7%	5.7%	**3.0%**	n/a

Non-Gaming Performance

Non-gaming revenue in 2017 was $221 million, up 12% year-on-year. Hotel room occupancy was virtually 100% for 2017.

Non-Gaming							
HK$'m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2016	**FY 2017**	YoY%
Net Rental Revenue	10	10	9	11	57	**40**	(30%)
Hotel Revenue / F&B / Others	42	45	42	52	140	**181**	29%
Total	52	55	51	63	197	**221**	12%

City Clubs

City Clubs contributed $107 million of Adjusted EBITDA to the Group's earnings for 2017 versus $107 million in 2016.

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division ("CMD") delivered strong results during the year, achieving year-on-year revenue growth of 43% to $3.1 billion and Adjusted EBITDA growth of 71% to $744 million. The good results primarily came from rapid improvement of the construction market in China and stable performance in Hong Kong despite challenging market environment.

Hong Kong and Macau

Construction materials businesses in Hong Kong delivered a solid performance despite intensifying market competition and deteriorating market environment.

In July 2017, CMD officially handed over Anderson Road Quarry to the Government of the Hong Kong Special Administrative Region (the "HKSAR Government") after satisfactory completion of its Rehabilitation Contract. The HKSAR Government will develop this site into massive private and subsidized housing projects to benefit the society and the people of Hong Kong. With a strong aggregate reserve in Huidong of Guangdong Province, CMD continues to supply aggregates to Hong Kong to satisfy its increasing demand for aggregates and downstream business needs.

In Macau, the economy showed signs of recovery. Demand for construction materials is gradually picking up for construction projects driven by expansion in the entertainment, infrastructure and property sectors.

Mainland China

In Yunnan, as a result of growth in infrastructure projects, both cement market price and sales volume improved, leading to a significant increase in profit contribution from our cement operations.

Ground Granulated Blast-furnace Slag ("GGBS") selling price also improved, in line with the improvement in cement selling price across the Mainland. Most of our GGBS operations recorded significant improvement in profit contributions. However, GGBS market in Northern China is still challenging due to significant overcapacity situation in the region.

As a one-stop integrated construction materials supplier offering ecologically friendly products and value-added solutions, CMD looks forward to participating further in infrastructure projects arising from the Belt and Road initiative and development of the Guangdong-Hong Kong-Macau Greater Bay Area in future.

DEVELOPMENT UPDATE

Cotai – The Next Chapter

GEG is uniquely positioned for long term growth. We continue to move forward with our plans for Phases 3 and 4, and we look forward to formally announcing our development plans in the future.

Hengqin

We continue to make progress with our concept plan for our Hengqin project. Hengqin will allow GEG to develop a leisure destination resort that will complement our high energy resorts in Macau.

International

We are exploring opportunities in the Philippines to develop a premium quality eco-friendly beach resort on Boracay Island. We look forward to updating you on our progress as we move forward.

In July 2015, GEG made a strategic investment in Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco ("Monte-Carlo SBM"), a world renowned owner and operator of iconic luxury hotels and resorts in the Principality of Monaco. GEG continues to explore a range of international development opportunities including in Japan. GEG was recently chosen for inclusion in the Nikkei Asia300 Investable Index – a newly created index of Asia's biggest and fastest-growing companies. GEG is the only Macau gaming company to be included in the Nikkei Asia300.

SUBSEQUENT EVENT

GEG announced a special dividend of $0.41 per share payable on or about 27 April 2018, a 58% increase compared to April 2017.

GROUP OUTLOOK

We remain confident in our outlook for Macau. In the short term, the Mainland Chinese economy has been performing solidly while new Macau property openings in 2018 should further stimulate tourism demand. In addition, the opening of the Hong Kong-Zhuhai-Macau Bridge will significantly improve accessibility for international travellers who arrive by air via Hong Kong. In the medium to longer term, tourist markets in Mainland China and Asia remain dramatically underpenetrated, offering opportunities for significant growth in tourism, leisure and travel.

GEG is uniquely positioned to capitalize on this growth trend thanks to having the largest landbank and development pipeline in Macau with Phases 3 and 4. Additionally, GEG is the only concessionaire with plans for development on Hengqin. We also look forward to international opportunities, such as Boracay Island in the Philippines and an integrated resort in Japan. We will continue to offer guests a "World Class, Asian Heart" experience with a focus to drive profitable volumes, yield results, and attract higher spending customers.

