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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 2016

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 2016 as follows:

Q4 2016 & FULL YEAR HIGHLIGHTS

GEG: Continues to Drive Mass Business, Profitable Volumes and Control Costs

- Q4 2016 Group Adjusted EBITDA increased by 20% year-on-year and 10% quarter-on-quarter to HK\$3.0 billion
- Full year Group revenue increased by 4% year-on-year to HK\$52.8 billion
- Full year Group Adjusted EBITDA increased by 18% year-on-year to HK\$10.3 billion
- Full year net profit attributable to shareholders (“NPAS”) of HK\$6.3 billion, an increase of 51% year-on-year including HK\$0.5 billion of non-recurring charges
- Full year Adjusted NPAS of HK\$6.8 billion, an increase of 17% year-on-year after adjusting for non-recurring charges
- Played lucky in Q4 2016 which increased Adjusted EBITDA by approximately HK\$150 million
- Normalized exclude luck factor (“Normalized”) Q4 2016 Adjusted EBITDA grew 20% year-on-year and 15% quarter-on-quarter to HK\$2.8 billion

Galaxy Macau™: Strong Performance Driven by Mass

- Q4 2016 Adjusted EBITDA increased by 16% year-on-year and 7% quarter-on-quarter to HK\$2.4 billion
- Full year revenue increased by 7% year-on-year to HK\$38 billion
- Full year Adjusted EBITDA increased by 22% year-on-year to HK\$8.5 billion
- Full year non-gaming revenue increased by 21% year-on-year to HK\$2.8 billion
- Hotel occupancy across the five hotels in Q4 2016 was 97%
- Played lucky in Q4 2016 which increased Adjusted EBITDA by approximately HK\$100 million
- Normalized Q4 2016 Adjusted EBITDA grew 17% year-on-year and 14% quarter-on-quarter to HK\$2.3 billion

StarWorld Macau: Delivers Another Solid Quarter Driven by Mass

- Q4 2016 Adjusted EBITDA increased by 14% year-on-year and 19% quarter-on-quarter to HK\$637 million
- Full year revenue decreased by 9% year-on-year to HK\$11.8 billion
- Full year Adjusted EBITDA decreased by 2% year-on-year to HK\$2.2 billion
- Hotel occupancy in Q4 2016 was 99%
- Played lucky in Q4 2016 which increased Adjusted EBITDA by approximately HK\$40 million
- Normalized Q4 2016 Adjusted EBITDA grew 16% year-on-year and 18% quarter-on-quarter to HK\$0.6 billion

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

- Q4 2016 Adjusted EBITDA was HK\$14 million versus HK\$(4) million in Q4 2015
- Full year Adjusted EBITDA was HK\$30 million versus HK\$(7) million in 2015
- Hotel occupancy in Q4 2016 was virtually 100%
- Played lucky in Q4 2016 which increased Adjusted EBITDA by approximately HK\$10 million
- Normalized Q4 2016 Adjusted EBITDA was flat quarter-on-quarter at HK\$8 million and up HK\$5 million over prior year

Balance Sheet: Remains Well Capitalized and Liquid

- Cash and liquid investments was HK\$22.6 billion and net cash was HK\$16.7 billion as at 31 December 2016
- Debt of HK\$5.9 billion as at 31 December 2016 primarily reflects ongoing treasury yield management initiative
- Paid two special dividends in 2016: HK\$0.15 per share on 29 April 2016 and HK\$0.18 per share on 28 October 2016
- Subsequently announced another special dividend of HK\$0.26 per share payable on or about 28 April 2017, a 73% increase compared to April 2016

Development Update: Robust Growth Development Pipeline

- Cotai Phases 3 & 4 – Continue to move forward with Phases 3 & 4 with the potential to commence construction in late Q1 or early Q2 2017, with a non-gaming focus, primarily targeting Meetings Incentives Conference and Events (MICE), entertainment and family facilities
- Hengqin – Plans moving forward to develop a low-density integrated resort to complement our high-energy entertainment resorts in Macau, anticipated to disclose further details later in the year
- International – Continuously exploring opportunities in overseas markets, including Japan

