



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 and year to date ended 30 September 2007 to enable its shareholders, investors and the public to better appraise the position and business performance of the Group.

Highlights as follows:

- Galaxy’s EBITDA increases to HK\$1,109 million for the year to date (exceeding the whole of 2006 by 150%).
- StarWorld’s VIP turnover increases to a record HK\$58 billion for the quarter, up 8% on the second quarter, and increases to over HK\$150 billion for the year to date.
- StarWorld’s non-gaming revenues, including StarWorld’s acclaimed “5 Star Diamond Hotel”, increased to HK\$59 million for the quarter, up 9% on the second quarter, and increased to HK\$155 million for the year to date.
- During the quarter, the mass gaming floor of StarWorld was reconfigured, with Level 3 being redesigned to increase the number of slot machines to over 500. On Level 1, the number of table games increased by 40%, from 85 tables to 122.
- Further, StarWorld continues to perform strongly, achieving record revenues in August and then again in October, with both months exceeding HK\$870 million in revenue.
- Phase 1 of Galaxy’s Cotai Mega Resort is on track for completion by the end of 2008 and opening in 2009.
- As previously announced, in October 2007, Galaxy welcomed Permira as a strategic investor, concluding a series of transactions, which were approved by shareholders on 21 November 2007. Galaxy’s capital structure has been significantly strengthened and underpins the development of phases 2, 3 and 4 of Galaxy’s Cotai Mega Resort.

Selected unaudited key performance indicators for the third quarter and year to date ended 30 September 2007

Galaxy's unaudited gross revenues for the third quarter were HK\$3,244 million and for the year to date HK\$9,576 million.

Galaxy's unaudited consolidated earnings before interest, taxation, depreciation and amortization expense ("EBITDA") for the third quarter was HK\$372 million and for the year to date HK\$1,109 million.

These results included the operations of Galaxy's flagship hotel casino, StarWorld, Galaxy's four City Club casinos and its construction materials business.

StarWorld Results

StarWorld continued to perform strongly during the third quarter, and achieved record revenues in the month of August and went on to achieve further record revenues in the month of October 2007, with both months exceeding HK\$870 million in revenue.

StarWorld's unaudited revenues for the third quarter were HK\$2,096 million and for the year to date HK\$5,735 million. StarWorld's unaudited consolidated EBITDA for the third quarter was HK\$294 million and for the year to date HK\$839 million.

Segment results for the quarter were as follows:

VIP Table Games:

VIP	Q1	Q2	Q3	9 months
VIP Table Turnover	\$39.3 bn	\$53.2 bn	\$57.6 bn	\$150.1 bn
Win %	2.4%	3.2%	2.8%	2.8%
Gaming Revenue	\$934 mm	\$1,694 mm	\$1,621 mm	\$4,249 mm
Win per table per day	\$274,000	\$388,000	\$323,000	\$332,000
Average Table Numbers	38	48	55	47

StarWorld continues to strengthen its position in the Macau VIP market. VIP turnover continues to grow – up 8% on the second quarter. In October the growth continued with StarWorld's VIP turnover increasing to HK\$21 billion. The win rate in Q3 was within the expected range.

As at the end of November, the number of VIP tables at StarWorld had increased to 63 and we expect this to further increase to approximately 70 tables by 31 December 2007.

Mass Table Games:

Mass Tables	Q1	Q2	Q3	9 months
Table Drop	\$2.6 bn	\$2.4 bn	\$2.4 bn	\$7.4 bn
Win %	16%	17%	15%	16%
Gaming Revenue	\$405 mm	\$414 mm	\$356 mm	\$1,175 mm
Win per table per day	\$27,000	\$30,300	\$28,300	\$28,000
Average Table Numbers	167	150	137	151

StarWorld mass drop for Q3 was similar to that achieved in Q2. While our mass gaming floors were disrupted over this period as we significantly changed the layout and presentation of product, we are focused on improving the performance of the mass tables business going forward.

Slot Machines

Slot machine gaming revenue for the quarter was HK\$51 million (up 6% on the second quarter) and year to date HK\$143 million. The slot machine win per unit per day for the quarter averaged over HK\$1,120 across an average number of 492 slot machines.

Non-Gaming Operations

Non-gaming revenues, consisting of room revenues from StarWorld's acclaimed "5 Star Diamond Hotel", food and beverage and other revenues increased to HK\$59 million for the quarter, up 9% on the prior quarter and increased to HK\$155 million year to date. With over 50% of our rooms are occupied by our VIP clientele, StarWorld's average occupancy for the third quarter was over 83%. StarWorld Hotel's average daily cash room rate is HK\$1,125.

City Clubs Business

Galaxy manages four City Club casinos in Macau. Galaxy is responsible for no or minimal capital expenditure or capital maintenance of the City Clubs' operations.

For the year to date to 30 September 2007, City Club casinos' total gaming revenues were HK\$5,600 million. Of this, HK\$2,737 million was recognized in Galaxy's financial statements due to the differing accounting treatments of the various arrangements with each of the City Clubs.

For the year to date, the City Club casinos contributed HK\$148 million to Galaxy's EBITDA.

Construction Materials Business

Galaxy's construction materials business continued to perform well. For the year to date, the construction materials division's unaudited revenues were HK\$1,104 million and the division contributed HK\$152 million to Galaxy's EBITDA.

Corporate Costs

For the year to date to 30 September 2007, Galaxy incurred corporate costs of HK\$145 million, offset by HK\$115 million of interest income, reducing EBITDA for the year to date by HK\$30 million.

Interest expense for the year to date was HK\$484 million in which HK\$83 million was non-cash imputed interest expense on the US\$240 million convertible notes issued in December 2006.

Cotai Mega Resort Update

The first tower of 1,500 rooms, casino and entertainment complex is on track to be completed by the end of 2008. The hanging of the curtain wall has commenced on the first tower and is scheduled to be completed by the end of February 2008. The casino podium structure is now 80% complete and will be fully completed by January 2008. Interior fitting out works will then commence.

The construction of the second hotel tower is now commencing and is on track to be completed during 2009.

USGAAP Comparisons

In comparing Galaxy's results to those of US corporations whose results are prepared under generally accepted accounting principles in the United States ("USGAAP"), it should be noted that gross gaming revenues, presented under USGAAP, 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.

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. Chan Kai Nang, Mr. Joseph Chee Ying Keung and Ms. Paddy Tang Lui Wai Yu; the non-executive Directors of the Company are Mr. Moses Cheng Mo Chi, Mr. Anthony Thomas Christopher Carter, Dr. Martin Clarke and Mr. Guido Paolo Gamucci; and the independent non-executive Directors of the Company are Dr. Charles Cheung Wai Bun, Mr. James Ross Ancell and Dr. William Yip Shue Lam.

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

Hong Kong, 5 December 2007