

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2009

ANNUAL RESULTS

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 2009 as follows:

2009 Fourth Quarter and Full Year Highlights

GEG:

- Fifth consecutive quarter of EBITDA growth
- Full Year Group EBITDA of HK\$1.12 billion more than doubled the previous year
- Fourth Quarter Group EBITDA of HK\$334 million up 20% quarter on quarter

StarWorld:

- Sixth consecutive quarter of revenue and EBITDA growth
- All time record EBITDA of HK\$346 million in the fourth quarter

Funding (post period end):

- Recently announced oversubscribed Club Loan with consortium of leading Asian banks upsized to HK\$9.0 billion
- Club Loan consortium will undertake to ‘take and hold’ all of the debt, with no sell-down
- Club Loan interest rate of HIBOR plus 4.5% substantially below existing guaranteed senior notes rate of 9.875%

Galaxy Macau™:

- HK\$14.1 billion Galaxy Macau™ development fully funded, on schedule and on budget to open in early 2011

FINAL DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: nil).

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2009

	Note	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i> <i>(restated, note 1)</i>
Revenue	3	12,232,679	10,520,120
Other income/gains, net		221,036	200,793
Net gain on buyback of guaranteed notes		623,838	-
Gain on buyback of convertible notes		191,267	-
Special gaming tax and other related taxes to the Macau Government		(4,215,981)	(3,382,448)
Commission and allowances to gaming counterparties		(4,426,441)	(3,248,754)
Raw materials and consumables used		(587,563)	(860,491)
Amortisation and depreciation		(541,097)	(1,143,951)
Employee benefit expenses		(1,188,709)	(1,418,312)
Other operating expenses		(926,334)	(1,526,151)
Impairment of gaming licence		-	(12,330,305)
Operating profit/(loss)	5	1,382,695	(13,189,499)
Finance costs		(138,993)	(382,704)
Change in fair value of derivative under the convertible notes		(96,295)	461,994
Share of profits less losses of:			
Jointly controlled entities		85,845	51,885
Associated company		127	-
Profit/(loss) before taxation		1,233,379	(13,058,324)
Taxation (charge)/credit	6	(75,726)	1,503,093
Profit/(loss) for the year		<u>1,157,653</u>	<u>(11,555,231)</u>
Attributable to:			
Equity holders of the Company		1,149,113	(11,390,368)
Minority interests		8,540	(164,863)
		<u>1,157,653</u>	<u>(11,555,231)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share	7		
Basic		29.2	(289.3)
Diluted		29.1	(289.3)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2009

	2009	2008
	HK\$'000	HK\$'000
Profit/(loss) for the year	1,157,653	(11,555,231)
Other comprehensive income/(loss)		
Change in fair value of non-current investments, net of tax	7,744	(88,747)
Disposal of non-current investments, net of tax	-	(3,363)
Currency translation differences, net of tax	(7,544)	49,772
Change in fair value of cash flow hedges	(3,173)	12,272
Other comprehensive loss for the year, net of tax	(2,973)	(30,066)
Total comprehensive income/(loss) for the year	1,154,680	(11,585,297)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	1,145,920	(11,427,673)
Minority interests	8,760	(157,624)
	1,154,680	(11,585,297)

CONSOLIDATED BALANCE SHEET
As at 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		7,175,464	6,480,783
Investment properties		66,700	64,500
Leasehold land and land use rights		4,347,228	1,540,529
Intangible assets		1,391,322	1,488,039
Jointly controlled entities		1,003,061	832,629
Associated company		857	730
Derivative financial instruments		-	1,522
Other non-current assets		352,660	290,211
		<u>14,337,292</u>	<u>10,698,943</u>
Current assets			
Inventories		84,820	94,022
Debtors and prepayments	8	894,862	1,607,505
Amounts due from jointly controlled entities		91,556	191,621
Derivative financial instruments		382	-
Taxation recoverable		2,479	1,999
Other investments		35,132	15,574
Cash and bank balances		3,516,490	6,042,300
		<u>4,625,721</u>	<u>7,953,021</u>
Total assets		<u>18,963,013</u>	<u>18,651,964</u>
EQUITY			
Share capital		394,159	393,817
Reserves		7,774,378	6,617,467
Shareholders' funds		8,168,537	7,011,284
Minority interests		266,597	262,616
Total equity		<u>8,435,134</u>	<u>7,273,900</u>
LIABILITIES			
Non-current liabilities			
Borrowings		4,459,703	6,275,958
Deferred taxation liabilities		271,884	267,224
Derivative financial instruments		101,044	17,805
Provisions		129,778	115,553
		<u>4,962,409</u>	<u>6,676,540</u>
Current liabilities			
Creditors and accruals	9	4,115,549	4,254,533
Amounts due to jointly controlled entities		4,157	348
Borrowings		1,383,488	435,903
Derivative financial instruments		508	-
Provision for tax		61,768	10,740
		<u>5,565,470</u>	<u>4,701,524</u>
Total liabilities		<u>10,527,879</u>	<u>11,378,064</u>
Total equity and liabilities		<u>18,963,013</u>	<u>18,651,964</u>
Net current (liabilities)/assets	2	<u>(939,749)</u>	<u>3,251,497</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Presentation of income statement

The Group continually reviews the content and presentation of the financial statements to ensure compliance with relevant accounting standards and regulations and also to consider their relevance and usefulness to readers. As a result of this ongoing review the Group has changed the format of the consolidated income statement from the “function” format to the “nature of expense” format. Comparative figures have been restated. The Group believes this revised presentation will provide users of the financial statements with a better understanding of the business. The “nature of expense” presentation is also more consistent with that of the Group’s major competitors and is more closely aligned with the way management reviews performance internally.

