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GALAXY ENTERTAINMENT GROUP LIMITED

銀河娛樂集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 27)

ANNOUNCEMENT

The Board of Directors (the “**Board**”) of Galaxy Entertainment Group Limited (the “**Company**” or “**Galaxy**”) is pleased to announce certain selected unaudited key performance indicators of the Company and its subsidiaries (collectively the “**Group**”) for the second quarter ended 30 June 2009 to enable its shareholders, investors and the public to better appraise the position and business performance of the Group.

Key Highlights as follows:

- Galaxy records three consecutive quarters of EBITDA growth with HK\$264 million for the Q2, 2009
- StarWorld continues to outperform the market with four consecutive quarters of EBITDA growth, Q2, 2009 EBITDA exceeded Q2, 2008 EBITDA by 91%
- Galaxy maintained market share despite significant new competition entering the market
- StarWorld’s VIP volumes remain very solid
- Opened new VIP rooms totalling 16 tables in June
- Renovated mass gaming area with re-launch scheduled for 2 August 2009
- Continuing with construction at Cotai, opening to be aligned with improving economic conditions
- Continued to manage prudently and strengthen the balance sheet with additional debt repurchases
- Remain liquid with HK\$5.4 billion of cash and reported “net cash” at 30 June
- StarWorld was awarded the “Best Casino Interior Design”, the “Best Hotel Brand for Customer Satisfaction” and the “Top 10 Leisure Hotels of China”

The Group's EBITDA (earnings before interest, taxation, depreciation, amortization and non-recurring items) for the combined Q1 and Q2, 2009 was HK\$496 million, up 86% versus the same period in 2008.

Throughout the second quarter of 2009, Galaxy maintained its market share at 12% despite significant new gaming supply entering the market and 50% of StarWorld's mass gaming floor being out of commission for the second half of the reporting period due to a refit of the gaming floor.

We are pleased to report that Galaxy continues to outperform the market with StarWorld generating four consecutive quarters of EBITDA growth and maintaining market share against significant new capacity and competition. We also took the opportunity to further strengthen our balance sheet through additional debt buybacks.

StarWorld

StarWorld continued to drive exceptionally strong EBITDA with four consecutive quarters of EBITDA growth. Q2, 2009 EBITDA increased 91% to HK\$214 million compared to Q2, 2008.

During the second quarter of 2009, we opened 16 additional VIP tables at StarWorld by introducing new VIP operators. We also commenced refitting the mass gaming area which will enhance our customer appeal and improve the quality of offering to our mass gaming customers. We are on schedule to re-launch the mass gaming area on 2 August 2009.

StarWorld's hotel occupancy remains strong with occupancy for the quarter of 85% and an average daily rate (ADR) of HK\$1,009. StarWorld has recently been awarded the "Best Hotel Brand for Customer Satisfaction" at the 2009 China Hotel Golden Horse Awards and was previously awarded the "Best Casino Interior Design" at the International Gaming Awards and the "Top 10 Leisure Hotels of China" at the Asia Hotel Forum's China Hotel Starlight Awards.

StarWorld's segmented revenue results for the quarters were as follows:

VIP Table Games:

| VIP | Q1 | Q2 | 6 months |
|---------------------------|-----------|-----------|-----------------|
| VIP Table Turnover (HK\$) | \$55 b | \$54 b | \$109 b |
| Win % | 3.0% | 3.2% | 3.1% |
| Gaming Revenue (HK\$) | \$1.6 b | \$1.7 b | \$3.3 b |

Mass Table Games:

| Mass Tables | Q1 | Q2 | 6 months |
|-----------------------|-----------|-----------|-----------------|
| Table Drop (HK\$) | \$1.5 b | \$1.4 b | \$2.9 b |
| Win % | 16.8% | 13.4% | 15.2% |
| Gaming Revenue (HK\$) | \$253 m | \$187 m | \$440 m |

City Clubs and Construction Materials

Both City Clubs and Construction Materials had a solid quarter. City Clubs contributed HK\$38 million in EBITDA to the Group and Construction Materials contributed HK\$60

million. We are starting to see signs that Construction Materials may be benefiting from the Central Government's stimulus package with increased spending on infrastructure and the division is well positioned for future growth.

Cotai Development

We continue with the construction of Cotai and are on schedule to complete the external building works by the end of this calendar year. We also continue to monitor the global economy and will align the opening of the project to a time of improving economic conditions.

Strengthened Balance Sheet

During the period, we took the opportunity to further strengthen Galaxy's already strong balance sheet through the repurchase of an additional HK\$210 million (US\$27 million) of debt at approximately 50 cents on the dollar. After this debt repurchase, Galaxy's cash on hand as at 30 June was HK\$5.4 billion. The Group was net cash positive as at 30 June, or alternatively the Group's cash balance was greater than the Group's level of debt.

Outlook for Second Half of 2009

We are cautiously optimistic on the outlook for the second half of 2009. There are a number of key events occurring during the second half of the year which we view will be most beneficial to Macau. These are:

- Election of new Macau Chief Executive
- Establishment of Macau Gaming Chamber
- Potential implementation of commission cap
- Election of the new Macau Legislative Assembly
- Celebration of 60th anniversary of the founding of the People's Republic of China
- Celebration of 10th anniversary of Macau reverting to Mainland China

Specifically at StarWorld, our flagship Casino Hotel, we have grown revenue and EBITDA for the past four consecutive quarters and we are well positioned for further growth having added additional VIP Promoters during June and added another VIP Promoter in early July. We also plan to re-launch our mass gaming area on 2 August 2009 after the completion of a facilities upgrade and re-fit.

Financial Results Announcement for First Half of 2009

Galaxy anticipates being able to provide full Second Quarter and First Half 2009 financial results on the completion of the Company's half year review by our Auditors as required by the Hong Kong Stock Exchange Listing Rules. We expect this review to be completed in September 2009.

US GAAP Comparisons

In comparing Galaxy's results to those of US corporations whose results are prepared under generally accepted accounting principles in the United States ("US GAAP"), it should be noted that gross gaming revenues, presented under US GAAP, are reduced by commissions and discounts paid to players, to arrive at net gaming revenues. An adjusted EBITDA margin would then be calculated based on these reduced net gaming revenues, resulting in a

significantly higher EBITDA margin than that calculated under Hong Kong accounting standards. Galaxy complies with Hong Kong accounting standards.

| | StarWorld's EBITDA Margin | |
|---------------|----------------------------------|------------------------|
| | Q2, 2009 | First Half 2009 |
| Under US GAAP | 17.6% | 17.1% |
| Under HK GAAP | 10.6% | 10.4% |

Caution Statement

The Board wishes to remind shareholders and potential investors that the above financial data primarily relates only to a part of operations of the Group and is based on the Group's internal records and management accounts. The above financial data has not been reviewed or audited by independent auditors and is not a forecast of the performance of the gaming and entertainment division or of the Group as a whole. Shareholders and potential investors are cautioned not to unduly rely on such data and are advised to exercise caution when dealing in the shares of the Company.

As at the date of this announcement, the executive Directors of the Company 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 Directors of the Company are Mr. Anthony Thomas Christopher Carter, Dr. Martin Clarke and Mr. Guido Paolo Gamucci; and the independent non-executive Directors of the Company are Mr. James Ross Ancell, Dr. William Yip Shue Lam and Dr. Patrick Wong Lung Tak.

By Order of the Board of
Galaxy Entertainment Group Limited
Kitty Chan Lai Kit
 Company Secretary

Hong Kong, 30 July 2009

Website: www.galaxyentertainment.com