



[For Immediate Release]

Galaxy Announces 2008 Annual Results & Selected Unaudited 2009 First Quarter Results

StarWorld delivers three consecutive quarters of EBITDA growth

(Hong Kong, 24 April 2009) – Galaxy Entertainment Group Limited (“Galaxy” or the “Group”) (stock code: 27) today announces its annual results for the year ended 31 December 2008 and selected unaudited 2009 First Quarter results.

Key highlights as follows:

- EBITDA was HK\$544 million in 2008. Three consecutive quarters of growth recorded, including HK\$233 million in Q1 2009 EBITDA, a 29% rise on the previous quarter
- VIP volumes grew 17% to HK\$55 billion against a market decline of 22%. Galaxy’s gaming market share in 2008 increased from 10% to 13%
- Group revenue was HK\$10,497 million in 2008 and HK\$2,620 million in the first quarter of 2009
- Loss attributable to shareholders of HK\$11,390 million in 2008, largely due to a HK\$12,330 million non-cash write-down of the intangible gaming license
- Well advanced, implementing an operational efficiency program that we expect to generate savings of HK\$200 million per annum
- Successful bond buyback program concluded in January, reduced debt and interest payments and strengthened the balance sheet. Subsequent to reporting period, US\$50 million of convertible bonds repurchased. Cash on hand, approximately HK\$4.7 billion
- Construction at Cotai continues and we will align the opening date of Cotai to improving market conditions

Dr. Che-woo Lui, Chairman of Galaxy, reported, “The global economic crisis has presented many corporations with unprecedented challenges and Galaxy is no exception. While these external events could not be foreseen, Galaxy responded proactively and successfully adapted our business operations. As a result, Galaxy increased gaming market



share from 10% to 13% in 2008. Galaxy's earnings continue to improve with EBITDA rising 29% in the first quarter of 2009, compared to the previous quarter. In addition, StarWorld is delivering encouraging results and we continue to look for ways to further enhance its performance."

Loss attributable to shareholders for the year ended 31 December 2008 was HK\$11,390 million, compared to a loss of HK\$466 million in 2007. The loss was reported after:

- A net amount of approximately \$11 billion non-cash write-down of the carrying value of the gaming license
- Non-cash depreciation and amortization charges of \$1,144 million, including a \$707 million amortization of intangible assets arising from the acquisition of the Macau operation in 2005
- \$79 million in net finance income

The introduction of an operational efficiency program that we expect to save HK\$200 million per annum, together with rising revenue and increased VIP volumes, has significantly improved performance. Group EBITDA for the first quarter of 2009 was HK\$233 million. This is the highest amount recorded in the past five quarters and a gain of 29%, compared to the previous quarter.

The reduction of debt after the bond buyback combined with substantial cash holdings positions Galaxy with a strong balance sheet.

StarWorld

Results at StarWorld continue to improve and StarWorld has now delivered three consecutive quarters of EBITDA growth.

In the first quarter of 2009, StarWorld's EBITDA jumped 31% to HK\$204 million, compared to the previous quarter which was also the best result over the last five quarters. Results were boosted by a 17% rise in VIP volume to HK\$55 billion against the VIP market's overall decline of 22%.

The increase in VIP volume has highlighted the success of StarWorld's strategies in response to the tougher market conditions, which included re-designing Level Three to serve VIP clients and opening a Sky Casino for VIP customers on Level 39.

Galaxy remains focused on driving profitable gaming volumes within the Mass Market. Non-gaming revenue grew 40% in 2008 to HK\$329 million, supported by hotel occupancy rates which were consistently above the market average.



Cotai Development

The decision by Galaxy to reschedule the opening of Galaxy Macau was taken to align the opening of the project to improving market conditions. The Group firmly believes that this was the correct and prudent decision.

Construction of the project is proceeding and Galaxy is committed to the opening of Phase One, which will have approximately 5 million sq. ft. of development across two towers, including three luxury hotels and a casino. Galaxy is well-positioned to accelerate construction, once there are further indications of improving market conditions.

CityClubs

During 2008, CityClubs, like all the smaller casinos in Macau, were adversely impacted by the significant new supply entering the market. As a result, the Group restructured the management agreements, adjusted the business model and scale of operations and CityClubs have successfully returned to profitability.