2. 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 2009, the Group’s current liabilities exceeded its current assets by HK\$940 million, mainly due to maturity of the guaranteed floating rate notes of HK\$822 million in 2010. The redemption of such guaranteed floating rate notes was completed with payment made on 14 January 2010. Taking into account the committed banking facilities of HK\$9.0 billion obtained after the year end, 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 2009, the Group adopted the following new/revised HKFRS issued by the HKICPA which are effective for the accounting periods beginning on or after 1 January 2009 and relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 (Amendment) and HKAS 1 (Amendment)	Financial instruments: Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 (Amendment)	Share-based Payments
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 (Amendment) and HKAS 39 (Amendment)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement
HK(IFRIC) – Int 18	Transfer of Assets from Customers

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

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

Improvements to HKFRS published in October 2008

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 18 (Amendment)	Revenue
HKAS 19 (Amendment)	Employee Benefits
HKAS 23 (Amendment)	Borrowing Costs
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 28 (Amendment)	Investments in Associates
HKAS 31 (Amendment)	Interests in Joint Ventures
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKAS 40 (Amendment)	Investment Property

In addition, the Group has early adopted HKAS 17 (Amendment) Leases, which is mandatory for accounting periods beginning on and after 1 January 2010.

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 the following:

- (i) presentation of the consolidated statement of comprehensive income to present the non-owner consolidated changes in equity as required under HKAS 1 (Revised). The Group has elected to present two statements: a consolidated income statement and a consolidated statement of comprehensive income;
- (ii) segment information as required under HKFRS 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes; and
- (iii) HKAS 17 (Amendment) requires the Group to reassess the classification of leasehold land as finance or operating lease. Upon adoption, the opening balances have been assessed and classified accordingly. Current year addition to leasehold land has been classified based on the underlying criteria of HKAS 17.

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

- (b) Standards, amendments and interpretations to existing standards which are not yet effective and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 38 (Amendment)	Intangible Assets	1 July 2009
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedge Item	1 July 2009
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners	1 July 2009
HKFRS 2 (Amendment)	Share-based Payments	1 January 2010
HKFRS 8 (Amendment)	Operating Segments	1 January 2010
HKAS 1 (Amendment)	Presentation of Financial Statements	1 January 2010
HKAS 7 (Amendment)	Statement of Cash Flows	1 January 2010
HKAS 36 (Amendment)	Impairment of Assets	1 January 2010
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1 January 2010
HK(IFRIC)- Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
HKFRS 5 (Amendment)	Non-current Assets Held For Sale and Discontinued Operations	1 January 2010
HKFRS 9	Financial Instruments	1 January 2013

The Group has not early adopted the above standards, amendments 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.

3. Revenue

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

	2009	2008
	HK\$'000	HK\$'000
Sales of construction materials	1,245,297	1,603,074
Gaming operations		
Net gaming wins	10,578,436	8,431,001
Contributions from Certain City Club Casinos (<i>Note a</i>)	101,543	116,828
Tips received	10,343	16,808
Hotel operations		
Room rental	122,372	153,576
Food and beverages	81,394	88,072
Others	80,660	87,298
Administrative fee income from gaming operations	12,634	23,463
	<u>12,232,679</u>	<u>10,520,120</u>

(*Note a*) 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 2009, the Group is entitled to HK\$101,543,000 (2008: HK\$116,828,000) as set out below, 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. Revenue (Cont'd)

(Note a) The revenue and expenses related to the gaming operations of the Certain City Club Casinos are summarised as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Net gaming wins	2,898,329	1,856,395
Other income	7,310	9,861
Interest income	1,121	5,707
	<u>2,906,760</u>	<u>1,871,963</u>
Operating expenses		
Special gaming tax and other related taxes to the Macau Government	(1,156,840)	(744,390)
Commission and allowances to gaming counterparties	(1,089,783)	(700,723)
Employee benefit expenses	(231,795)	(241,756)
Other operating expenses	(157,281)	(168,033)
	<u>(2,635,699)</u>	<u>(1,854,902)</u>
Contributions from gaming operations	271,061	17,061
(Entitlement of)/contributions from the Service Providers	(169,518)	99,767
	<u>101,543</u>	<u>116,828</u>

4. 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 excludes the effects of non-recurring income and expenditure from the operating segments, such as pre-opening expenses, net gains on buyback of guaranteed notes and convertible 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, 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.