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2016

	Note	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	2	52,826,115	50,990,813
Other income/gains/(losses), net		209,316	(55,873)
Special gaming tax and other related taxes to the Macau Government		(18,688,155)	(18,233,209)
Commission and allowances to gaming counterparties		(11,272,674)	(12,540,402)
Raw materials and consumables used		(877,399)	(836,814)
Amortisation and depreciation		(3,572,577)	(3,086,292)
Employee benefit expenses		(6,903,204)	(7,052,410)
Other operating expenses		(5,401,947)	(5,005,241)
Finance costs		(43,673)	(32,772)
Share of profits less losses of:			
Joint ventures		71,015	60,719
Associated companies		1,245	211
Profit before taxation	4	6,348,062	4,208,730
Taxation charge	5	(76,656)	(82,441)
Profit for the year		<u>6,271,406</u>	<u>4,126,289</u>
Attributable to:			
Equity holders of the Company		6,283,397	4,161,050
Non-controlling interests		(11,991)	(34,761)
		<u>6,271,406</u>	<u>4,126,289</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	7		
Basic		147.3	97.8
Diluted		<u>146.2</u>	<u>96.9</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year	6,271,406	4,126,289
Other comprehensive loss		
Items that may be subsequently reclassified to profit or loss		
Change in fair value of available-for-sale financial assets	(42,376)	(94,639)
Translation differences of subsidiaries	(72,552)	(89,616)
Share of translation differences of joint ventures	(90,275)	(80,436)
Other comprehensive loss for the year, net of tax	(205,203)	(264,691)
Total comprehensive income for the year	6,066,203	3,861,598
Total comprehensive income attributable to:		
Equity holders of the Company	6,105,346	3,924,909
Non-controlling interests	(39,143)	(63,311)
	6,066,203	3,861,598

CONSOLIDATED BALANCE SHEET
As at 31 December 2016

	Note	2016 HK\$'000	2015 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		33,502,151	35,690,673
Investment properties		42,000	42,000
Leasehold land and land use rights		5,055,566	5,121,699
Intangible assets		1,138,488	1,341,213
Joint ventures		1,253,450	1,321,081
Associated companies		2,317	1,072
Other non-current assets		3,235,300	637,388
		<u>44,229,272</u>	<u>44,155,126</u>
Current assets			
Inventories		158,367	150,789
Debtors and prepayments	8	1,583,156	2,183,880
Amounts due from joint ventures		302,783	404,441
Taxation recoverable		20,382	6,148
Derivative financial instruments		-	9,103
Other current assets		11,178	3,425
Other cash equivalents		59,290	723,748
Cash and bank balances		19,896,602	7,717,681
		<u>22,031,758</u>	<u>11,199,215</u>
Total assets		<u>66,261,030</u>	<u>55,354,341</u>
EQUITY			
Share capital		20,106,376	19,952,107
Reserves		26,238,974	21,149,332
Equity attributable to owners of the Company		<u>46,345,350</u>	<u>41,101,439</u>
Non-controlling interests		517,663	611,898
Total equity		<u>46,863,013</u>	<u>41,713,337</u>
LIABILITIES			
Non-current liabilities			
Borrowings		525,978	671,461
Deferred taxation liabilities		256,783	250,280
Retention payable		-	150,477
Non-current deposits		293,883	323,972
		<u>1,076,644</u>	<u>1,396,190</u>
Current liabilities			
Creditors and accruals	9	12,659,706	11,457,586
Amounts due to joint ventures		15,729	27,306
Derivative financial instruments		121	-
Current portion of borrowings and short-term bank loans		5,608,695	718,879
Provision for tax		37,122	41,043
		<u>18,321,373</u>	<u>12,244,814</u>
Total liabilities		<u>19,398,017</u>	<u>13,641,004</u>
Total equity and liabilities		<u>66,261,030</u>	<u>55,354,341</u>
Net current assets/(liabilities)		<u>3,710,385</u>	<u>(1,045,599)</u>
Total assets less current liabilities		<u>47,939,657</u>	<u>43,109,527</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, available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments), which are carried at fair values.

The financial information relating to the years ended 31 December 2016 and 2015 included in this preliminary announcement of annual results 2016 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 2015 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 2016 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 2016, the Group adopted the following amended standards which are relevant to its operations.

