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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 2010

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 2010 as follows:

Highlights

GEG:

- Record full year Group Adjusted EBITDA of HK\$2.23 billion, up 92% year-on-year
- All-time record Group Adjusted EBITDA of HK\$625 million in Q4, up 76% year-on-year, and NINTH consecutive quarter of Group EBITDA growth

StarWorld:

- All-time record Adjusted EBITDA of HK\$585 million in Q4 and TENTH consecutive quarter of EBITDA growth
- Continuously improving ROI* of 61% in 2010, one of the highest ROIs of any major casino

Galaxy Macau™ - Grand Opening on Sunday 15 May, 2011

- Galaxy Macau™ scheduled to open with the accelerated rollout program including:
 - 1,400 rooms and suites (of total 2,200 rooms and suites)
 - all 50 food and beverage outlets
 - 450 tables and 1,100 slot machines (can expand to over 600 tables and 1,500 slot machines if needed)
 - Grand Resort Deck with the world’s largest skytop wave pool
- Unveil new HK\$600 million entertainment offering to open in September 2011, primarily consisting of:
 - Macau’s only modern Cineplex, a 9-screen, 3D-compatible, multifunction cinema theatre with a total capacity of 1,000 seats
 - A 1,000 square metre multipurpose event plaza

Balance Sheet/ Financing Highlights

- Remained liquid with total cash on hand of HK\$4.4 billion as of 31 December 2010
- Successfully closed landmark RMB1.38 billion oversubscribed and upsized bond offering in December 2010
- Subsequent to year end 2010, all of the HK\$1.3 billion/US\$165 million convertible notes were converted into 173 million common shares, further strengthening the balance sheet and increasing the free-float of shares

* ROI calculated based on the total Adjusted EBITDA for the latest twelve months (LTM) divided by the total investment, including land cost.

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2010

	Note	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Revenue	2	19,262,133	12,232,679
Other income/gains, net		25,456	221,036
Special gaming tax and other related taxes to the Macau Government		(6,966,527)	(4,215,981)
Commission and allowances to gaming counterparties		(7,594,026)	(4,426,441)
Raw materials and consumables used		(601,691)	(587,563)
Amortisation and depreciation		(510,519)	(541,097)
Employee benefit expenses		(1,342,296)	(1,188,709)
Other operating expenses		(975,903)	(926,334)
Net (loss)/gain on buyback of guaranteed notes		(133,175)	623,838
Gain on buyback of convertible notes		-	191,267
Finance costs		(59,142)	(138,993)
Change in fair value of derivative under the convertible notes		(286,058)	(96,295)
Share of profits less losses of:			
Jointly controlled entities		141,866	85,845
Associated company		(857)	127
Profit before taxation		959,261	1,233,379
Taxation charge	5	(44,725)	(75,726)
Profit for the year		914,536	1,157,653
Attributable to:			
Equity holders of the Company		898,455	1,149,113
Non-controlling interests		16,081	8,540
		914,536	1,157,653
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	6		
Basic		22.8	29.2
Diluted		22.6	29.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2010

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit for the year	914,536	1,157,653
Other comprehensive income/(loss)		
Change in fair value of non-current investments	11,528	7,744
Currency translation differences	31,629	(7,544)
Change in fair value of cash flow hedges	-	(3,173)
Derecognition of cash flow hedges	5,890	-
	<u>49,047</u>	<u>(2,973)</u>
Other comprehensive income/(loss) for the year, net of tax		
	<u>49,047</u>	<u>(2,973)</u>
Total comprehensive income for the year	<u>963,583</u>	<u>1,154,680</u>
Total comprehensive income attributable to:		
Equity holders of the Company	941,143	1,145,920
Non-controlling interests	22,440	8,760
	<u>963,583</u>	<u>1,154,680</u>