4. Segment information (Cont'd)

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.

	Gaming and entertainment	Construction materials	Corporate and treasury management	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<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 3				
Revenue not recognised	(2,898,329)	–	–	(2,898,329)
Contributions	101,543	–	–	101,543
Others	7,118	–	–	7,118
	<u>10,987,382</u>	<u>1,245,297</u>	<u>–</u>	<u>12,232,679</u>
Revenue recognised under HKFRS				
Adjusted EBITDA	<u>1,001,395</u>	<u>237,061</u>	<u>(119,129)</u>	1,119,327
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
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				(70,911)
Profit for the year				<u>1,157,653</u>

4. 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 2008				
Reportable segment revenue	11,271,004	1,603,074	–	12,874,078
Adjusted for:				
Certain City Club Casinos arrangement set out in note 3				
Revenue not recognised	(1,856,395)	–	–	(1,856,395)
Contributions	116,828	–	–	116,828
Revenue not recognised under a jointly controlled operation	(627,656)	–	–	(627,656)
Others	13,265	–	–	13,265
Revenue recognised under HKFRS	<u>8,917,046</u>	<u>1,603,074</u>	<u>–</u>	<u>10,520,120</u>
Adjusted EBITDA	<u>467,680</u>	<u>216,420</u>	<u>(140,125)</u>	543,975
Interest income and gross earnings on finance lease				157,222
Amortisation and depreciation				(1,143,951)
Finance costs				(382,704)
Change in fair value of derivative under the convertible notes				461,994
Taxation credit				1,503,093
Taxation of jointly controlled entities				(3,187)
Adjusted items:				
Impairment of gaming licence				(12,330,305)
Pre-opening expenses of Galaxy Macau resort at Cotai				(59,636)
Unrealised loss on listed investments				(42,194)
Gain on deemed disposal of jointly controlled entities				15,697
Gain on disposal of a subsidiary				8,255
Excess of fair value over consideration upon step up acquisition in a subsidiary				22,000
Impairment of advance to a non-current investment and other debtors				(30,733)
Other provision				<u>(274,757)</u>
Loss for the year				<u>(11,555,231)</u>

4. 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 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>
As at 31 December 2008				
Total assets	<u>15,188,978</u>	<u>2,712,342</u>	<u>750,644</u>	<u>18,651,964</u>
Total assets include:				
Jointly controlled entities	4,070	828,559	-	832,629
Associated company	-	730	-	730
Total liabilities	<u>8,556,539</u>	<u>986,774</u>	<u>1,834,751</u>	<u>11,378,064</u>

Geographical analysis

Year ended 31 December	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue		
Macau	11,031,432	9,110,428
Hong Kong	679,557	742,103
Mainland China	<u>521,690</u>	<u>667,589</u>
	<u>12,232,679</u>	<u>10,520,120</u>
Non-current assets, other than financial instruments		
	As at 31 December 2009 <i>HK\$'000</i>	As at 31 December 2008 <i>HK\$'000</i>
Macau	12,613,974	9,194,016
Hong Kong	655,034	534,084
Mainland China	<u>1,068,284</u>	<u>969,321</u>
	<u>14,337,292</u>	<u>10,697,421</u>

5. Operating profit/(loss)

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Operating profit/(loss) is arrived at after crediting:		
Rental income	5,549	4,843
Interest income	17,902	145,168
Dividend income from unlisted investments	600	11,227
Dividend income from listed investments	543	1,811
Unrealised gain/(loss) on listed investments	19,558	(42,194)
Gain on disposal of a subsidiary	148,385	8,255
Gain on deemed disposal of jointly controlled entities	–	15,697
Excess of fair value over consideration upon step-up acquisition in a subsidiary	–	22,000
	<u>=====</u>	<u>=====</u>
and after charging:		
Depreciation	347,584	352,417
Amortisation		
Gaming licence	106,337	706,987
Computer software	13,042	7,494
Overburden removal costs	8,385	15,057
Quarry site improvements	16,216	20,599
Quarry site development	564	917
Leasehold land and land use rights	48,969	40,480
	<u>=====</u>	<u>=====</u>

6. Taxation (charge)/credit

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	(11,511)	(8,786)
Mainland China income tax	(7,239)	(2,021)
Macau complementary tax	(75)	(376)
Net under-provision in prior year	(52,241)	–
Deferred taxation	(4,660)	1,514,276
	<u>=====</u>	<u>=====</u>
Taxation (charge)/credit	<u>(75,726)</u>	<u>1,503,093</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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% (2008: 12% to 25%).