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
Annual Improvements to HKFRSs 2012 - 2014 Cycle	
HKFRS 5 (Amendment)	Non-current Assets Held For Sale and Discontinued Operations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKAS 19 (Amendment)	Employee Benefits
HKAS 34 (Amendment)	Interim Financial Reporting

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 and amendments to existing standards that are not yet effective

<u>New standards and amendments</u>		Effective for accounting periods beginning on or after
HKAS 7 (Amendment)	Disclosure Initiative	1 January 2017
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Lease	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The Group has not early adopted the above standards and amendments and is in the process of assessing the impact of these new standards and amendments 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.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Gaming operations		
Net gaming wins	47,331,691	46,215,018
Contributions from City Club Casinos (<i>Note</i>)	97,351	97,449
Tips received	9,987	9,480
Hotel and mall operations	3,227,582	2,731,027
Administrative fees from gaming operations	18,570	19,919
Sales of construction materials	<u>2,140,934</u>	<u>1,917,920</u>
	<u>52,826,115</u>	<u>50,990,813</u>

2. Revenue (Cont'd)

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 2016, the Group is entitled to HK\$97,351,000 (2015: HK\$97,449,000), which is calculated by reference to various rates on the net gaming wins. Special gaming tax and other related taxes to the Macau Government, and all relevant operating and administrative expenses relating to the operations of the City Club Casinos are not recognised as expenses of the Group in the consolidated financial statements.

3. Segment information

The Board of Directors is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, based on a measurement of adjusted earnings before interest, tax, depreciation, amortisation and certain items (the “Adjusted EBITDA”). This measurement basis of Adjusted EBITDA excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, sponsorship and impairment charge when the impairment is the result of an isolated, non-recurring event. The Adjusted EBITDA also excludes taxation of joint ventures and associated companies, the effects of share option expenses, share award expenses, donation expenses, and unrealised loss on other investments.

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 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	<u>50,685,181</u>	<u>2,140,934</u>	<u>-</u>	<u>52,826,115</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>10,057,041</u>	<u>434,445</u>	<u>(143,039)</u>	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				<u>(39,438)</u>
Profit for the year				<u>6,271,406</u>
Share of results of joint ventures and associated companies	<u>17,048</u>	<u>55,212</u>	<u>-</u>	<u>72,260</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 2015				
Reportable segment revenue	51,128,784	1,917,920	-	53,046,704
Adjusted for:				
City Club Casinos arrangement set out in note 2				
Revenue not recognised	(2,173,259)	-	-	(2,173,259)
Contributions	97,449	-	-	97,449
Others	19,919	-	-	19,919
Revenue recognised under HKFRS	<u>49,072,893</u>	<u>1,917,920</u>	<u>-</u>	<u>50,990,813</u>
Adjusted EBITDA including share of results of joint ventures and associated companies	<u>8,571,602</u>	<u>318,064</u>	<u>(154,004)</u>	8,735,662
Interest income and gross earnings on finance lease				117,584
Amortisation and depreciation				(3,086,292)
Finance costs				(32,772)
Taxation charge				(82,441)
Adjusted items:				
Taxation of joint ventures and associated companies				(13,371)
Pre-opening expenses of Galaxy Macau™ Phase 2 at Cotai				(590,735)
Pre-opening expenses of Broadway Macau™ at Cotai				(163,405)
Other pre-opening expenses				(47,697)
Unrealised loss on other investments				(917)
Share option expenses				(201,457)
Share award expenses				(238,389)
Donation and sponsorship				(5,191)
Write-off/loss on disposal of certain property, plant and equipment				(11,555)
Change in fair value of investment properties				7,000
Foreign exchange loss				(202,193)
Others				<u>(57,542)</u>
Profit for the year				<u>4,126,289</u>
Share of results of joint ventures and associated companies	<u>29,705</u>	<u>31,225</u>	<u>-</u>	<u>60,930</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 2016				
Total assets	<u>60,513,416</u>	<u>5,696,510</u>	<u>51,104</u>	<u>66,261,030</u>
Total assets include:				
Joint ventures	58,684	1,194,766	-	1,253,450
Associated companies	<u>-</u>	<u>2,317</u>	<u>-</u>	<u>2,317</u>
Total liabilities	<u>12,291,216</u>	<u>2,125,796</u>	<u>4,981,005</u>	<u>19,398,017</u>
As at 31 December 2015				
Total assets	<u>49,864,096</u>	<u>5,386,459</u>	<u>103,786</u>	<u>55,354,341</u>
Total assets include:				
Joint ventures	66,824	1,254,257	-	1,321,081
Associated companies	<u>-</u>	<u>1,072</u>	<u>-</u>	<u>1,072</u>
Total liabilities	<u>11,673,031</u>	<u>1,494,956</u>	<u>473,017</u>	<u>13,641,004</u>
Year ended 31 December 2016				
Additions to non-current assets	<u>787,282</u>	<u>433,799</u>	<u>-</u>	<u>1,221,081</u>
Year ended 31 December 2015				
Additions to non-current assets	<u>7,665,670</u>	<u>492,083</u>	<u>1,992</u>	<u>8,159,745</u>
Geographical analysis				
		2016		2015
Year ended 31 December		<i>HK\$'000</i>		<i>HK\$'000</i>
Revenue				
Macau		50,866,815		49,387,041
Hong Kong		1,560,383		1,456,179
Mainland China		<u>398,917</u>		<u>147,593</u>
		<u>52,826,115</u>		<u>50,990,813</u>
		As at 31 December		As at 31 December
		2016		2015
Non-current assets		<i>HK\$'000</i>		<i>HK\$'000</i>
Macau		40,999,658		41,033,337
Hong Kong		576,608		575,197
Mainland China		<u>2,653,006</u>		<u>2,546,592</u>
		<u>44,229,272</u>		<u>44,155,126</u>