CONSOLIDATED BALANCE SHEET
As at 31 December 2010

	Note	2010 HK\$'000	2009 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		12,394,439	7,175,464
Investment properties		77,000	66,700
Leasehold land and land use rights		4,330,351	4,347,228
Intangible assets		1,320,129	1,391,322
Jointly controlled entities		1,042,147	1,003,061
Associated company		-	857
Other non-current assets		486,307	352,660
		<u>19,650,373</u>	<u>14,337,292</u>
Current assets			
Inventories		87,113	84,820
Debtors and prepayments	7	852,634	894,862
Amounts due from jointly controlled entities		143,059	91,556
Derivative financial instruments		2,475	382
Taxation recoverable		1,562	2,479
Other investments		20,463	35,132
Cash and bank balances		4,428,495	3,516,490
		<u>5,535,801</u>	<u>4,625,721</u>
Total assets		<u>25,186,174</u>	<u>18,963,013</u>
EQUITY			
Share capital		395,440	394,159
Reserves		8,801,497	7,774,378
Shareholders' funds		9,196,937	8,168,537
Non-controlling interests		377,614	266,597
Total equity		<u>9,574,551</u>	<u>8,435,134</u>
LIABILITIES			
Non-current liabilities			
Borrowings		7,143,507	4,459,703
Deferred taxation liabilities		277,555	271,884
Derivative financial instruments		-	101,044
Provisions		115,150	129,778
Retention payable		67,647	-
		<u>7,603,859</u>	<u>4,962,409</u>
Current liabilities			
Creditors and accruals	8	5,243,615	4,115,549
Amounts due to jointly controlled entities		23,763	4,157
Current portion of borrowings		2,282,725	1,383,488
Derivative financial instruments		387,242	508
Provision for tax		70,419	61,768
		<u>8,007,764</u>	<u>5,565,470</u>
Total liabilities		<u>15,611,623</u>	<u>10,527,879</u>
Total equity and liabilities		<u>25,186,174</u>	<u>18,963,013</u>
Net current liabilities		<u>(2,471,963)</u>	<u>(939,749)</u>
Total assets less current liabilities		<u>17,178,410</u>	<u>13,397,543</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

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

At 31 December 2010, the Group’s current liabilities exceeded its current assets by HK\$2,472 million. The net current liabilities consist of convertible notes and the related derivative financial liabilities of HK\$1,568 million in aggregate. These convertible notes have been converted into ordinary shares of the Company subsequent to the year end, which did not result in any cash outflow. In addition, taking into account the committed unutilised banking facilities of HK\$4.7 billion as at 31 December 2010, the Group considers its liquidity and financial position as a whole is healthy and has a reasonable expectation that the Group 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 2010, the Group adopted the following new/revised HKFRS issued by the HKICPA which are relevant to its operations.

HKFRS 2 (Amendment)	Share-based Payments
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 (Amendment)	Non-current Assets Held For Sale and Discontinued Operations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement - Eligible hedge items
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Annual improvements to HKFRS published in May 2009

HKFRS 5 (Amendment)	Non-current Assets Held For Sale and Discontinued Operations
HKFRS 8 (Amendment)	Operating Segments
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets

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

(a) The adoption of new/revised HKFRS (cont'd)

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 except for HKAS 27 (Revised) and HKFRS 3 (Revised) as set out below:

HKAS 27 (Revised) and HKFRS 3 (Revised) requires the effects of all transactions with non-controlling interests that do not result in the change of control to be recorded in equity and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value. The difference between its fair value and carrying amount is recognised in the consolidated income statement.

The adoption of HKAS 27 (Revised) and HKFRS 3 (Revised) does not result in any impact on the Group's result in the current period nor the financial position at the end of the reporting period.

(b) New standards and interpretations to existing standards that are relevant but not yet effective

New standards and interpretations		Effective for accounting periods beginning on or after
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
HKAS 12 (Amendment)	Deferred tax: recovery of underlying assets	1 January 2012
HKFRS 9	Financial Instruments	1 January 2013
Annual improvements to HKFRS published in May 2010		
HKFRS 3 (Amendment)	Business combinations	1 July 2010
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements	1 July 2010
HKAS 1 (Amendment)	Presentation of Financial Statements	1 January 2011
HKAS 34 (Amendment)	Interim Financial Reporting	1 January 2011
HKFRS 7 (Amendment)	Financial instruments: Disclosure	1 January 2011

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Sales of construction materials	1,241,715	1,245,297
Gaming operations		
Net gaming wins	17,622,855	10,578,436
Contributions from Certain City Club Casinos (<i>Note</i>)	79,709	101,543
Tips received	11,639	10,343
Hotel operations	297,740	284,426
Administrative fees from gaming operations	8,475	12,634
	<u>19,262,133</u>	<u>12,232,679</u>

(*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 2010, the Group is entitled to HK\$79,709,000 (2009: HK\$101,543,000), 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”). The Group continually reviews the content and presentation of the financial statements to consider their relevance and usefulness to readers. As a result of this ongoing review the Group has changed the measurement basis of Adjusted EBITDA and has included share option expenses and donation expenses as adjusted items. Comparative figures have been restated. The Group believes this revised measurement will provide users of the financial statements with a better understanding of the business. The revised measurement is also more closely aligned with the way management reviews performance internally. This measurement basis excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, 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, 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 <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 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	<u>18,020,418</u>	<u>1,241,715</u>	<u>–</u>	<u>19,262,133</u>
Adjusted EBITDA	<u>1,974,657</u>	<u>348,014</u>	<u>(91,698)</u>	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				<u>(2,391)</u>
Profit for the year				<u>914,536</u>

3. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2009				
Reportable segment revenue	13,777,050	1,245,297	–	15,022,347
Adjusted for:				
Certain City Club Casinos arrangement set out in note 2				
Revenue not recognised	(2,898,329)	–	–	(2,898,329)
Contributions	101,543	–	–	101,543
Others	7,118	–	–	7,118
Revenue recognised under HKFRS	<u>10,987,382</u>	<u>1,245,297</u>	<u>–</u>	<u>12,232,679</u>
Adjusted EBITDA	<u>1,001,395</u>	<u>252,740</u>	<u>(93,249)</u>	1,160,886
Interest income and gross earnings on finance lease				27,565
Amortisation and depreciation				(541,097)
Finance costs				(138,993)
Change in fair value of derivative under the convertible notes				(96,295)
Taxation charge				(75,726)
Taxation of jointly controlled entities				(7,473)
Adjusted items:				
Net gain on buyback of guaranteed notes				623,838
Gain on buyback of convertible notes				191,267
Reversal upon forfeiture of share options				21,225
Pre-opening expenses of Galaxy Macau resort at Cotai				(33,365)
Unrealised gain on listed investments				19,558
Share option expenses				(30,809)
Donation expenses				(10,750)
Gain on disposal of a subsidiary				148,385
Impairment of investment in and advance to a non-current investment				(22,757)
Termination of cross currency swaps				(6,895)
Other provision				<u>(70,911)</u>
Profit for the year				<u>1,157,653</u>

3. Segment information (Cont'd)

	Gaming and entertainment <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Corporate and treasury management <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2010				
Total assets	<u>20,413,296</u>	<u>3,151,052</u>	<u>1,621,826</u>	<u>25,186,174</u>
Total assets include:				
Jointly controlled entities	13,325	1,028,822	-	1,042,147
Associated company	-	-	-	-
Total liabilities	<u>10,456,163</u>	<u>1,398,626</u>	<u>3,756,834</u>	<u>15,611,623</u>
As at 31 December 2009				
Total assets	<u>16,311,283</u>	<u>2,596,784</u>	<u>54,946</u>	<u>18,963,013</u>
Total assets include:				
Jointly controlled entities	8,210	994,851	-	1,003,061
Associated company	-	857	-	857
Total liabilities	<u>8,530,191</u>	<u>792,754</u>	<u>1,204,934</u>	<u>10,527,879</u>

Geographical analysis

Year ended 31 December	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Revenue		
Macau	18,092,665	11,031,432
Hong Kong	782,276	679,557
Mainland China	<u>387,192</u>	<u>521,690</u>
	<u>19,262,133</u>	<u>12,232,679</u>
Non-current assets, other than financial instruments	As at 31 December 2010 <i>HK\$'000</i>	As at 31 December 2009 <i>HK\$'000</i>
Macau	17,619,030	12,613,974
Hong Kong	599,800	655,034
Mainland China	<u>1,431,543</u>	<u>1,068,284</u>
	<u>19,650,373</u>	<u>14,337,292</u>

4. Profit before taxation

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit before taxation is arrived at after crediting:		
Rental income	5,911	5,549
Interest income	9,951	17,902
Dividend income from unlisted investments	-	600
Dividend income from listed investments	-	543
Unrealised (loss)/gain on listed investments	(14,669)	19,558
Gain on disposal of a subsidiary	-	148,385
Change in fair value of investment properties	10,300	2,200
Loss on disposal and impairment of property, plant and equipment	<u>(32,346)</u>	<u>(5,723)</u>
and after charging:		
Depreciation	326,306	347,584
Amortisation		
Gaming licence	106,337	106,337
Computer software	12,464	13,042
Quarry site improvements	16,216	16,216
Overburden removal costs	8,385	8,385
Quarry site development	316	564
Leasehold land and land use rights	<u>40,495</u>	<u>48,969</u>

5. Taxation charge

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	19,371	11,511
Mainland China income tax	9,356	7,239
Macau complementary tax	485	75
Net under-provision in prior year	9,842	52,241
Deferred taxation	<u>5,671</u>	<u>4,660</u>
Taxation charge	<u>44,725</u>	<u>75,726</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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% (2009: 12% to 25%).