7. Earnings/(loss) per share

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit/(loss) attributable to equity holders of the Company	<u>1,149,113</u>	<u>(11,390,368)</u>
	Number of shares	
	2009	2008
Weighted average number of shares for calculating basic earnings/(loss) per share	3,938,463,224	3,937,281,082
Effect of dilutive potential ordinary shares		
Share options	<u>5,670,154</u>	—
Weighted average number of shares for calculating diluted earnings/(loss) per share	<u>3,944,133,378</u>	<u>3,937,281,082</u>

8. Debtors and prepayments

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade debtors, net of provision	415,506	581,092
Other debtors, net of provision	414,048	943,608
Prepayments	25,243	41,099
Amount due from an associated company	7,951	4,719
Current portion of finance lease receivable	<u>32,114</u>	<u>36,987</u>
	<u>894,862</u>	<u>1,607,505</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.

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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within one month	125,774	157,768
Two to three months	129,995	180,289
Four to six months	92,749	117,859
Over six months	<u>66,988</u>	<u>125,176</u>
	<u>415,506</u>	<u>581,092</u>

9. Creditors and accruals

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade creditors	1,246,633	961,502
Other creditors	842,945	605,457
Chips issued	1,008,662	1,299,099
Loans from minority interests	50,675	91,177
Accruals and provision	958,904	1,288,454
Deposits received	7,730	8,844
	<u>4,115,549</u>	<u>4,254,533</u>

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within one month	841,830	559,557
Two to three months	77,764	104,163
Four to six months	41,586	40,989
Over six months	285,453	256,793
	<u>1,246,633</u>	<u>961,502</u>

MANAGEMENT DISCUSSION AND ANALYSIS

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

OVERVIEW

2009 was a very good year for the Group during which revenues and earnings improved significantly as market conditions rebounded and GEG's underlying businesses continued to perform strongly.

GEG's quarterly revenues and EBITDA grew consecutively during 2009 culminating in a fourth quarter which was an all time record performance for StarWorld and which marked the third and fifth consecutive quarter of Group revenue and EBITDA growth, respectively.

GEG's success is built on the reputation of StarWorld, its flagship property, as one of the Macau's most popular and successful VIP properties. During the fourth quarter, StarWorld achieved an all-time record VIP turnover of \$98 billion, making it one of the leading VIP volume casinos in the world. StarWorld's success is also based on its ability to deliver very strong Return on Investment (ROI) of 30% per annum in 2009.

During 2009, GEG capitalised on market conditions to strengthen its balance sheet by repurchasing outstanding guaranteed notes and convertible notes ("Bonds") with a face value of US\$288 million (HK\$2,232 million) for a cash consideration of US\$162 million (HK\$1,255 million). This initiative generated a one-off gain of HK\$815 million and also interest expense savings of US\$60 million (HK\$465 million) over the life of the paper.

Finally, GEG acted decisively during the year to optimise profitability by resizing its operations to suit the prevailing economic conditions and vigilantly manage costs.

As a result of its market position and strategic focus, GEG also benefitted and will continue to benefit from emerging trends and developments in the global economy and wider market:

- The Chinese Government's continued development of infrastructure to drive tourism and resort visitation to Macau.
- The Macau Chief Executive's confirmation of his commitment to diversify Macau's economy by growing tourism and resort visitation, and to build Macau into Asia's entertainment capital. The Macau Government maintains its focus on managing the sustainable growth of gaming in Macau, better matching gaming supply to market demand.
- The continuing economic resilience and growth in Asia; specifically in Mainland China where the Government's prudent economic management has delivered strong GDP growth.

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

REVIEW OF OPERATIONS

Group Financial Results

The Group's strong financial performance during 2009 was a direct result of an impressive increase in gaming volumes, revenue growth and strict cost control.

Revenues for the 12 months ended 31 December 2009 were \$12,233 million, an increase of 16% over the previous year. A breakdown of the contribution by businesses is detailed below.

Group Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of \$1.12 billion in 2009 was more than doubled the prior year.

Profit attributable to shareholders in 2009 was \$1,149 million and included an exceptional one off gain of \$815 million in relation to the Group's Bonds buyback initiative. 2009's results compared very favourably with a loss of \$11,390 million in 2008, which included an impairment charge of \$12,330 million relating to GEG's Macau gaming licence.

Set out below is the segmental analysis of the Group's operating results for the year ended 31 December 2009.

<i>HK\$'M</i>	Gaming and Entertainment	Construction Materials	Corporate	Total
<i>For the year ended 31 December 2009:</i>				
Revenue	10,988	1,245	0	12,233
EBITDA*	1,001	237	(119)	1,119

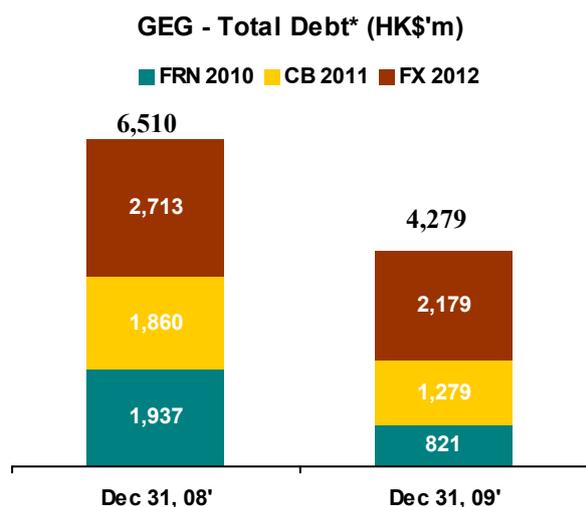
<i>HK\$'M</i>	Gaming and Entertainment	Construction Materials	Corporate	Total
<i>For the year ended 31 December 2008:</i>				
Revenue	8,917	1,603	0	10,520
EBITDA*	468	216	(140)	544