4. Profit before taxation

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before taxation is arrived at after crediting:		
Rental income from investment properties	4,304	3,765
Interest income	149,473	116,895
Dividend income from unlisted investments	2,100	4,730
Change in fair value of investment properties	-	7,000
	<u> </u>	<u> </u>
and after charging:		
Unrealised loss on other investments	-	917
Write-off/loss on disposal of property, plant and equipment	4,929	17,988
Depreciation	3,252,445	2,765,733
Amortisation		
Gaming licence	106,629	106,337
Computer software	36,349	33,446
Quarry site improvements	-	8,804
Overburden removal costs	-	2,092
Quarry site development	-	98
Leasehold land and land use rights	89,229	81,856
Reacquired right	87,925	87,926
	<u> </u>	<u> </u>

5. Taxation charge

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	33,683	28,053
Mainland China income tax and withholding tax	2,575	5,961
Macau complementary tax	2,272	8,563
Net (over)/under provision in prior years	(3,911)	3,163
Lump sum in lieu of Macau complementary tax on dividend	35,534	35,534
Deferred taxation	6,503	1,167
	<u> </u>	<u> </u>
Taxation charge	<u>76,656</u>	<u>82,441</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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% (2015: 12% to 25%). The weighted average applicable tax rate was 12% (2015: 12%).

6. Dividends

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
First special dividend paid of HK\$ 0.15 (2015: HK\$0.28) per ordinary share	639,639	1,191,466
Second special dividend paid of HK\$ 0.18 (2015: HK\$0.14) per ordinary share	<u>768,659</u>	<u>596,145</u>
	<u>1,408,298</u>	<u>1,787,611</u>

The Board of Directors does not declare any final dividend for the year ended 31 December 2016 (2015: nil).

Details of the special dividend declared subsequent to the year ended 31 December 2016 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 (2015: 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>6,283,397</u>	<u>4,161,050</u>
	Number of shares	
	2016	2015
Weighted average number of shares for calculating basic earnings per share	4,266,230,997	4,255,528,729
Effect of dilutive potential ordinary shares		
Share options	10,129,141	16,179,334
Share award	<u>21,741,501</u>	<u>21,432,884</u>
Weighted average number of shares for calculating diluted earnings per share	<u>4,298,101,639</u>	<u>4,293,140,947</u>

8. Debtors and prepayments

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade debtors, net of provision	486,408	447,451
Other debtors and deposit paid, net of provision	947,829	1,555,905
Prepayments	125,347	153,582
Amounts due from associated companies	-	4,296
Current portion of finance lease receivable	23,572	22,646
	<u>1,583,156</u>	<u>2,183,880</u>

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 (2015: 30 to 60 days) for customers in Hong Kong and Macau and 60 to 180 days (2015: 60 to 120 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one month	320,527	268,507
Two to three months	145,690	133,924
Four to six months	13,993	21,720
Over six months	6,198	23,300
	<u>486,408</u>	<u>447,451</u>

9. Creditors and accruals

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade creditors	2,251,461	1,667,062
Other creditors	4,973,179	5,428,925
Chips issued	3,258,253	2,023,774
Loans from non-controlling interests	26,505	21,649
Accruals and provision	2,127,876	2,297,178
Deposits received	21,046	17,884
Dividend payable	1,386	1,114
	<u>12,659,706</u>	<u>11,457,586</u>

9. Creditors and accruals (Cont'd)

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one month	1,882,003	1,249,164
Two to three months	91,372	83,123
Four to six months	95,134	35,428
Over six months	182,952	299,347
	<u>2,251,461</u>	<u>1,667,062</u>

10. Post Balance Sheet Event

On 28 February 2017, the Board of Directors declared a special dividend of HK\$0.26 per share, payable to shareholders of the Company whose names appear on the register of members of the Company on 31 March 2017. The total amount of the special dividend to be distributed is estimated to be approximately HK\$1,120 million and will be paid on or about 28 April 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW

Overall the Macau gaming market has stabilized and hopefully will successfully transition into a sustainable recovery. Despite the challenging environment, GEG has successfully transitioned its business to the Mass Market and non-gaming, driving profitable volumes, optimizing operating efficiency and exercising cost control, the Group achieved solid results for 2016.