Construction Materials Division

The construction materials business continued to grow during the year despite a challenging business environment and unprecedented financial market events. The division's geographic, product and end-use balance reduces the effects of varying demand patterns across the markets, and continues to underpin performance and cash flow. The strategic investments in ground granulated blast furnace slag ("GGBS") and cement operations have provided a solid platform for improved performance. As a result, both revenue and EBITDA for 2008 increased by 3% compared to 2007.

Financial Initiatives

A bond buyback program was successfully concluded in January 2009. This resulted in Galaxy purchasing US\$170 million (HK\$1,326 million) of its debt for US\$86 million (HK\$671 million), at a 50% discount. This reduced the Group's debt levels, strengthened the balance sheet and reduced cash interest payments by approximately US\$40 million (HK\$312 million) over the remaining term of the bonds. Subsequent to the reporting period we have also purchased US\$50 million (HK\$390 million) of the convertible bonds.

For accounting purposes, the Group made a net HK\$ 11 billion non-cash write-down on the value of the gaming license. After the impairment charge on the gaming license, the amortization cost of this intangible asset will be reduced to about HK\$100 million per annum.



Going forward, this adjustment will have a material and positive impact on future reported profits.

Strengthened Management Team

During 2008 and early 2009, we have made a number of senior executive appointments which further strengthens our senior management team and enhances our ability to implement and execute our business strategy and continue to deliver upon our vision.

Galaxy is very pleased to have Mr. Michael Mecca joining us as the President and Chief Operating Officer. Mr. Mecca has over 30 years of experience in the gaming and hotel industry and a distinguished career in leadership roles with a number of globally recognized gaming and hospitality brands, including Station Casinos Inc., Las Vegas, Mandalay Resorts Group, Las Vegas and Caesars World Inc., Las Vegas. Prior to joining Galaxy, he was the President and Chief Executive Officer of Planet Hollywood, Las Vegas.

In April 2008, the Group also appointed Mr. Robert Drake as Group Chief Financial Officer. He has over 20 years of corporate finance and advisory experience including the gaming industry. Prior to joining Galaxy Entertainment Group, he was Vice President, Finance of Harrah's Entertainment's Western Division in Las Vegas which includes Harrah's 13 properties in Nevada including Caesars Palace, Paris and Flamingo.

We welcome these senior executives to Galaxy and are confident that they will make a valuable contribution to achieving even greater success in the future.

Outlook

There are four major events in 2009 that will support the continued growth of Macau. These are the election of a new Chief Executive of Macau, the election of a new legislative assembly, the celebration of the 60th anniversary of the establishment of the People's Republic of China and the 10th anniversary of Macau's return to China sovereignty. The Group believes these important events will be a catalyst for driving growth and development of Macau.

Additionally, there will be further development of Macau's infrastructure which will improve accessibility and ensure that Macau is a destination of choice for international tourism. These events and actions combined with our operational efficiency initiatives and our demand driven development philosophy position Galaxy well for sustainable long term growth.

US GAAP Comparisons

In comparing Galaxy's results to those of US corporations whose results are prepared under generally accepted accounting principles in the United States ("US GAAP"), it should be



noted that gross gaming revenues, presented under US GAAP, 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. Under US GAAP standards, StarWorld's EBITDA margin would be approximately 13%, as compared to Hong Kong GAAP which would give an EBITDA margin of 8% for 2008. For the first quarter of 2009, StarWorld's EBITDA margin would be approximately 16% under US GAAP, as compared to Hong Kong GAAP which would give an EBITDA margin of 10%.

- The End -

About Galaxy Entertainment Group Limited (stock code: 27)

Galaxy Entertainment, through its subsidiary, Galaxy Casino, S.A., holds a Macau gaming concession. Galaxy is authorized to carry out casino games of chance in Macau which is the only legal gaming location in China.

Galaxy Entertainment owns and operates StarWorld Hotel and Casino — a luxury 5-Star property located on the Macau peninsula, and operates four CityClub Casinos in Macau. The Group is well positioned for long-term growth on the Macau peninsula and in Cotai where the Group is developing a major resort.

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

For further information, please contact:

Galaxy Entertainment Group

Mr. Peter J. Caveny

Principal, Investor Relations

Tel: (+852) 3150 1111

Email: ir@galaxyentertainment.com

Ms. Vivian Fu

Senior Investor Relations Manager

Tel: (+852) 3150 1111

Email: ir@galaxyentertainment.com