6. Earnings per share

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>898,455</u>	<u>1,149,113</u>
	Number of shares	
	2010	2009
Weighted average number of shares for calculating basic earnings per share	3,945,153,249	3,938,463,224
Effect of dilutive potential ordinary shares Share options	<u>36,774,541</u>	<u>5,670,154</u>
Weighted average number of shares for calculating diluted earnings per share	<u>3,981,927,790</u>	<u>3,944,133,378</u>

Diluted earnings per share for the year ended 31 December 2010 and 2009 did not assume the conversion of the convertible notes during the year since their conversion would have an anti-dilutive effect.

7. Debtors and prepayments

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade debtors, net of provision	363,324	415,506
Other debtors, net of provision	413,626	414,048
Prepayments	35,112	25,243
Amount due from an associated company	12,413	7,951
Current portion of finance lease receivable	<u>28,159</u>	<u>32,114</u>
	<u>852,634</u>	<u>894,862</u>

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 for customers in Hong Kong and Macau and 120 to 180 days for customers in Mainland China. These are subject to periodic reviews by management.

7. Debtors and prepayments (Cont'd)

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:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Within one month	142,565	125,774
Two to three months	113,507	129,995
Four to six months	65,799	92,749
Over six months	41,453	66,988
	363,324	415,506

8. Creditors and accruals

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade creditors	1,050,050	1,246,633
Other creditors	2,195,880	842,945
Chips issued	1,268,935	1,008,662
Loans from non-controlling interests	49,119	50,675
Accruals and provision	666,478	958,904
Deposits received	13,153	7,730
	5,243,615	4,115,549

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Within one month	611,223	841,830
Two to three months	91,645	77,764
Four to six months	51,000	41,586
Over six months	296,182	285,453
	1,050,050	1,246,633

FINAL DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2010 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW

2010 was a record breaking year for GEG.

For the twelve month period ended 31 December 2010, the Group delivered Adjusted EBITDA of \$2.23 billion, an increase of 92% over 2009 and an all-time yearly record. GEG concluded 2010 with its ninth consecutive quarter of EBITDA growth with an all-time record quarterly Adjusted EBITDA of \$625 million in Q4, a 76% increase over Q4 in 2009. This strong financial performance was a direct result of the Group's success in capitalising on Macau's surging tourism market.

The Group's flagship property, StarWorld, reported its tenth consecutive quarter of EBITDA growth, achieving an all-time record Adjusted EBITDA of \$585 million and record VIP volume of \$147 billion in the fourth quarter of 2010. The property remains a market leader, delivering a ROI* of 61% in 2010, one of the highest returns of any major casino in the world.

During the year, GEG successfully completed several major financial initiatives that reduced the cost of debt from approximately 8% to currently below approximately 5%, materially enhancing the financial efficiency of the Group. These initiatives included the closing of a six-year HK\$9 billion club loan, the successful issuance of RMB1.38 billion Renminbi denominated corporate bond, which was the first of its kind from a non-financial institution to be listed on the Hong Kong Stock Exchange, and the early redemption of 2010 Floating Rate Notes and 2012 Fixed Rate Notes.

Galaxy Macau™ will officially open on 15 May, 2011. Galaxy Macau™ will be Macau's first Asian centric integrated destination resort, and one of the largest leisure complexes in Asia. It has been conceived with "World Class, Asian Heart" and will offer the most diverse range of Asian themed entertainment, Asian accommodation and Asian food in Macau.

Macau's surging growth is set to continue with increasing visitations being facilitated by a number of major infrastructure projects that are currently under construction in Macau and Mainland China to improve accessibility and drive visitor volumes. GEG is in a very strong position to further capitalise on Macau's excellent growth prospects with its established gaming properties and the grand opening of Galaxy Macau™, which is the only major new integrated destination resort expected to open in Macau in 2011.

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

** ROI calculated based on the total Adjusted EBITDA for the twelve months ended 31 December 2010 divided by the total investment, including land cost.*

REVIEW OF OPERATIONS

GROUP FINANCIAL RESULTS

Strong growth was maintained throughout the year.

Revenues for the 12 months ended 31 December 2010 were \$19,262 million, an increase of 57% over the previous year.

Group adjusted earnings before interest, taxation, depreciation and amortisation (Adjusted EBITDA) were \$2,231 million for the year, an increase of 92% compared to \$1,161 million for the previous year. The Group concluded 2010 with its ninth consecutive quarter of EBITDA growth; an all-time record quarterly Adjusted EBITDA of \$625 million in Q4, a 76% increase over Q4 in 2009. These strong financial results reflect the Group's continued initiatives to grow profitable revenue streams and tightly control costs.