Group revenue and Adjusted EBITDA was \$52.8 billion and \$10.3 billion, respectively, for the year. Net profit attributable to shareholders was \$6.3 billion. GEG paid two special dividends to shareholders of \$0.15 and \$0.18 per share.

GEG is committed to supporting the Macau Government's initiative in economic diversification and developing into a World Center of Tourism and Leisure.

Visitation in 2016 grew modestly to just under 31 million. With the addition of new hotel capacity, Macau's overnight visitation has increased for seven consecutive months since June 2016 and was up 10% year-on-year to 15.7 million for the full year.

Galaxy Macau™ as one of the world's largest destination resorts is the primary profit contributor to the Group and generated revenue of \$38 billion and Adjusted EBITDA of \$8.5 billion.

StarWorld Macau, the Group's award-winning hotel has successfully transitioned to a Mass Market property and achieved revenue of \$11.8 billion and Adjusted EBITDA of \$2.2 billion in 2016.

Broadway Macau™, a unique family-friendly, street entertainment and food resort delivered revenue of \$676 million and Adjusted EBITDA of \$30 million.

With Macau largest development pipeline, GEG is uniquely positioned for medium and longer term growth as the demand for tourism and leisure continues to grow throughout Asia. The planning of Cotai Phases 3 and 4 and Hengqin are progressing well and will enable the Group to expand its non-gaming footprint even further.

Looking forward to 2017, the Group remains optimistic about the medium to long term growth outlook for Macau in general and for the Group specifically. Along with the continued support of the Central and Macau Governments and the completion of major infrastructure projects, such as the Hong Kong-Zhuhai-Macau Bridge, Macau is on track to become a World Center of Tourism and Leisure. GEG is confident in the long term future of Macau.

Overview of the Macau Gaming Market

The Macau gaming market finished the year on a positive note where from August onwards, Gross Gaming Revenue (“GGR”) reported positive growth. In addition to the growth of GGR in the later part of 2016, the market also experienced a shift in the mix of gaming revenue from VIP to the Mass market.

Visitation to Macau in 2016 was 30.95 million compared to 30.71 million in 2015. However with the addition of new hotel capacity during the year overnight visitation has increased for seven consecutive months since June 2016 and was up 10% year-on-year to 15.7 million for the full year. For the first time in the last ten years, overnight-stay visitor arrivals exceeded same-day visitor arrivals. In 2016, the average length of stay of overnight visitors stood at 2.1 days. This is a particularly encouraging sign as new capacity has driven increased overnight visitation and it is estimated that overnight visitors spend more than day trippers.

In 2016 infrastructure designed to enable easier access to Macau and movement within Macau continued to progress and we look forward to the completion of these infrastructure projects. These projects will further enhance the appeal and easy of travel to and from Macau and travel within Macau for both Chinese and International visitors.

REVIEW OF OPERATIONS

Group Financial Results

The Group posted revenue of \$52.8 billion, up 4% year-on-year, and generating Adjusted EBITDA of \$10.3 billion, up 18% year-on-year in 2016. Net profit attributable to shareholders was \$6.3 billion. Galaxy Macau™’s Adjusted EBITDA was \$8.5 billion, up 22% year-on-year. StarWorld Macau’s Adjusted EBITDA was \$2.2 billion, down 2% year-on-year. Broadway Macau™’s Adjusted EBITDA was \$30 million versus \$(7) million in 2015¹.

GEG experienced good luck in its gaming operations during 2016, which increased its Adjusted EBITDA by approximately \$480 million. Normalized 2016 Adjusted EBITDA grew 10% year-on-year to \$9.9 billion.

The Group’s total gaming revenue on a management basis² in 2016 was \$49.5 billion, up 2% year-on-year, total mass table games revenue was \$21.0 billion, up 19% year-on-year and total VIP revenue was \$26.5 billion, down 8% year-on-year.

¹ Broadway Macau™ operated for seven and a half months in 2015.

² 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.