The Macau Government's initiative of building Macau into a World Centre of Tourism and Leisure continues to progress. New hotel capacity has increased overnight visitation to Macau who have a higher spend per customer than day trippers. Meanwhile, the Central Government's Belt and Road initiative and the Greater Bay Area integration plan will further increase visitation to Macau and drive the macro economy. On the regulatory side, the Macau Government has set new standards for financial reporting that will help bring greater transparency and international understanding of the Macau gaming market. We are committed to invest in Macau's economic diversification and support the Macau Government's vision. We also support the Central Government's Belt & Road initiative as demonstrated by our proposed development in Boracay, Philippines.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 31 December 2017 increased to $55,482 million, an increase of approximately 20% over that as at 31 December 2016 of $46,345 million while the Group's total assets employed increased to $83,815 million as at 31 December 2017 as compared to $66,261 million as at 31 December 2016.

The Group continues to maintain a strong financial position. We continue to invest surplus cash in low risk short term fixed deposits as well as high quality debt securities issued by large financial institutions and corporations with weighted average tenor of approximately 4 years to generate low risk interest income for the Group. As at 31 December 2017, the Group invested $23,828 million ($2,752 million as at 31 December 2016) in debt securities; while cash and bank balances were $17,565 million as compared to $19,897 million as at 31 December 2016.

The Group's total borrowings were $9,944 million as at 31 December 2017 as compared to $6,135 million as at 31 December 2016. The Group was in a net cash position as at 31 December 2017 and 31 December 2016.

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

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

TREASURY POLICY

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

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

CHARGES ON GROUP ASSETS

Property, plant and equipment, leasehold land and land use rights with net book value of $1,053 million (2016: $1,023 million) and bank deposits of $628 million (2016: $315 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 $790 million (2016: $590 million). At 31 December 2017, facilities utilized amounted to $300 million (2016: $300 million).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures and an associated company amounting to $163 million (2016: $297 million). At 31 December 2017, facilities utilized amounted to $84 million (2016: $255 million).

DEALINGS IN LISTED SECURITIES

During the year 2017, the trustee of the Share Award Scheme, pursuant to the terms of the Trust Deed, purchased on the Stock Exchange of Hong Kong Limited ("the Stock Exchange") a total of 320,844 shares of the Company for a total consideration of approximately HK$18.41 million for satisfying the share awards granted to the connected persons (as defined under the Rules Governing the Listing of Securities on the Stock Exchange), who are also employees of the Company. All 320,844 shares were subsequently transferred to those connected persons on the respective vesting dates of the share awards.

Save as disclosed, neither GEG nor any of its subsidiaries has purchased, sold or redeemed any of GEG's shares during the year ended 31 December 2017.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2017 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 2017 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.

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

DIVIDENDS

Special dividends of HK$0.26 and HK$0.33 per share for the year ended 31 December 2017 were paid to the shareholders of the Company on 28 April 2017 and 27 October 2017 respectively.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil).

Total dividends paid to shareholders of the Company for the year ended 31 December 2017 were HK$0.59 per share (2016: HK$0.33 per share).

On 28 February 2018, the Board of Directors has resolved to declare special dividend of HK$0.41 per share totaling approximately HK$1,780 million, payable to shareholders whose names appear on the register of members of the Company on 29 March 2018. This special dividend is expected to be paid on or about 27 April 2018.

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 March 2018 to Thursday, 29 March 2018, 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 March 2018.

ENTITLEMENT TO ATTEND AND VOTE AT THE 2018 ANNUAL GENERAL MEETING

The 2018 Annual General Meeting of the shareholders of GEG will be held on Thursday, 3 May 2018. The register of members of GEG will be closed from Friday, 27 April 2018 to Thursday, 3 May 2018, 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 2018 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 Thursday, 26 April 2018.

ANNUAL REPORT 2017

The Annual Report 2017 of GEG containing all the information required by the Listing Rules will be available on the respective websites of Hong Kong Exchanges and Clearing Limited and GEG and dispatched to the shareholders in due course.

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

Hong Kong, 28 February 2018

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 Dr. Charles Cheung Wai Bun; 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