



銀河娛樂集團
Galaxy Entertainment Group

[Immediate Release]

Galaxy issues USD\$240 million of convertible notes
Select group of high profile United States investors
Exercise the fixed priced construction option
Expansion and upgrade of Galaxy Mega Resort - Cotai
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Hong Kong, 06 December 2006 — Galaxy Entertainment Group Limited (“Galaxy” or “the Group”) (stock code: 27), today announced that it has privately placed USD\$240 million, 5-year, zero coupon, zero yield convertible notes.

The convertible note issue resulted after an approach by a small consortium of highly successful United States Investment Funds who are keen to participate in Galaxy’s continuing success in Macau. Galaxy views the investment by these Funds as a strong vote of confidence in Galaxy and its strategy. In addition this investment will raise Galaxy’s profile amongst gaming savvy United States financial institutions and in-turn further enhance the recognition of Galaxy.

The investment terms are advantageous to the Company given the issue is zero coupon and zero yield and has a conversion exercise price that is set at a 20% conversion premium. The conversion price is based upon the average share price for the preceding quarter with a “cap” of HKD\$9.36 and a “floor” of HKD\$7.44.

Proceeds of the funds will be primarily used to upgrade, expand and accelerate additional development of Galaxy’s Mega Resort at Cotai. This includes enlarging the scale of the Casino area that will initially open with approximately 350 gaming tables but have the flexibility to expand to 700 gaming tables.

Management wishes to make it clear that it has no intention to use any of the funds raised to repay the Fixed Rate Note that the Company owes to the controlling shareholders.

Macau is presently experiencing an unprecedented construction and development boom and construction costs whilst still well below USA price levels, have over the past 12 months increased significantly. It is estimated that constructions costs have increased at least 15% in the past year alone and these costs are expected to continue to increase. Extensive local knowledge and connections are very beneficial for cost control when undertaking developments in Macau.

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Capitalising on the Group's extensive construction experience, Galaxy quickly identified this trend of rising construction costs and in early 2006 negotiated an option agreement to construct additional facilities and expand the scope of Galaxy Mega Resort at a fixed price. This fixed price contract was negotiated at a competitive price in early 2006 and is significantly less than current construction costs. By exercising this construction option, significant savings will accrue to the Company.

Galaxy's expanded and accelerated development plans, with additional up-graded facilities at Cotai is strongly supported by the significant infrastructure works presently being undertaken by the Macau Government. These infrastructure works include the expansion in the capacity of the Gongbei Gate, the expansion and re-opening of the Lotus Bridge Immigration Centre (next door to Galaxy Cotai) and the rapid development of the second Ferry Terminal, which is five minutes from Galaxy Cotai.

Upon completion of these infrastructure works Macau will have significantly greater capacity to handle even larger visitor volumes (visitor volumes to November 2006 have already exceeded 20 million visitors) and consequently deliver substantially higher gaming revenues. The infrastructure works presently being undertaken by the Macau Government are expected to be fully completed prior to the opening of Galaxy Mega Resort in 2008.

Galaxy is incorporating a number of unique features into its Mega Resort, these include:

A unique "Mythical Themed" building exterior. The Resort will be a "must tour" for all visitors to Macau. The theme is designed by Gary Goddard Entertainment, who have designed a number of major themed attractions around the globe including, The Forum Shops at Caesars Palace. The interior decoration will be done by well-known resort and entertainment design house – Hirsch Bedner Associates, whom have designed a number of major hotels and resorts throughout the world.

Incorporated into the Resort is the largest roof top garden in Macau, giving Galaxy's facility a truly Resort flavour and allowing visitors to enjoy a tropical paradise experience.

The Resort will offer what is believed to be the widest selection of Asian and Chinese food facilities in Macau. This will all be supported by an extensive Chinese entertainment program that will delight all visitors to Macau. It is estimated that approximately 95% of all visitors to Macau are ethnic Chinese.

Galaxy has recruited over 600 expatriate gaming experts, many of whom have 15 to 20 years plus, Asia specific gaming experience. This provides Galaxy with one of the most experienced Asian gaming teams in the World, if not the most experienced and this is evidenced by Galaxy's rapid growth in market share.

Galaxy Mega Resort in Cotai is on schedule for completion in mid-2008.



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Mr. Anthony Carter, Chief Executive Officer of Galaxy Casino S.A., said, “We welcome our new investors who have demonstrated strong confidence in Galaxy through their purchase of this zero coupon, zero yield convertible note. We will use the funds to increase the scale and quality of the Galaxy Mega Resort and accelerate our development plans to capitalize on the exceptionally strong growth in Macau Gaming revenue and visitor arrivals.”

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About Galaxy Entertainment Group Limited (stock code: 27)

Galaxy Entertainment Group Limited, through its subsidiary, Galaxy Casino, S.A., holds a Macau gaming concession that is unlimited in the number of Casinos that Galaxy can open in Macau. Macau is the only legal gaming location in China. Galaxy is expected to invest in excess of HK\$10 billion in Macau by the year 2008.

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