* Excluding interest income and non-recurring items

Balance Sheet

The Group's already robust balance sheet was further strengthened during 2009 as cash on hand was deployed to execute a Bonds buy-back programme where US\$288 million (HK\$2,232 million) worth of Bonds on issue in the market were repurchased for US\$162 million (HK\$1,255 million). The buy-back resulted in a one off gain of \$815 million and also improved cash flow by eliminating approximately US\$60 million in future interest payments over the remaining debt maturity profile, greatly enhanced the Group's financial efficiency. GEG's Cotai land was formally acquired by the Group and is now recorded on the balance sheet.

During 2009, \$2.0 billion was invested in the construction of Galaxy Macau™ and the acquisition of GEG's Cotai land. This, in addition to the funds committed to the Bonds buy-back, resulted in a year-end net debt position (excluding finance lease obligations arising from Cotai land lease) of \$700 million.



* Notes: Total Debt (exclude Bank loans and finance lease obligations) is stated at nominal value

FRN 2010: Floating Rate Notes due 2010

CB 2011: Zero Coupon Convertible Notes due 2011

FX 2012: 9.875% Fixed Rate Notes due 2012

GAMING AND ENTERTAINMENT DIVISION

Overview of the Macau Gaming Market

During the first half of 2009, the Macau market overcame the difficulties of 2008 which were characterised by global economic turmoil, slowing growth and a very substantial increase in market capacity.

Overall, visitation to Macau was approximately 22 million individual visits during 2009, a slight decrease of 5% from 2008. This was due mostly to the effects of the financial crisis early in the year. However the trend turned positive in August as the monthly visitor arrivals exceeded 2008 levels and continued through to the end of the year.

Market conditions improved towards the end of the six months to 30 June, and the second half of the year witnessed a dramatic turnaround. October 2009 was an all-time market record in gaming revenues of \$12.2 billion at that point in time.

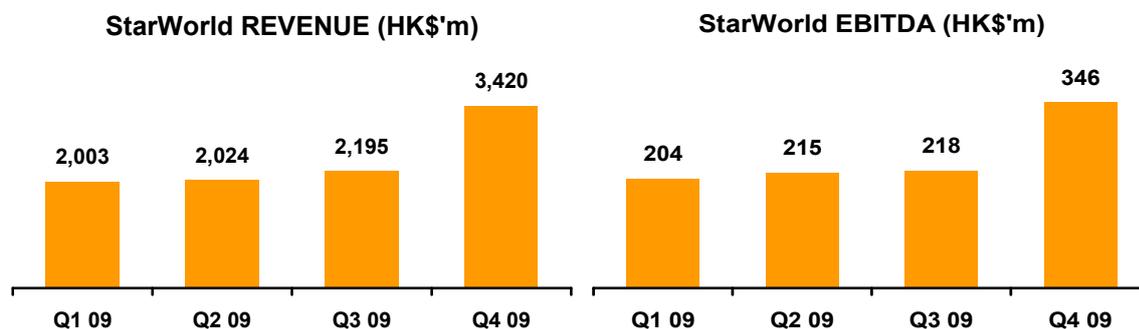
Relatively benign competitive conditions prevailed during 2009, with the opening of only one substantial new property in Cotai and two new properties on the Macau Peninsula.

StarWorld

StarWorld concluded 2009 very strongly: fourth quarter EBITDA of \$346 million was an all time property record, a 60% increase over the previous quarter and a 120% increase over the same quarter in the prior year. It also represented the property's sixth consecutive quarter of EBITDA and revenue growth and delivered a Return on Investment (ROI) of 30% for the year.

For the year as a whole, StarWorld achieved record revenues of \$9.6 billion, a 35% increase over 2008 and generated \$983 million in EBITDA for an increase of 70% over 2008. StarWorld's EBITDA margin was 10% compared to 2008 of 8%. Under US GAAP, EBITDA margins would have been approximately 17% compared to 13% in 2008. This impressive EBITDA performance was primarily driven by increased gaming volumes, very tight operational and cost control and broadly normalised win rates.

The below chart demonstrates the progression of Revenues and EBITDA at StarWorld:



VIP Segment

StarWorld's share of VIP revenues was one of the highest in Macau. VIP Rolling Chip Volume for 2009 was \$288 billion, a 40% increase from 2008. VIP volume grew strongly in 2009 and finished at an all time record of \$98 billion in the fourth quarter. Win rates in 2009 were approximately ten basis points stronger than 2008 at 2.9% (2008: 2.8%), depressed slightly by a weak 2.3% rate in the third quarter. As a result StarWorld's 2009 VIP net win of \$8.3 billion was 46% higher than 2008's \$5.7 billion.