Group Gaming 2016 (HK\$'b)	Turnover/ Table Drop/ Slots Handle	Net Win	Win / Hold %
VIP Gaming	716.3	26.5	3.7%
Mass Gaming	52.5	21.0	40.0%
Electronic Gaming	56.3	2.0	3.5%

Group Gaming 2015 (HK\$'b)	Turnover/ Table Drop/ Slots Handle	Net Win	Win / Hold %
VIP Gaming	850.5	28.9	3.4%
Mass Gaming	43.8	17.7	40.3%
Electronic Gaming	51.3	1.8	3.5%

We reported non-gaming revenue of \$3.2 billion, an increase of 18% year-on-year; this demonstrates our commitment to support the Macau Government's efforts to diversify the economy and grow non-gaming revenue.

Balance Sheet, Treasury Management and Special Dividends

The Group's balance sheet remains healthy and liquid. As of 31 December 2016, cash and liquid investments were \$22.6 billion (2015: \$7.7 billion) and net cash was \$16.7 billion. Total debt increased from \$1.2 billion at 31 December 2015 to \$5.9 billion at 31 December 2016 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 2016, GEG returned capital to shareholders by paying two special dividends of \$0.15 per share and \$0.18 per share on 29 April 2016 and 28 October 2016 respectively. Subsequently GEG announced another special dividend of \$0.26 per share to be paid on or about 28 April 2017, a 73% increase compared to April 2016.

Set out below is the segmental analysis of the Group's operating results for 2016.

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

2015 (HK\$'m)	Gaming and Entertainment	Construction Materials	Corporate	Total
Revenue	49,073	1,918	-	50,991
Adjusted EBITDA	8,572	318	(154)	8,736

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 7% year-on-year to \$38.0 billion. Adjusted EBITDA was up 22% year-on-year to \$8.5 billion.

Galaxy Macau™ experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$460 million in 2016. Normalized 2016 Adjusted EBITDA grew 12% year-on-year to \$8.0 billion.

Adjusted EBITDA margin for 2016 calculated under HKFRS was 22% (2015: 20%), or 28% under US GAAP (2015: 25%).

VIP Gaming Performance

VIP rolling chip volume for 2016 was \$491 billion, down 12% year-on-year. This translated to revenue of \$20 billion, down 2% year-on-year.

VIP Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Turnover	130,536	115,296	117,048	127,814	555,142	490,694	(12%)
Net Win	5,458	4,408	4,617	5,057	19,940	19,540	(2%)
Win %	4.2%	3.8%	3.9%	4.0%	3.6%	4.0%	n/a

Mass Gaming Performance

Mass gaming revenue for 2016 was \$14 billion, up 20% year-on-year.

Mass Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Table Drop	7,734	7,834	8,103	8,375	26,984	32,046	19%
Net Win	3,284	3,253	3,572	3,860	11,605	13,969	20%
Hold %	42.5%	41.5%	44.1%	46.1%	43.0%	43.6%	n/a

Electronic Gaming Performance

Electronic gaming revenue for 2016 was \$1,730 million, up 8% year-on-year.

Electronic Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Slots Handle	11,542	11,661	11,681	11,647	40,945	46,531	14%
Net Win	381	447	461	441	1,604	1,730	8%
Hold %	3.3%	3.8%	3.9%	3.8%	3.9%	3.7%	n/a

Non-Gaming Performance

Non-gaming revenue for 2016 was \$2.8 billion, up 21% year-on-year. The combined five hotels registered strong occupancy of 98% in 2016. Net rental revenue for the Promenade was \$782 million for 2016, up 18% year-on-year.

Non-Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Net Rental Revenue	196	161	200	225	661	782	18%
Hotel Revenue / F&B / Others	470	478	561	532	1,676	2,041	22%
Total	666	639	761	757	2,337	2,823	21%

StarWorld Macau

Financial and Operational Performance

StarWorld Macau's revenue for the year was down 9% year-on-year to \$11.8 billion. Adjusted EBITDA was down 2% year-on-year to \$2.2 billion.

StarWorld Macau experienced good luck in its gaming operations which increased its Adjusted EBITDA by approximately \$10 million in 2016. Normalized 2016 Adjusted EBITDA remained virtually unchanged at approximately \$2.1 billion.

Adjusted EBITDA margin for 2016 calculated under HKFRS was 18% (2015: 17%), or 25% under US GAAP (2015: 24%).

VIP Gaming Performance

VIP rolling chip volume for 2016 was \$215 billion, down 23% year-on-year. This translated to revenue of \$6.6 billion, down 22% year-on-year.