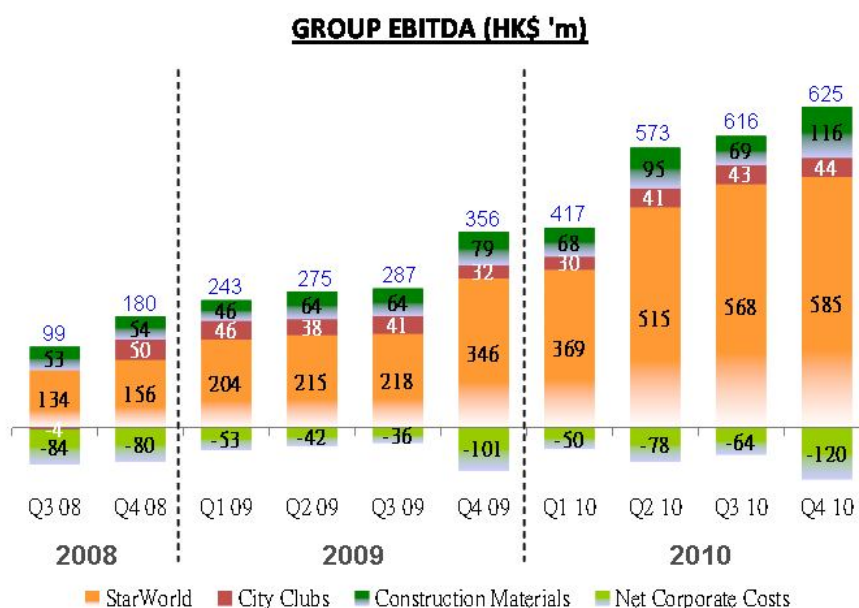
Net profit attributable to shareholders in 2010 was \$898 million, in comparison to net profit of \$1,149 million in 2009. A reduction in net profit attributable to shareholders was mainly because of one-time special gain/loss from bond buyback and early note redemption. Excluding those one-time items and accounting valuation of the convertible notes, net profit attributable to shareholders tripled from \$0.4 billion in 2009 to \$1.3 billion in 2010.

All of GEG's other businesses, including City Clubs and the Construction Materials Division, continued to perform solidly and made valuable contributions to the Group's strong results.

Set out below is the segmental analysis of the Group's operating results for the year ended 31 December 2010.

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

FY2009 (HK\$ 'm)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	10,988	1,245	-	12,233
EBITDA	1,001	253	(93)	1,161



GAMING AND ENTERTAINMENT DIVISION

Overview of the Macau Gaming Market

The Macau market grew significantly throughout the twelve month period ended 31 December 2010, and gaming revenue increased by 58% from the previous year to \$183 billion. This growth was largely due to the strong economic conditions in Asia and the significantly enhanced accessibility of Macau that has opened up the Special Administrative Region (SAR) to a larger number of tourists.

Overall visitations to Macau were approximately 25 million during 2010, an increase of 15% over 2009. The increase in visitations demonstrates the Central and Macau Government's commitment to creating sustainable growth by driving tourism, an initiative that GEG firmly supports.

StarWorld Hotel & Casino

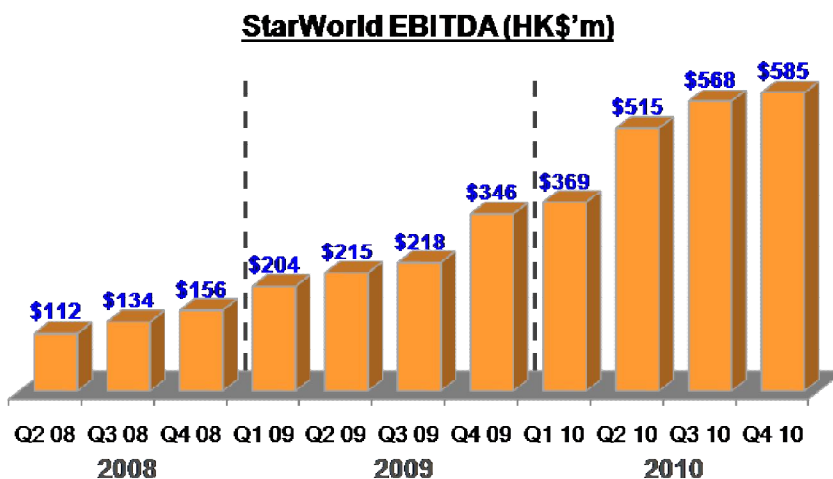
StarWorld performed outstandingly during the year. For the twelve month period ended 31 December 2010, the Group's flagship property delivered Adjusted EBITDA of \$2.04 billion, an increase of 107% over 2009 and an all-time yearly record. The property concluded 2010 with its tenth consecutive quarter of EBITDA growth with an all-time record quarterly Adjusted EBITDA of \$585 million in Q4, a 69% increase over Q4 in 2009.

