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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)

MAJOR TRANSACTION

ACQUISITION OF LAND IN COTAI, MACAU

The Board is pleased to announce that, to enable GCSA to fulfill its commitments and obligations under the Macau gaming concession to, among other things, build and develop resort-hotel-casino facilities in Macau, the Macau Government has issued to the Grantee (a subsidiary of the Company in which the Company is interested in 100% of the economic interest) and GCSA the final draft Concession Contract in respect of the Property, being a piece of land located at Estrada da Baía de Nossa Senhora da Esperança and Avenida Marginal Flor de Lótus – Reclaimed Area between Taipa and Coloane in Cotai, Macau with a site area of approximately 440,248 square metres, which can be developed into hotel, hotel-apartment, gaming, entertainment, leisure and other related facilities with a total buildable gross floor area of 1,703,714 square metres and landscaping area of 292,985 square metres, subject to, among other things, the payment of the Premium of MOP2,924,020,005 (equivalent to approximately HK\$2,838,854,374) and on 10 September 2009, the Grantee accepted the terms of the final draft Concession Contract which will, upon the same being published in the Official Gazette of Macau, confer the leasehold title of the Property upon the Grantee. On the same day, the Grantee paid the initial instalment of the Premium in the sum of MOP1,161,000,000 (equivalent to approximately HK\$1,127,184,466).

As an applicable percentage ratio (as defined under the Listing Rules) in respect of the Property is more than 25% but less than 100%, the Land Grant constitutes a major transaction of the Company and is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules. So far as the Company is aware having made all reasonable enquiries, no shareholder is required to abstain from voting on the Land Grant. Pursuant to Rule 14.44 of the Listing Rules, a closely allied group of shareholders holding approximately 50.8% of the issued share capital of the Company have given written consent to the Land Grant in lieu of a shareholders' meeting being convened to approve the Land Grant.

A circular containing further details of the Land Grant, including a valuation report on the Property, will be despatched to shareholders as soon as practicable.

PRINCIPAL TERMS OF THE LAND GRANT

Grantee: New Galaxy Entertainment Company Limited, a company incorporated in Macau and a wholly-owned subsidiary of GCSA, which in turn is a subsidiary of the Company in which the Company is interested in 90% of its voting shares carrying 100% of its economic interest

Grantor: the Macau Government, which is an independent third party not connected with the Company, any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules to the best of the Directors' knowledge, information and belief having made all reasonable enquiries

Property:

The Property is a piece of land located at Estrada da Baía de Nossa Senhora da Esperança and Avenida Marginal Flor de Lótus – Reclaimed Area between Taipa and Coloane in Cotai, Macau.

The Property has a site area of approximately 440,248 square metres, which can be developed into hotel, hotel-apartment, gaming, entertainment, leisure and other related facilities with a total buildable gross floor area of 1,703,714 square metres and landscaping area of 292,985 square metres. The Property is the site on which the Group is building an integrated mega resort development in Cotai. Pursuant to the terms of the Concession Contract, the development on the Property shall be completed within eight years from the date on which the Concession Contract is published in the Official Gazette of Macau, which is expected to be in or around October 2009.

The Property was valued as raw land at MOP3,090,000,000 (equivalent to approximately HK\$3,000,000,000) as at 31 August 2009 by an independent valuer. The valuation report on the Property will be included in the circular to be despatched to shareholders.

The Property has a lease term of 25 years commencing from the date on which the Concession Contract is published in the Official Gazette of Macau, which is renewable pursuant to applicable laws in Macau.

The Land Grant will confer a leasehold title of the Property onto the Grantee which will be final upon compliance with the conditions contained in the Concession Contract which include the payment in full of the Premium, according to the payment schedule as set out below.

Premium and Payment Schedule:

The Premium is MOP2,924,020,005 (equivalent to approximately HK\$2,838,854,374) and the payment schedule is as follows:

- (i) it is deemed that an amount of MOP97,258,700 (equivalent to approximately HK\$94,425,922) has been paid by the Grantee, which is equivalent to the expenses borne by the Grantee (representing the reclamation expenses paid by the Grantee and off-set by the expenses for the building of certain infrastructure and foundation facilities by the Grantor);
- (ii) an initial installment of MOP1,161,000,000 (equivalent to approximately HK\$1,127,184,466) has been paid by the Grantee upon the acceptance of the conditions of the Concession Contract set out in the draft to be accepted by the Chief Executive of Macau; and
- (iii) the balance of MOP1,665,761,305 (equivalent to approximately HK\$1,617,243,985), plus interest at an interest rate of 5% per annum, shall be payable by the Grantee in eight equal half-yearly installments of MOP232,319,308 (equivalent to approximately HK\$225,552,726) each, the first of which shall be paid within six months from the date on which the Concession Contract is published in the Official Gazette of Macau.

The Premium was arrived at in accordance with the provisions of Administrative Regulation No.16/2004 as varied by Despach of the Chief Executive No.267/2007 of the laws of Macau.

The Group intends to finance the Premium by internal resources.

INFORMATION ON THE COMPANY

The Group's principal business is the development and operation of casino and gaming and gaming related facilities and related leisure and entertainment facilities in Macau. It also has businesses in the manufacture, sale and distribution of construction materials and quarrying in Hong Kong, Macau and mainland China.