VIP Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Turnover	59,200	46,090	49,601	60,149	280,463	215,040	(23%)
Net Win	1,659	1,472	1,419	2,087	8,504	6,637	(22%)
Win %	2.8%	3.2%	2.9%	3.5%	3.0%	3.1%	n/a

Mass Gaming Performance

Mass gaming revenue for 2016 was \$4.9 billion, up 18% year-on-year.

Mass Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Table Drop	3,019	3,062	3,154	3,303	10,324	12,538	21%
Net Win	1,178	1,141	1,301	1,251	4,140	4,871	18%
Hold %	39.0%	37.3%	41.2%	37.9%	40.1%	38.8%	n/a

Electronic Gaming Performance

Electronic gaming revenue for 2016 was \$105 million, down 10% year-on-year.

Electronic Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Slots Handle	409	386	684	1,399	2,002	2,878	44%
Net Win	24	18	25	38	117	105	(10%)
Hold %	5.9%	4.7%	3.6%	2.7%	5.9%	3.7%	n/a

Non-Gaming Performance

Non-gaming revenue for 2016 was \$208 million, down 24% year-on-year. Hotel room occupancy was 98% for 2016.

Non-Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Net Rental Revenue	9	9	9	10	33	37	12%
Hotel Revenue / F&B / Others	47	39	40	45	242	171	(29%)
Total	56	48	49	55	275	208	(24%)

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 2016 was \$676 million. Adjusted EBITDA was \$30 million for 2016 versus \$(7) million in 2015.

There was no material luck impact for Broadway Macau™'s Adjusted EBITDA in 2016.

Mass Gaming Performance

Mass gaming revenue for 2016 was \$449 million.

Mass Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Table Drop	600	503	474	393	1,220	1,970	61%
Net Win	131	115	103	100	285	449	58%
Hold %	21.9%	22.9%	21.7%	25.5%	23.4%	22.8%	n/a

Electronic Gaming Performance

Electronic gaming revenue for 2016 was \$30 million.

Electronic Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Slots Handle	143	137	139	103	311	522	68%
Net Win	7	9	8	6	20	30	50%
Hold %	5.1%	6.2%	5.8%	5.9%	6.4%	5.7%	n/a

Non-Gaming Performance

Non-gaming revenue for 2016 was \$197 million. Hotel room occupancy was virtually 100% for 2016.

Non-Gaming							
HKS'm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2015	FY 2016	YoY%
Net Rental Revenue	14	14	16	13	26	57	119%
Hotel Revenue / F&B / Others	29	31	40	40	94	140	49%
Total	43	45	56	53	120	197	64%

City Clubs

City Clubs contributed \$107 million of Adjusted EBITDA to the Group's earnings for 2016 (2015: \$107 million).

CONSTRUCTION MATERIALS DIVISION

Construction Materials Division posted a solid set of results, achieving year-on-year revenue growth of 12% to \$2.1 billion and Adjusted EBITDA growth of 36% to \$434 million.

Hong Kong and Macau

Although the demand for construction materials in Hong Kong was generally good throughout 2016, certain major infrastructure projects have been slowing down. In response to the weakening backdrop, the division proactively implemented a number of significant cost saving measures across the business, and this emphasis on operational efficiency and commercial delivery provided a satisfactory base for profit contribution.

In Macau, after a good start, construction projects driven by expansion in the entertainment, infrastructure and property sectors have seen reduced activity, leading to a decrease in demand for construction materials.

Mainland China

Although the Central Government continues to implement proactive fiscal and monetary policies to boost the weakening economy, the construction materials market remains challenging as it adjusts to the effects from the over-capacity situation, particularly in the market of ground granulated blast-furnace slag in Northern China.

The Central Government's policy to develop its Western Region continues to support growth in infrastructure and rural development, and the strong market demand for cement in Yunnan Province resulted in good profit contribution from our joint venture operations. Furthermore, our new cement plant in Zhenyuan, with annual production capacity of two million tonnes commenced operation during the year, further enhanced the division's capability to capture growth in the developing and dynamic South West Yunnan market.

DEVELOPMENT UPDATE

Cotai Phases 3 & 4

With the largest contiguous landbank in Cotai, GEG is uniquely positioned for the medium and longer term growth in tourism and leisure visitors throughout Asia and specifically Mainland China. Cotai Phases 3 & 4 will provide GEG with the opportunity to expand its non-gaming footprint even further. We continue to move forward with the potential to commence construction in late Q1 or early Q2 of 2017. The development will have a significant focus on non-gaming, primarily targeting MICE, entertainment and family facilities.