(HK\$m)	FY2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY2009
Turnover	\$206,000	\$55,000	\$54,000	\$81,000	\$98,000	\$288,000
Net Win	\$5,700	\$1,700	\$1,700	\$1,800	\$3,000	\$8,300
Win %	2.8%	3.0%	3.2%	2.3%	3.1%	2.9%

Mass Gaming

Mass Gaming was impacted by the planned upgrading and refurbishment of StarWorld's Level 1 Mass Gaming area. Mass Drop was down 5% year-on-year at \$6.0 billion (2008: \$6.32 billion) and, with a weaker win rate of 15.4% (2008: 15.9%). 2009 Mass Gaming net win was 6% lower than prior year at \$0.94 billion.

(HK\$m)	FY2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY2009
Turnover	\$6,320	\$1,500	\$1,390	\$1,470	\$1,670	\$6,000
Net Win	\$1,007	\$253	\$187	\$230	\$271	\$940
Win %	15.9%	16.8%	13.4%	15.6%	16.0%	15.4%

Electronic Gaming

A majority of StarWorld's Electronic Gaming machines are located on the Level 1 Mass Gaming floor and were also impacted by the area's upgrading and refurbishment during the middle of 2009. Despite this disruption, turnover still increased by 2% to \$2.02 billion from \$1.98 billion in 2008. The increase in volume coupled with a stronger win rate of 6.9% (2008: 6.3%) contributed to StarWorld's Electronic Gaming net win increase of 11% over prior year to \$0.14 billion.

Fourth quarter Q4 revenues of \$44.9 million were the highest quarterly revenues in more than two years.

(HK\$'M)	FY2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY2009
Turnover	\$1,978	\$452	\$482	\$443	\$642	\$2,020
Net Win	\$125	\$30	\$33	\$32	\$45	\$139
Win %	6.3%	6.6%	6.8%	7.1%	7.0%	6.9%

Non-Gaming

Occupancy of StarWorld Hotel averaged a very healthy 91%, reaching 96% for the second half of the year, and the property was frequently booked-out on holidays and week-ends. Consistent with this strong performance, StarWorld was again recognised as a leading luxury casino hotel in Macau, receiving numerous awards from a number of industry bodies, and it remains the only Five Star Diamond Award winning hotel in Macau.

StarWorld is a world-class hotel and casino that has won numerous prestigious awards over the past year. StarWorld Awards in 2009 include:

2009	Nov	5 Star Diamond Award	American Academy of Hospitality Sciences
	Nov	Top 10 Most Popular Hotels	International Hotel Forum Organization
	Nov	Top Ten New Symbolic Architecture Hotels	World Hotel Continental Diamond Award
	Nov	One Star (to Jade Garden) Recommend Restaurant in the "Bid Gourmand Category" (to Laurel)	Michelin Guide Hong Kong and Macau 2010
	Jun	Best Hotel Brand for Customer Satisfaction	Golden Horse Award of China Hotel
	Mar	Top 10 Leisure Hotels of China	Asia Hotel Forum's China Hotel Starlight Awards
	Feb	Best Casino Interior Design	International Gaming Awards



INTERNATIONAL
HOTEL
FORUM
ORGANIZATION
中外酒店論壇



StarWorld's strong financial performance has made it one of the most successful developments in Macau. StarWorld achieved a ROI of 30% for the year, significantly higher than other gaming operators in the marketplace, and has clearly emerged as the preferred property in Macau for VIP promoters.

City Clubs

The performance of the City Clubs division improved significantly during 2009, following the restructuring of certain management agreements during 2008 and a refocusing of the division's business model. For the twelve months ended 31 December 2009, City Clubs contributed \$1.3 billion in revenues and \$157 million EBITDA to the Group compared to 2008 revenues of \$1.7 billion and EBITDA of \$46 million.

CONSTRUCTION MATERIALS

The Group's construction materials business continued to perform well, delivering a solid performance in 2009, with EBITDA growth of 9% to \$237 million despite a challenging but improving economic climate. This performance was enhanced by strong cost control initiatives, which enabled the Group to retain solid profitability. The division is well positioned to prosper in China's buoyant but competitive construction materials sector, as the Chinese Government continues to invest heavily in infrastructure to stimulate economic growth.

Hong Kong and Macau

The division was able to improve its profit contribution from Hong Kong. In Macau, the significant slow down of construction activities in the earlier part of 2009 continued to apply downward pressure on volumes and profit margins. However, there are encouraging signs of a gradual recovery, which will be further stimulated through the Macau Government's recent announcement on the land reclamation and city development plan.

Mainland China

Demand for construction materials increased steadily during 2009 and a strong focus on cost control enabled the region to achieve an improved profit contribution, compared to 2008. In Shanghai, construction work linked to the 2010 World Expo provided a much needed boost to the construction sector, but demand is expected to moderate as this nears completion.

