



[For Immediate Release]

Galaxy Announces 2007 Annual Results EBITDA up 234% to HK\$1,461 million

StarWorld Continues to Deliver Solid Results and Strong Business Momentum

Galaxy mega resort area 1 On Schedule to Open in Mid 2009

(Hong Kong, 18 April 2008) – Galaxy Entertainment Group Limited (“Galaxy”) (stock code: 27) today announced its annual results for the year ended 31 December 2007.

Key highlights as follows:

- Revenue up 179% from HK\$4,669 million in 2006 to HK\$13,035 million, reflecting strong momentum in Galaxy’s Gaming and Entertainment division;
- EBITDA for the full year was HK\$1,461 million, a leap of 234% against 2006;
- StarWorld’s annual EBITDA was HK\$1,115 million, with an EBITDA margin of 14% using HKGAAP;
- StarWorld’s annual EBITDA margin was 23% using USGAAP;
- Galaxy mega resort area 1 is fully funded and scheduled to open in mid 2009.

Dr. Che-woo Lui, Chairman of Galaxy, said, “We continued to deliver strong results in 2007. The Gaming and Entertainment division has further strengthened the Group’s position in the Macau gaming market and laid a solid foundation for the business going forward.”

The Group’s revenue for the year was HK\$13,035 million, a notable leap from HK\$4,669 million in 2006. The increase in revenue reflected the significant expansion in the Gaming and Entertainment division, including the Group’s flagship property, StarWorld.

The Group’s earnings before interest expense, taxation, depreciation and amortization (“EBITDA”) for the year was HK\$1,461 million, up from HK\$437 million in 2006, an increase of 234%.

The accounting loss for the year was HK\$502 million as compared to a loss of HK\$1,532 million in 2006.



The Group reported an accounting loss for the year after:

- Non-cash depreciation and amortization charges of HK\$1,413 million, including the HK\$998 million amortization of the intangible assets arising from the acquisition of the Macau operation in 2005;
- HK\$557 million in finance charges;
- Non-recurring items of HK\$40 million which included the realised and unrealised gain on investments, and pre-opening expenses related to the construction of the Galaxy mega resort, including staff costs, training, launch, marketing and branding expenses.

The Group's revenue for the first half of 2007 was HK\$6,332 million and for the second half was HK\$6,703 million, up 6%.

As at 31 December 2007, the Group had over \$8.3 billion in cash. Cash holdings together with the substantial cash flows from StarWorld, CityClubs and other operations, ensure the Group has adequate financial resources to complete the development of area 1 of Galaxy mega resort.

Dr. Lui added, "In addition to the satisfactory results, the Group's vision and business strategies are highly appreciated by international investors. The strategic partnership with Permira forged during the year testified to the recognition of the Group's business philosophy, strategy and outstanding management. The Group now has a substantially strengthened capital base and stronger financial capability to pursue expansion. Our focus in 2008 is to further increase StarWorld's revenue and continue with the construction of Galaxy mega resort."

StarWorld

StarWorld operated for a full year in 2007. During the year a number of enhancements were made to the property including an increase in the number of mass gaming tables on the popular Level One gaming floor by 40% from 85 tables to 122 tables, and the addition of 5 exclusive VIP gaming rooms, taking the total number of VIP tables from 32 in January to 69 at year end. The ballroom and banquet areas on Level Eight of StarWorld Hotel were also launched.

For the year, StarWorld generated total revenue of HK\$8,011 million with EBITDA of HK\$1,115 million and achieved an EBITDA margin of 14%. Despite the keen competition in the market, StarWorld continued to deliver a 36% Return on Investment for the Group's shareholders.



In 2007, the results of StarWorld's gaming segments were:

- **VIP gaming revenue** was HK\$6,027 million. VIP turnover was HK\$203.4 billion with a win percentage of 3.0%, which exceeded the expected range of 2.7% to 2.9%. Win per table per day continued to grow and averaged HK\$329,000 for Q4 in 2007 with a win rate of 3.3%;
- **Revenue from mass table games** was HK\$1,543 million. Table games drop was HK\$9.9 billion with a win percentage of 15.6%. Win per table per day continued to improve achieving an average of HK\$33,000 in Q4 2007;
- **Slot machine revenue** was HK\$190 million, averaging over HK\$1,000 per machine per day with 476 slot machines.

Of the total gaming revenue reported by StarWorld for the year, VIP gaming accounted for 77.7%, mass tables 19.9% and slots 2.4%.

StarWorld's non-gaming revenue for the year was HK\$234 million. StarWorld's hotel had an average daily room rate of HK\$1,090 and occupancy rate of 84%.