For the year as a whole, StarWorld achieved record revenues of \$16.54 billion, representing a 72% increase over 2009. The impressive performance was a direct result of increased gaming volumes, which continued to be driven by the property's strong reputation and quality, excellent location in the gaming hub of the Macau Peninsula, and its commitment to Asian Heart service.

The property is a great success and delivered an impressive ROI* of 61% in 2010, which is one of the highest ROIs of any major casino in the world.

* ROI calculated based on the total Adjusted EBITDA for the twelve months ended 31 December 2010 divided by the total investment, including land cost.

The below chart demonstrates the progression of Adjusted EBITDA at StarWorld:



VIP Gaming Performance

StarWorld's VIP gaming performance was strong throughout the year, driven by record VIP rolling volume of \$515 billion in 2010. This figure represents a 79% increase over 2009, again, outpaces Macau's market growth for VIP rolling volume, which grew 62% during 2010.

StarWorld concluded 2010 with an all-time record quarterly VIP rolling volume of \$147 billion in the fourth quarter.

HK\$ 'b	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2009	FY 2010
Turnover	102	129	137	147	288	515
Net Win	2.9	3.6	4.3	4.1	8.3	14.9
Win %	2.9%	2.8%	3.1%	2.8%	2.9%	2.9%

Mass Gaming Performance

StarWorld is a VIP centric property that also has a very successful mass gaming operation. Growth in mass gaming was aided by the introduction of the Galaxy Privilege Club in November 2010. This innovative loyalty programme allows players to earn and redeem loyalty points at multiple properties for gaming and non-gaming items; as well as giving its members access to complimentary benefits and special deals with Galaxy's strategic partners in the Asian Alliance Affinity Program.

Mass gaming table win for the twelve month period ended 2010 was \$1.15 billion, representing a 23% increase over 2009. The mass gaming win rate was 16.8% for the year, up from 15.4% in the previous year.

HK\$ 'm	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2009	FY 2010
Table Drop	1,500	1,500	1,800	1,800	6,000	6,600
Net Win	287	236	310	320	940	1,153
Hold %	18.2%	14.8%	17.2%	17.0%	15.4%	16.8%

Electronic Gaming Performance

StarWorld's electronic gaming business continues to be an accretive and profitable part of StarWorld's offering and had a stellar year in 2010. Electronic gaming revenue for the year was \$207 million, posting 49% growth over 2009. This growth was largely due to the improved electronic gaming facilities following the upgrade of StarWorld's mass gaming floor during 2009.

The win percentage was 7.3% in 2010, and compared favourably to 6.9% in 2009. Turnover was \$2,837 million compared with \$2,019 million year-on-year.

HK\$ 'm	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2009	FY 2010
Slots Handle	606	601	761	869	2,019	2,837
Net Win	46	45	50	66	139	207
Hold %	7.7%	7.5%	6.5%	7.6%	6.9%	7.3%

Non-gaming Performance

For the twelve month period ended 31 December 2010, StarWorld's non-gaming revenues were \$298 million compared to \$284 million in 2009. StarWorld's room occupancy rate was near capacity at an average of 97% for the year, and an outstanding 99% in the fourth quarter of 2010. These figures are considerably higher than DSEC's statistics for the Macau market average for five-star hotels occupancy of 79% for the year.

StarWorld Hotel is a multi award-winning property and has continued to be recognised as one of Macau's leading hotels, as evidenced by a number of industry awards gained during the year, including winning the highly prestigious Five Star Diamond Award for the fourth consecutive year.

City Clubs Performance

City Club casinos continued to make a valuable contribution to the Group. The performance of the division has improved following the restructuring of certain management agreements and a refocusing of the division's business model. City Clubs contributed \$158 million in Adjusted EBITDA to the Group during the twelve month period ended 31 December 2010. GEG continues to prudently manage the business to ensure sustained profitability.

CONSTRUCTION MATERIALS DIVISION

The Construction Materials Division (CMD) continued to make considerable progress, delivering a strong performance and valuable profit during 2010. The successful strategy of focusing on higher value products, such as slag, and the growth of joint ventures in Mainland China contributed to the Division reporting Adjusted EBITDA of \$348 million in 2010, a 38% increase from \$253 million in 2009.

Mainland China

The Mainland China profit contribution from our joint ventures in the manufacturing and sale of Ground Granulated Blast-Furnace Slag continues to increase and the completion of four new slag grinding facilities were all delivered as planned. With a number of facilities still under construction and targeted for commercial production during 2011, the Division's strategy to invest in slag, an increasingly recognised environmentally sustainable construction material, will continue to drive growth.

