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## **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 wishes to announce certain information relating to the financial position of the Group to enable its shareholders, investors and the public to better appraise the position and business performance of the Group. As a result of an accounting exercise to reassess the recoverable amount of the Group's assets as at 31 December 2008 (as compared to 30 June 2008), it is expected that the intangible assets will have a further non-cash write-down for accounting purposes. The expected non-cash adjustment to the intangible assets is expected to have a material adverse effect on the financial results of the Group for the year ended 31 December 2008. However, the expected Intangible Assets Adjustment will have a material and positive impact on the Group's consolidated profit and loss statement in future years because over the remaining term of the Gaming Licence, the related annual amortisation will be significantly reduced.

**Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.**

The Board of Directors (the "**Board**") of Galaxy Entertainment Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce certain information relating to the financial position of the Group to enable its shareholders, investors and the public to better appraise the position and business performance of the Group.

#### **CARRYING VALUE OF MACAU GAMING LICENCE**

For the purpose of complying with Hong Kong Financial Reporting Standards, the Group assesses at each financial reporting date whether there are prevailing impairment indicators for the carrying value of all its assets to ensure that the recoverable amount is higher than the carrying value.

Reference is made to the announcement of the Company dated 12 September 2008 and the Interim Report of the Company for the six months ended 30 June 2008. In an impairment assessment of the Group's gaming licence granted by the Macau Government to operate games of chance in casinos in Macau (the "**Gaming Licence**") as at 30 June 2008, the carrying value of the Gaming Licence was written down by approximately HK\$8.2 billion to the recoverable amount of HK\$5.8 billion.

In the face of a weakening global economy and tougher visa restrictions on visitors from mainland China in the second half of 2008, competition in the Macau gaming market has continued to intensify. Taking

into account the presently available indicators, the Company is undergoing an exercise to determine whether the recoverable amount of the Gaming Licence as at 31 December 2008 was lower than its carrying value. A valuation is presently being carried out by an independent professional business valuer on the Group's assets, the results of which will be presented to the Board at the forthcoming meeting at which the Board shall make a final determination on the write-down of the intangible assets (the "**Intangible Assets Adjustment**").

The Intangible Assets Adjustment that is expected to be made is of a non-cash nature, and is not a reflection of the operation capability of the Group and does not affect the Group's cash flow. However, the expected adjustment will have a material and positive impact on the consolidated profit and loss statement of the Group in the future years over the remaining term of the Gaming Licence because the annual amortisation of the Gaming Licence will be significantly reduced correspondingly.

In compliance with Hong Kong Financial Reporting Standards, the Intangible Assets Adjustment will be reflected in the consolidated profit and loss statement of the Group. Therefore, it is expected that the non-cash Intangible Assets Adjustment will have a material adverse effect on the financial results of the Group for the year ended 31 December 2008.

The Intangible Assets Adjustment is likely to have a negative impact on the distributable profits of the Company. In that case, the Board may, at an appropriate time, evaluate and consider a capital reorganisation by transferring part of the share premium reserve to the revenue reserve to maintain future dividend payment capability. Any such capital reorganisation will need to comply with all applicable statutory and regulatory requirements.

As the Group is still in the process of finalising its financial results for the year ended 31 December 2008, the information contained in this announcement is based on a preliminary assessment by the Group only and is not based on any figures or information that has been confirmed or audited by the Company's auditor. Further details concerning the carrying value of the Gaming Licence will be included in the annual results announcement of the Group to be released on 24 April 2009.

**Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

*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. Joseph Chee Ying Keung and Ms. Paddy Tang Lui Wai Yu; the non-executive Directors of the Company are Dr. 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 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, 15 April 2009

Website: [www.galaxyentertainment.com](http://www.galaxyentertainment.com)