StarWorld's Ballroom opened on 29 November 2007, and numerous major events have already been held. Galaxy expects a significant increase in banqueting revenue in 2008.

Apart from the strong financial results, StarWorld was awarded the 5-star Diamond Award from the American Academy of Hospitality Sciences for its outstanding and quality service. In 2008, StarWorld Hotel was presented the "High-Flyer Award" by the renowned Hong Kong Business Magazine and named among "The TOP 10 City-Nova Hotels in China".

Galaxy mega resort – A Mystical Oasis

In response to the robust growth of the Macau gaming market, Galaxy mega resort was reconfigured and expanded to have an additional hotel tower and a larger gaming podium to meet the market demand.

Galaxy mega resort area 1 is on schedule to open in mid 2009, with approximately 5 million sq. ft. of development, mega resort area 1, is one of the largest development projects being built in Macau.

The first hotel tower has been topped out. Construction of the second tower commenced in November 2007 and the super structure is already at Level Twelve. The second tower will house two hotels. The massive casino podium has practically completed and internal works are in progress.

The Group expects to open Hotel Tower One and the Casino in mid of 2009 and the Second Hotel Tower is scheduled to open in late 2009.



Galaxy mega resort will offer a unique and different product to the rapidly growing Macau market. The theme of the mega resort is a **Mystical Oasis** featuring a paradise oasis of running water and luscious tropical trees. On the podium of the resort will be the largest wave pool in Asia with a 120 metres long real sandy beach.

The Casino portion of the Resort will be one of the largest casinos in the world promising to impress all visitors. A number of unique features will be incorporated into the casino including a brilliant laser light citadel and a fire and water extravaganza.

In December 2007, Galaxy signed an agreement with Hotel Okura Co Ltd to manage a luxury 5-star branded hotel in Galaxy mega resort. The Hotel Okura Macau, one of the three luxury hotels in area 1 of the mega resort, is scheduled to open in 2009. Galaxy is in final discussions with another leading Asian 5-star hotel brand, to manage the third hotel.

Galaxy has a landbank in Cotai of an additional 10.2 million sq ft GFA for the development of areas 2, 3 and 4 of the Galaxy mega resort. This ensures Galaxy has the flexibility to grow and expand as market opportunities present themselves.

CityClub Casinos

Galaxy's CityClub casinos continued to perform despite the increasingly competitive environment. Their focus on the VIP gaming market has proven to be very successful.

CityClub's gaming revenue for the year ended 31 December 2007 amounted to HK\$7.0 billion (of which HK\$3.5 billion was recognised in Galaxy's statutory accounts due to the differing agreements with CityClub service providers).

Construction Materials Business

Galaxy's construction materials division achieved strong performance during the year. The construction materials division generated revenues of HK\$1,554 million and contributed HK\$219 million to the Group's EBITDA. The management focused on improving operational performance and managing its costs structure.

USGAAP Comparisons

If the results of Galaxy's Gaming and Entertainment Division were compared with its US counterparts, whose results are prepared under generally accepted accounting principles in the United States ("USGAAP") requiring deduction of commissions and discounts made to players in calculating net profit and the EBITDA margin calculated based on reduced net gaming revenues, then Galaxy's EBITDA margin would be significantly higher than that calculated using Hong Kong accounting standards, which Galaxy complies with. Under USGAAP standards, StarWorld's annual EBITDA margin for 2007 would be approximately 23%, whereas by Hong Kong GAAP standards, its annual EBITDA margin was 14%.

- The End -



About Galaxy Entertainment Group Limited (“Galaxy”) (stock code: 27)

Galaxy Entertainment Group Limited, through its subsidiary, Galaxy Casino, S.A., holds a Macau gaming concession that authorizes Galaxy to operate a gaming business 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.

Galaxy mega resort, including the first hotel tower of 1,500 rooms, casino and entertainment complex is scheduled to open mid 2009. The second tower with 700 rooms, suites and villas will complete during 2009. Galaxy’s overall design theme for area 1 is a “Mystical Oasis”.

At Cotai, Galaxy has a landbank of an additional 10.2 million sq ft GFA to be used for the further development of areas 2, 3 and 4 of its Galaxy mega resort. This landbank ensures Galaxy has the flexibility to grow and expand as market opportunities evolve.

In addition, Galaxy owns and operates StarWorld Hotel and Casino a luxury 5-Star property located on the Macau peninsula and operates four City Club casinos in Macau.

For more details, please visit <http://www.galaxyentertainment.com/eng>

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