The Division's cement joint ventures in Yunnan Province achieved an improved performance in 2010; benefiting from the general improvement in economic conditions, continuing operational efficiencies, and the strengthening of market positions; operating margins exceeded expectations.

In Shanghai, our Ready Mixed Concrete (RMC) business faced a difficult operating environment with a softening in demand for concrete as most construction activities were strictly controlled during the World Expo 2010. We expect normal market conditions and operations to resume in 2011 with the conclusion of the Shanghai World Expo.

Hong Kong and Macau

Due to the government's increased spending on infrastructure works following the 2008 financial tsunami and the general recovery in economic growth, CMD's positioning as the leading vertically integrated materials supplier in Hong Kong enabled the business to deliver a solid performance, with improvements over last year in both sales volumes and profit.

In Macau, construction activities remained subdued in the first half of 2010, but Q3 saw the expected signs of a gradual pick up, particularly in residential construction activity.

DEVELOPMENT

Galaxy Macau™ has announced the Grand Opening to be on 15 May, 2011. Galaxy Macau™ is Macau's first Asian centric destination resort. This is embodied by a focus on Asian hospitality, Asian tastes, Asian sensibilities and Asian design influences. The resort is designed to attract visitors from around the region, as well as international guests seeking an authentic Asian resort holiday experience.

The 550,000 square metre fully integrated destination resort will feature the most luxurious of accommodation from three of the World's leading hotel brands; the ultra exclusive Banyan Tree Macau, which will offer approximately 250 suites and 10 floating villas; the 500-room Hotel Okura Macau; and the luxurious 1,500-room Galaxy Hotel, which will become GEG's flagship Cotai hotel.

The resort will cater for mass gaming, direct premium gaming, electronic gaming and VIP customers. With capacity for more than 600 gaming tables and 1,500 electronic gaming machines, and more than 50 predominantly Asian food and beverage outlets, Galaxy Macau™ is tailored to the needs of Asian consumers and discerning guests who appreciate superior Asian service standards.

At a total investment of HK\$14.9 billion, Galaxy Macau™ offers a number of game-changing features and amenities. Most prominent of these is the property's 52,000 square metre resort deck, where a man-made beach with 350 tonnes of white sand deposited along a 150 metre long shoreline frames the world's largest skytop wave pool, covering 4,000 square metres with waves reaching as high as 1.5 metres.

As at 31 December 2010, the Group invested HK\$9.0 billion into Galaxy Macau™.

GROUP FINANCIAL EFFICIENCY INITIATIVES

GEG successfully executed four major financial initiatives in 2010, materially enhancing the financial efficiency of the Group. The cost of debt was significantly reduced by approximately 300 basis points from approximately 8% to currently below 5%. GEG now has one of the lowest costs of debt in the industry.

On 14 June 2010, the Group announced the closing of the six-year HK\$9 billion club loan from a consortium of Asia's leading banks. The club loan fully funds the development of Galaxy Macau™ in Cotai, Macau. The pricing of the club loan and the status of the banks involved are a clear endorsement of both the Group's existing and future plans, and the strength and potential of the Macau market.

In December 2010, GEG seized an opportunity to cost effectively enhance its liquidity and strengthen its balance sheet through the innovative issuance of RMB denominated corporate bonds, which was the first of its kind from a non-financial institution to be listed on the Hong Kong stock exchange. The three year fixed-rate unsecured notes carry a competitively priced interest rate of 4.625% and raised RMB1.38 billion. The successful issuance was more than 13 times oversubscribed and boosted the financial flexibility of the Group's non-gaming businesses, created additional general working capital and reflected a strong vote of confidence in Galaxy.

During the year, all of the outstanding guaranteed senior floating rate notes due 2010 (“Floating Rate Notes”) and 9.875% guaranteed senior notes due 2012 (“Fixed Rate Notes”) were fully redeemed. The Floating Rate Notes in the principal amount of USD \$105.9 million were redeemed on 14 January 2010 at a redemption price of 100% of the principal amount after the exercise of optional redemption right on 14 December 2009. The Fixed Rate Notes in the principal amount of USD \$281.2 million were redeemed on 24 May 2010 at a redemption price of 104.938% of the principal amount after the exercise of optional redemption right on 23 April 2010.

POST YEAR-END EVENTS

On 10 March 2011, the Company announced that the Grand Opening of Galaxy Macau™, the newest and highly anticipated integrated resort destination in Cotai, will be on Sunday 15 May, 2011.