Our joint ventures manufacturing and selling slag in the Mainland continued to generate good profits, and the construction of our new slag production facilities in Qing An and Qinhuangdao, Hebei Province and Nanjing, Jiangsu Province, are progressing as planned.

GALAXY MACAU™ COTAI DEVELOPMENT

Galaxy Macau™

Galaxy Macau™ will be the largest entertainment and resort development to launch in Macau in the next 12 months. Opening in early 2011, Galaxy Macau™ will be a unique proposition, Macau's first Asian centric integrated 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 and food in Macau.

GEG has a strong track record of successfully building and operating Asian centric gaming and entertainment properties in one of the world's most competitive marketplaces. StarWorld regularly outperforms the market and achieves superior returns. Building on this successful track record, and the Group's long history of operations in Asia, the Board is confident that Galaxy Macau™ will be a 'game changer' in the Macau market.

Bespoke for Asia, designed and built by a "World Class" team, and harnessing the skills of the very best partners, Galaxy Macau™ will be a fantastic and mystical world, rich in adventure. Our guests will enjoy a unique experience in the luxury resort featuring decadent suites, pool villas and an award winning spa, housed in three distinct luxury Asian hotels: Banyan Tree, Okura Hotel and Galaxy Hotel.

Sitting high above the five individually designed gaming areas will be the signature 52,000 sq. m. oasis resort, incorporating the world's largest sky wave pool, a white sandy beach, lush gardens and numerous water features and extensive alfresco dining.

Galaxy Macau™ is built with Asian pride. Asian centric entertainment, food and accommodation will combine to underscore the Asian credentials and appeal of this unique resort.

Galaxy Macau™ Construction Update

As a result of market conditions, construction of Galaxy Macau™ continued during 2009 at a reduced pace. At the year-end, the superstructure construction, roof crest erection and exterior façade installation were almost entirely complete. The exterior of Galaxy Macau™ is now a striking landmark on the Cotai Skyline.

During 2009 the Group invested \$2.0 billion in the Galaxy Macau™ development, including the initial land payment. The development team and GEG's management used the longer development timeline to review and enhance all the details of the plans.

In the fourth quarter of 2009, consistent with the trend of growing market confidence and improving financial performance, the Board decided to accelerate the development schedule of Galaxy Macau™, taking the following steps:

- Accelerating the preparation of fitting out tender documents and invitation of tenders to capture the still low material and labour cost;
- Negotiating with the previous contractors for the acceleration of their work;

- Carrying out advanced critical works, including block works, service lifts, hard and soft landscaping, rainwater drains etc;
- Building the project team members gradually to match with the increased workload.

Galaxy Macau™ is on schedule to open in early 2011.

Cotai Land Grant

On 21 October 2009, the land grant for a 440,000 square meters plot of land in Cotai, with a total buildable gross floor area of 1,703,714 square meters, was officially gazetted to the Group by the Macau Government. The terms of the land grant include a 25 year lease; renewable pursuant to applicable laws in Macau. The land premium is approximately \$2.8 billion and an initial payment of \$1.1 billion was paid on 10 September 2009, with the balance being payable over four years, in eight equal semi annual installments of approximately \$225 million.

POST YEAR-END EVENTS

On 12 April 2010, GEG announced an oversubscribed \$8.8 billion Club Loan financing package for the development of Galaxy Macau™. The participating Banks included Industrial & Commercial Bank of China (Macau) Ltd, Bank of China Limited, Macau Branch, DBS Bank Ltd., Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Banco Nacional Ultramarino and Guangdong Development Bank. Subsequent to this we are pleased to report that the Club Loan has been upsized to \$9.0 billion.

The Key Terms of the Club Loan include:

- Amount: HK\$9.0 billion
- Structure: Club Loan
- Undertaking: “Take & Hold” – No sell down
- Rate: HIBOR + 4.5%
- Term: 6 years

We view such support from a consortium of leading Asian Banks as a huge vote of confidence in Galaxy Entertainment Group and an endorsement of our business strategy and market proposition.

On 14 January 2010, the Group called and cancelled the remaining outstanding Floating Rate Notes due 2010. The principal amount paid was US\$106 million (HK\$824 million). The combined Bonds buyback program and the call of the remaining outstanding 2010 Bonds will generate an interest payment savings of US\$67 million (HK\$520 million) over the life of the paper.

On 23 March 2010, the Secretary for Economy and Finance of the Macau Government announced that the number of gaming tables would be limited to 5,500 over the period of the next three years. We support this policy and remain confident that Galaxy Macau™ will open with sufficient tables.

GROUP OUTLOOK FOR 2010

Macau has now reached a turning point in its evolution. Moving beyond its core gaming heritage, it will, over the coming years, increasingly become a destination within Asia, for Asian people seeking Asian entertainment and recreation. GEG, through the launch of Galaxy Macau™ as an integrated resort destination, and the other elements of its Cotai development, will play a critical role in defining this evolution.

