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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 third quarter ended 30 September 2009 to enable its shareholders, investors and the public to better appraise the position and business performance of the Group.

Key Highlights:

- Galaxy records fourth consecutive quarter of EBITDA growth
- StarWorld continues to outperform the market with record VIP turnover and fifth consecutive quarter of revenue and EBITDA growth
- StarWorld’s Q3 2009 VIP turnover up 50% over Q2 to an all-time record HK\$81 billion
- Strong and liquid balance sheet with HK\$3.8 billion of cash
- Completed the acquisition of the Cotai site, securing Galaxy’s long-term development future
- Galaxy Macau resort in Cotai to open in Q1 2011; estimated budget of HK\$14.1 billion

During the quarter under review, Galaxy’s revenue was HK\$2,853 million, an increase of 16% over Q3, 2008 and an increase of 5% over Q2, 2009. Galaxy’s EBITDA (earnings before interest, taxation, depreciation, amortization and non-recurring items) for Q3, 2009 was HK\$278 million, a slight increase versus Q2, 2009 but up 181% compared to Q3, 2008.

Galaxy continued to demonstrate strong growth momentum during the third quarter, with StarWorld outperforming the market and recording its fifth consecutive quarter of revenue and EBITDA growth and reported market leading occupancy levels.

StarWorld

In the third quarter of 2009, StarWorld delivered its fifth consecutive quarter of revenue and EBITDA growth. VIP turnover was HK\$81,107 million, an increase of 50% compared to Q2, 2009. Revenue and EBITDA reached HK\$2,195 million and HK\$218 million respectively, increases of 8% and 1% compared to Q2, 2009.

StarWorld experienced a below average VIP win rate of 2.3% during the quarter, well under the theoretical expected win rate of 2.8%. On a normalized basis (at the win rate of 2.8%) Galaxy would have reported an EBITDA of approximately HK\$300 million for the quarter.

Occupancy of StarWorld Hotel, which remains Macau's only Five Star Diamond award winning hotel, was 97% up from 85% in Q2, 2009 and well above the average of Macau's Five Star Hotels in the quarter of 76%. StarWorld's average daily rate (ADR) remained solid at HK\$1,020 for the quarter.

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

VIP Table Games:

VIP	Q1	Q2	Q3
VIP Table Turnover (HK\$)	\$55 b	\$54 b	\$81 b
Win %	3.0%	3.2%	2.3%
Gaming Revenue (HK\$)	\$1.7 b	\$1.7 b	\$1.8 b

Mass Table Games:

Mass Tables	Q1	Q2	Q3
Table Drop (HK\$)	\$1.5 b	\$1.4 b	\$1.5 b
Win %	16.8%	13.4%	15.6%
Gaming Revenue (HK\$)	\$253 m	\$187 m	\$230 m

City Clubs and Construction Materials

Both City Clubs and Construction Materials had a solid quarter. City Clubs contributed HK\$41 million in EBITDA to the Group and Construction Materials contributed HK\$63 million. The Group continues to see signs that Construction Materials may be benefiting from the Chinese Central Government's stimulus package which saw increased spending on infrastructure, and the division is well positioned for future growth.

Cotai Development

When complete, Galaxy Macau will be Macau's first fully-integrated resort destination with a total area of approximately 550,000 square meters, 2,200 hotel rooms, suites and floating villas and more than 7,700 predominantly local staff.

Galaxy Macau will house the Group's own highly regarded five star Galaxy Hotel (based on the hugely successful StarWorld property), the five star Japanese Okura Hotel and an ultra exclusive Banyan Tree suite and villa complex; together comprising three very diverse and world-class Asian hotel brands.

The resort's gaming facilities will have a capacity of over 600 tables and 1,200 electronic gaming machines in five auspiciously themed areas. Above the gaming facilities will be a 52,000 square meter oasis resort, with the largest wave pool in Asia, a beach comprising 350 tonnes of white sand, lush gardens and water falls. A carefully selected portfolio of more than 50 largely Asian food and beverage outlets and two distinct areas of retail will further add to Galaxy Macau's uniquely Asian offering.

Completion of the building's exterior is imminent and internal fit-out will follow early in 2010 with opening in the first quarter of 2011. Galaxy is forging numerous partnerships to ensure world-class concept, construction, and services, creating an authentic Asian customer experience. The total budget for the development will be approximately HK\$14.1 billion.

We are extremely excited about the opening of Galaxy Macau. As the first element in a multi-phase long-term development plan, this project is a clear statement of our confidence and conviction in the potential of Macau.

Strengthened Balance Sheet

During Q3, 2009 the Group took the opportunity to further strengthen Galaxy's already strong balance sheet through the repurchase of an additional HK\$117 million (US\$15 million) of debt. After this debt repurchase, Galaxy's cash on hand as at 30 September was HK\$3.8 billion.

Outlook for the Fourth Quarter of 2009

We are cautiously optimistic about the outlook for the fourth quarter of 2009. The macro trends are good and we are expecting Macau to achieve healthy growth based on, the new Macau Chief Executive taking office; continuing progress of the Macau Gaming Chamber in cooperation with the Macau Government to maintain healthy sustainable growth in the market; and the celebration of 10th anniversary of Macau reverting to Mainland China.

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		
	Q1 2009	Q2 2009	Q3 2009
Under US GAAP	16%	18%	17%
Under HK GAAP	10%	11%	10%

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, 10 November 2009

Website: www.galaxyentertainment.com