



Galaxy On Track to Deliver Blueprint Development
Major Shareholder, the Lui Che Woo Family, Amends FRN Terms
Reduces Interest Expenses

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(Hong Kong, January 17, 2006) - Galaxy Entertainment Group Limited ("Galaxy" or "the Group") (stock code: 27) announced that its largest shareholder, the Lui Che Woo Family, has agreed to amend the terms of the Series 'B' FRNs, including extending the maturity date and reducing the annual interest rate. This fully reflects the Lui Che Woo Family's support to Galaxy's gaming and hospitality business in Macau and its full confidence in the prospects of the Group.

Interest Rate Reduced to 6% Per Annum

At the completion of the acquisition of 97.9% economic interest in Galaxy Casino S.A. on 22 July 2005, the Group had issued, as part of the acquisition consideration, FRNs in the total amount of HK\$2,544,239,603, of which HK\$172,434,536 are Series 'A' FRNs (held by other parties), and HK\$2,371,805,067 are Series 'B' FRNs held by members of the Lui Che Woo Family.

According to the amendments, the maturity date of the Series 'B' FRNs has been extended by more than two years from 21 August 2006 to 30 September 2008. The interest rate for the outstanding principal of HK\$2,371,805,067 has been reduced from the last applicable rate of 9% to a fixed rate of 6% per annum, and payable when the Series 'B' FRNs are repaid. Following the amendments, the Series 'B' FRNs will no longer be classified as a short-term liability in the consolidated financial statements of the Group.

If the Group is to issue shares or debt convertible into shares in the future, it will no longer be a contractual requirement to apply the funds raised, after expenses are deducted and repaying the Series 'A' FRNs, to repay the Series 'B' FRNs. The Lui Che Woo Family is also entitled to capitalize amount outstanding under the Series 'B' FRNs, in whole or in part, if they are to participate in such issuance.

The Lui Che Woo Family Fully Supports the Long Term Development of Galaxy

Mr. Francis Lui, Vice Chairman of Galaxy, said, "The amendments are favorable to Galaxy and fully reflects the Lui Che Woo Family's continuous support to and confidence in the prospects of Galaxy and the development in the Macau tourism and hospitality industry. The amendments also improve the borrowing cost, capital structure and gearing ratio of Galaxy and give its board of directors the flexibility in managing the Group's finance. Hence the amendments are in the interests of Galaxy and its shareholders in the long term."

The gaming and entertainment industry in Macau has been growing rapidly, with gaming revenue in 2005 reaching MOP44.73 billion or about US\$5.6 billion, 11% more than that in 2004. And the number of tourist arrival in 2005 is estimated to be 18.7 million, an over 10% increase from 16.67 million in 2004. Currently, Galaxy's projects in Macau are all making very good progress. Its flagship project, StarWorld Hotel & Casino, for example, has been topped-out and is scheduled for opening in August 2006, whereas the Galaxy Mega Resort at Cotai has begun construction and is expected to commence operation in early 2008. Meanwhile, city club casino at Rio Hotel and Grand Waldo Hotel will open for business in the first quarter of 2006. With StarWorld and more city clubs to open in 2006, the number of gaming tables under Galaxy's management is expected to surge near 9 times from the current 63 to over 530. At the same time, tourist arrival in 2006 is expected to grow to a new height, thanks to the continuing relaxation of the Individual Traveler Scheme by the central government.

Mr. Lui concluded, "We will adhere to our two-pronged business strategy. We will continue to expand our VIP business by applying the city club model to increase our market share in the shortest possible time without having to make substantial capital investment; on the other hand, we will develop the high margin mass-market business through Galaxy's owned hotels and casinos. We are convinced that this year will see Galaxy reaping bountiful harvest, proving our strengths and capabilities to the market."