Furthermore, the Macau Government is investing heavily in developing infrastructure and transportation in the SAR to meet the needs of tomorrow's guests, with the expansion of border gates and the construction of a comprehensive light rail network.

At the same time the accessibility of the SAR is being transformed by the large scale infrastructure investment being made by the Chinese Government, building-out a national rail network which will link Macau and neighbouring Guangdong with cities across China.

In the short-term, the launch of Galaxy Macau™ in early 2011 will not only capture the imagination of visitors from across Asia, but it will also resonate powerfully in the rapidly growing market, as there is very limited capacity entering the market at this time.

At an investment of \$14.1 billion, Galaxy Macau™ will be a boldly Asian statement; it will create over 7,500 jobs and transform the nature of visitation to Macau. It is also important to remember that Galaxy Macau™ is only the first phase of GEG's Cotai development plans.

The huge revenue potential will be complemented by the Group's well proven ability to control costs, drive profitable growth and manage ROI to ensure that it continues to be one of the most profitable operators in Macau.

The Group is in an excellent position to capitalise on the growth potential of the world's largest gaming market, and, by early 2011, it will be the only operator with flagship properties in both the heart of Macau's Peninsula and the emerging and hugely important area of Cotai. This will give the Group a unique opportunity to leverage the expected growth in leisure and recreation, including gaming, as Macau becomes a more diversified destination for visitors from across Asia.

LIQUIDITY AND FINANCIAL RESOURCES

The shareholders' funds as at 31 December 2009 was \$8,169 million, an increase of approximately 17% over that as at 31 December 2008 of \$7,011 million while the Group's total assets employed increased to \$18,963 million as at 31 December 2009 as compared to \$18,652 million as at 31 December 2008.

The Group continues to maintain a strong cash position. As at 31 December 2009, total cash and bank balances were \$3,516 million as compared to \$6,042 million as at 31 December 2008. The Group's total indebtedness was \$5,843 million as at 31 December 2009 as compared to \$6,712 million as at 31 December 2008. The gearing ratio, defined as the ratio of total borrowings outstanding less cash balances to total assets (excludes cash balances), was 15% as at 31 December 2009 (31 December 2008: 5%).

The total indebtedness of the Group mainly comprises bank loans, guaranteed notes, convertible notes and other obligations which are largely denominated in Hong Kong Dollar and United States Dollar. 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 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. The Group has engaged in the use of cross currency swaps to reduce the Group's exposure in foreign currency fluctuations, which are considered necessary for the Group's treasury management activities.

CHARGES ON GROUP ASSETS

Building with net book value of \$15 million (2008 : \$17 million), leasehold land with net book value of \$212 million (2008: \$216 million) and bank deposits of \$54 million (2008: \$53 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 \$855 million (2008: \$639 million), of which \$250 million (2008: \$479 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 (2008: \$9 million). At 31 December 2009, facilities utilised amounted to \$9 million (2008: \$9 million).

DEALINGS IN LISTED SECURITIES

During the year ended 31 December 2009, US\$144.1 million principal amount of the guaranteed senior floating rate notes due 2010 ("Floating Rate Notes") and US\$68.8 million principal amount of the 9.875% guaranteed senior notes due 2012 (both listed on the Singapore Stock Exchange) issued by Galaxy Entertainment Finance Company Limited, a subsidiary of GEG, were purchased for cash at an aggregate amount of US\$127.4 million.

On 14 December 2009, Galaxy Entertainment Finance Company Limited exercised its optional redemption right to redeem in whole all of the then outstanding Floating Rate Notes 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.

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 2009.

REVIEW OF ANNUAL RESULTS

The annual results for the year ended 31 December 2009 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 2009 have been agreed to the amounts set out in the Group's 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 2009, 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. 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.

ANNUAL REPORT 2009

The Annual Report 2009 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.

CHANGES IN THE BOARD

Dr. Moses Cheng Mo Chi retired by rotation as a non-executive Director of GEG at the annual general meeting held on 22 June 2009. Mr. Guido Paolo Gamucci resigned as a non-executive Director of GEG on 20 January 2010. The Board extends its gratitude to Dr. Cheng and Mr. Gamucci for their valuable efforts and contributions to the Group during their terms of appointment.

The Board welcomes the appointment of Mr. Henry Lin Chen as a non-executive Director of GEG with effect from 20 January 2010 bringing substantial valuable experience to the Group.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with Article 106(A) of the Articles of Association of GEG, Mr. James Ross Ancell, Mr. Anthony Thomas Christopher Carter and Dr. Martin Clarke shall retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. In accordance with Article 97 of the Articles of Association of GEG, Mr. Henry Lin Chen shall hold office until the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

DIRECTORS

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 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.

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

Hong Kong, 20 April 2010

Registered Office:
Room 1606, 16th Floor, Hutchison House
10 Harcourt Road
Central, Hong Kong

Website: www.galaxyentertainment.com