Hengqin

GEG's concept plans for the proposed Hengqin project continues to progress. Hengqin will allow GEG to develop a low rise, low-density integrated resort that will complement our high energy resorts in Cotai. We anticipate to be able to provide further details later in the year.

International

GEG is continuously exploring opportunities in the overseas markets, including Japan.

SUBSEQUENT EVENT

GEG announced a special dividend of \$0.26 per share payable on or about 28 April 2017, a 73% increase compared to April 2016.

GROUP OUTLOOK

We continue with our focus to drive profitable volumes and actively control costs which contributed to delivering solid results in 2016, even with new capacity entering the market. We were encouraged by the last five months of 2016 where Macau experienced modest growth in GGR. We hope that this will develop into a definitive trend over the course of 2017 and beyond. Our cautiousness is reflective of the fact that we face increased regional competition and a tightening regulatory environment. In addition, there are a number of macro-economic and global geo-political events occurring in 2017 that may have an impact on consumer sentiment.

With that said, we are confident in the medium to longer term outlook for Macau in general and GEG specifically. We believe the demand for leisure, tourism and travel from both Asia and Mainland China is significant and the market is still under-penetrated. To capitalize on this demand we will potentially commence construction of Phases 3 & 4 in late Q1 or early Q2 2017 and we also continue our planning for the development of Hengqin which will complement our high energy resorts in Macau.

The continued support of the Macau and Central Governments is greatly appreciated with their ongoing build out of infrastructure to both access Macau and to travel more easily within Macau. We look forward to the completion of these infrastructure projects that will further enhance the attractiveness of Macau. We look forward to working with the Macau Government to support their ongoing efforts to develop Macau into a World Center of Tourism and Leisure.

LIQUIDITY AND FINANCIAL RESOURCES

The equity attributable to owners of the Company as at 31 December 2016 was \$46,345 million, an increase of approximately 13% over that as at 31 December 2015 of \$41,101 million, while the Group's total assets employed increased to \$66,261 million as at 31 December 2016 as compared to \$55,354 million as at 31 December 2015.

The Group continues to maintain a strong cash position. As at 31 December 2016, total cash and bank balances were \$19,897 million, as compared to \$7,718 million as at 31 December 2015. The Group's total borrowings were \$6,135 million as at 31 December 2016 as compared to \$1,390 million as at 31 December 2015. The Group was in a net cash position as at 31 December 2016 and 31 December 2015.

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.

TREASURY POLICY

The Group continues to adopt a conservative treasury policy in liquidity and financial management. Cash is generally placed in short-term deposits 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 Societe Anonyme des Bains de Mer et du Cercle des Etrangers a Monaco investment in August 2015.

CHARGES ON GROUP ASSETS

Property, plant and equipment with net book value of \$1,023 million (2015: \$764 million) and bank deposits of \$315 million (2015: \$462 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 \$590 million (2015: \$58 million). At 31 December 2016, facilities utilized amounted to \$300 million (2015: nil).

The Group has executed guarantees in favour of banks in respect of facilities granted to joint ventures and an associated company amounting to \$297 million (2015: \$290 million). At 31 December 2016, facilities utilized amounted to \$255 million (2015: \$266 million).

DEALINGS IN LISTED SECURITIES

Neither GEG nor any of its subsidiaries has purchased, sold or redeemed any of GEG's shares during the year ended 31 December 2016.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2016 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 2016 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\$0.15 and HK\$0.18 per share for the year ended 31 December 2016 were paid to the shareholders of the Company on 29 April 2016 and 28 October 2016 respectively.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: nil).

Total dividends paid to shareholders of the Company for the year ended 31 December 2016 were HK\$0.33 per share (2015: HK\$0.42 per share).

On 28 February 2017, the Board of Directors has resolved to declare special dividend of HK\$0.26 per share totaling approximately HK\$1,120 million, payable to shareholders whose names appear on the register of members of the Company on 31 March 2017. This special dividend is expected to be paid on or about 28 April 2017.

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 Wednesday, 29 March 2017 to Friday, 31 March 2017, 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 Tuesday, 28 March 2017.

ENTITLEMENT TO ATTEND AND VOTE AT THE 2017 ANNUAL GENERAL MEETING

The 2017 Annual General Meeting of the shareholders of GEG will be held on Thursday, 4 May 2017. The register of members of GEG will be closed from Friday, 28 April 2017 to Thursday, 4 May 2017, 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 2017 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, 27 April 2017.

ANNUAL REPORT 2016

The Annual Report 2016 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 2017

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