REASONS FOR AND BENEFITS OF THE LAND GRANT

The Land Grant represents an important milestone for the Group as part of its long term development strategy. The Property is strategically located in the centre of Cotai, Macau and is the site on which the Group is building an integrated mega resort development, including two hotel towers, gaming and gaming related facilities and related leisure and entertainment facilities. Apart from the existing resort development being built, the Property also provides a landbank for the development of further phases. This ensures that the Group has the flexibility and sufficient capacity to align its future development with the prevailing local market conditions as well as the global economic environment. The Group is committed to

continue its investment in Macau, meeting future demand and supporting the Macau community.

The Directors consider that the terms of the Land Grant are on normal commercial terms, fair and reasonable and in the interest of the Company and the shareholders as a whole.

LISTING RULES IMPLICATION

As an applicable percentage ratio (as defined under the Listing Rules) in respect of the Property is more than 25% but less than 100%, the Land Grant constitutes a major transaction of the Company and is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules. So far as the Company is aware having made all reasonable enquiries, no shareholder is required to abstain from voting on the Land Grant. Pursuant to Rule 14.44 of the Listing Rules, Dr. Lui holding 10,097,632 Shares, together with companies held by him (Super Focus Company Limited holding 106,716,107 Shares, Mark Liaison Limited holding 9,660,855 Shares, Premium Capital Profits Limited holding 13,308,179 Shares, Best Chance Investments Ltd. holding 80,387,837 Shares and Favor Right Investments Limited holding 22,500,000 Shares), City Lion Profits Corp. (a company held by a discretionary family trust set up by Dr. Lui holding 1,313,887,206 Shares), Mr. Lui Yiu Tung Francis (Dr. Lui's son holding 1,448,896 Shares), Recurrent Profits Limited (a company wholly owned by Mr. Lui Yiu Tung Francis holding 114,504,039 Shares), Ms. Lui Wai Yu Paddy (Dr. Lui's daughter holding 5,539,722 Shares), Netfinity Assets Corporation (a company wholly owned by Mr. Lui Yiu Nam Lawrence, Dr. Lui's son and holding 161,066,521 Shares) and Sutimar Enterprises Limited (a wholly owned subsidiary of K. Wah International Holdings Limited, a company listed on the Stock Exchange and held as to approximately 57% by Dr. Lui as at the date hereof and holding 162,484,047 Shares), being a closely allied group of shareholders holding approximately 50.8% of the total issued share capital of the Company have given written consent to the Land Grant in lieu of a shareholders' meeting being convened to approve the Land Grant.

A circular containing further details of the Land Grant, including a valuation report on the Property, will be despatched to shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless otherwise stated, the following expressions have the following meanings:

“Board” the Board of Directors of the Company;

“Company” Galaxy Entertainment Group Limited, a company incorporated with limited liability in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange;

<i>“Concession Contract”</i>	the contract between the Grantor, the Grantee and GCSA (which is made a party to undertake obligations as stipulated in the Macau gaming concession it holds) for the grant of the Property to the Grantee, which will be concluded upon the same being published in the Official Gazette of Macau;
<i>“Directors”</i>	the directors of the Company;
<i>“Dr. Lui”</i>	Dr. Lui Che Woo, the Chairman and an executive Director of the Company;
<i>“GCSA”</i>	Galaxy Casino, S.A., a company incorporated in Macau and a subsidiary of the Company in which the Company is interested in 90% of its voting shares carrying 100% of its economic interest, which holds a Macau gaming concession and is authorized to carry out casino games of chance in Macau;
<i>“Grantee”</i>	New Galaxy Entertainment Company Limited, a company incorporated in Macau and a subsidiary of the Company in which the Company is interested in 100% of its economic interest;
<i>“Grantor”</i>	the Government of Macau;
<i>“Group”</i>	the Company and its subsidiaries;
<i>“HK\$”</i>	Hong Kong dollar(s), the lawful currency of Hong Kong;
<i>“Hong Kong”</i>	the Hong Kong Special Administrative Region of The People’s Republic of China;
<i>“Land Grant”</i>	the grant of the Property to the Grantee by the Grantor pursuant to the Concession Contract;
<i>“Listing Rules”</i>	the Rules Governing the Listing of Securities on the Stock Exchange;
<i>“Macau”</i>	the Macau Special Administrative Region of The People’s Republic of China;
<i>“MOP”</i>	Macau Patacas, the lawful currency of Macau;
<i>“Premium”</i>	MOP2,924,020,005 (equivalent to approximately HK\$2,838,854,374);

“Property”	a piece of land located at Estrada da Baía de Nossa Senhora da Esperança and Avenida Marginal Flor de Lótus – Reclaimed Area between Taipa and Coloane in Cotai, Macau, which is the subject of the Land Grant;
“Shares”	shares of HK\$0.10 each in the capital of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

Sums denominated in MOP have been translated into HK\$ for the purposes of this announcement at the rate of HK\$1 = MOP1.03.

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 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, 10 September 2009

Website: www.galaxyentertainment.com