To further enrich Galaxy Macau™’s entertainment offering, a new HK\$600 million, 15,000 square metre entertainment facility is under construction and will open by the end of September 2011. This entertainment offering will include, among other features, Macau’s only modern Cineplex, a 9-screen, 3D-compatible multifunction cinema theatre with a total capacity of 1,000 seats, as well as a 1,000 square metre multipurpose event plaza.

As at 31 December 2010, the outstanding amount of the Group’s zero yield, zero coupon convertible notes was US\$165 million, or approximately HK\$1,287 million. Subsequent to year end 2010, all of the outstanding convertible notes were converted into approximately 173 million common shares. This has resulted in a further strengthened Balance Sheet and an increase in GEG’s free-float of common shares.

GROUP OUTLOOK FOR 2011

GEG remains very confident about the outlook for 2011 and beyond. The Macau market is already demonstrating impressive growth early in 2011, and the consensus of gaming analysts is that gaming revenue will continue to grow in excess of 20% during 2011 as visitations to Macau increase.

A number of major infrastructure projects are currently under construction in Mainland China and Macau that will further improve the accessibility of Macau and drive an increase in tourist arrivals. These improvements demonstrate the Central and Macau Governments’ commitment to creating long-term, sustainable growth by driving both domestic consumption and tourism in the SAR.

2011 will be an historic year for the Group with the Grand Opening of Galaxy Macau™ on 15 May, 2011. This new and exciting property will allow GEG to further leverage Macau’s growth as we see a new type of customer visiting Macau, especially the emerging middle class in Mainland China yet to visit Macau.

In addition, with the opening of Macau’s first Banyan Tree and Okura, Galaxy Macau™ will offer well recognised and respected luxury hotel brands to visitors from Southeast Asia and North Asia.

GEG expects that Galaxy Macau™ will be the only new integrated destination resort to open in Macau in 2011 and, upon its completion, GEG will be the only operator with flagship properties in both the gaming hub of Macau’s Peninsula and the rapidly emerging resort destination area of Cotai. Furthermore, the Group owns the largest contiguous landbank approved for gaming in Macau, and is well advanced with its plans for future development.

The Group is extremely well positioned to continue its exciting development as it grows into one of the largest entertainment businesses in Asia.

LIQUIDITY AND FINANCIAL RESOURCES

The shareholders' funds as at 31 December 2010 was \$9,197 million, an increase of approximately 13% over that as at 31 December 2009 of \$8,169 million while the Group's total assets employed increased to \$25,186 million as at 31 December 2010 as compared to \$18,963 million as at 31 December 2009.

The Group continues to maintain a strong cash position. As at 31 December 2010, total cash and bank balances were \$4,428 million as compared to \$3,516 million as at 31 December 2009. The Group's total indebtedness was \$9,426 million as at 31 December 2010 as compared to \$5,843 million as at 31 December 2009. The gearing ratio, defined as the ratio of total borrowings outstanding less cash balances to total assets (excludes cash balances), was 24% as at 31 December 2010 (31 December 2009: 15%).

The total indebtedness of the Group mainly comprises bank loans, convertible notes, 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 \$11,497 million (2009: \$15 million), leasehold land and land use rights with net book value of \$2,961 million (2009: \$209 million), other assets with net book value of \$245 million (2009: nil), bank deposits of \$59 million (2009: \$54 million) and certain shares of 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 \$10,001 million (2009: \$855 million), of which \$5,278 million (2009: \$250 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 (2009: \$9 million). At 31 December 2010, facilities utilised amounted to \$9 million (2009: \$9 million).

DEALINGS IN LISTED SECURITIES

Galaxy Entertainment Finance Company Limited exercised its optional redemption right to redeem in whole all of the then outstanding guaranteed senior floating rate notes due 2010 in the principal amount of US\$105.9 million at a redemption price of 100% of the principal amount and settlement took place on 14 January 2010.

On 23 April 2010, the Group announced plans to redeem all its outstanding 9.875% guaranteed senior notes due 2012 Fixed Rate Notes in the amount of US\$281.2 million (HK\$2,193 million) and on 24 May 2010, the redemption was concluded.

Save as disclosed above, 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 2010.

REVIEW OF ANNUAL RESULTS

The annual results for the year ended 31 December 2010 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 2010 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 ended 31 December 2010, 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 and E.1.2. 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.

According to code provision E.1.2, the Chairman of the Board should attend the annual general meeting. The Chairman was unable to attend the annual general meeting held on 22 June 2010 and the Deputy Chairman took the chair and together with the other directors answer questions from the floor. The Board considered that the purpose to achieve an effective communication with the shareholders was not compromised.

ANNUAL REPORT 2010

The Annual Report 2010 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, 30 March 2011

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, Dr. Martin Clarke 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.

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