



[For Immediate Release]

Galaxy Announces 2009 Half Year Results Net Profit Exceeds HK\$1 billion

Galaxy Transforms into Significant Profit Generator for Shareholders

(Hong Kong, 18 September 2009) – Galaxy Entertainment Group Limited (“Galaxy”) (stock code: 27) today announces its half year results for the period ended 30 June 2009.

- Group net profit was HK\$1.06 billion for the first half of 2009, compared to a loss for the six months ended 30 June 2008;
- Group EBITDA increased 91% to HK\$507 million for the half year, which also represented three consecutive quarters of Group EBITDA growth;
- StarWorld’s EBITDA increased 45% to HK\$419 million for the half year, which also represented the fourth consecutive quarter of EBITDA growth;
- Efficiency program continues on track to deliver HK\$200 million in annual savings;
- Strengthened the Balance Sheet through reducing debt by 30% from HK\$6,510 million (US\$840 million) to HK\$4,569 million (US\$590 million). Cash held by Galaxy was HK\$5.4 billion, as of June 30 and total cash exceeded total debt;
- Galaxy has formerly accepted the terms and conditions for the Cotai Land Grant and paid an initial instalment of HK\$1.1 billion.

Dr. Che-woo Lui, Chairman of Galaxy, said, “I am pleased to announce that Galaxy has reported a profit of HK\$1 billion for the first half of 2009. Galaxy has accomplished an important milestone in shifting from a company, which was initially focused on building a major business, to one which is today delivering substantial profits. After entering the Macau gaming market 5 years ago, Galaxy Entertainment Group has successfully transformed into a leading gaming operator in Macau, the largest and fastest growing gaming market in the world.



Our flagship StarWorld Hotel has achieved four consecutive quarters of EBITDA growth by profitably expanding the business and successfully implementing a cost efficiency program. As announced previously, Galaxy has formerly accepted the terms and conditions of the Cotai Land Grant. The land bank reserve will enhance our ability to further develop our gaming and entertainment business and help the company reach the next level of excellence.”

The net profit for the period ended 30 June 2009 was HK\$1,059 million, as compared to a loss of HK\$7,432 million for the six months ended 30 June 2008, the corresponding period. The profit was reported after:

- Group EBITDA grew by 91% from HK\$265 million in the first half of 2008 to HK\$507 million in the first half of 2009. The Group’s EBITDA margin for the half year of 2009 was 9.5%;
- Revenue was HK\$5,335 million, as compared to revenue of HK\$5,405 million;
- The Group remains very liquid with over HK\$5.4 billion in cash as at June 30, 2009;
- Cash on hand exceeded total debt.

Throughout the period, the management of Galaxy continues to successfully implement a HK\$200 million cost efficiency program and has focused on delivering improved financial returns for shareholders, through growing business volumes in a profitable manner.

During the period the company strengthened its balance sheet by reducing debt by 30% to US\$590 million. Galaxy retired US\$250 million in debt, at a cost of US\$125 million.

Given the economic recovery, ongoing operating improvements and supportive government measures, Galaxy is well-positioned to benefit from the continuing growth within the Asia Pacific region.

StarWorld

The performance of StarWorld during the period was solid, especially given the challenging operating environment. Total revenue was HK\$4,027 million, a rise of 15% compared to the first half of 2008. StarWorld has now achieved four consecutive quarters of EBITDA growth with EBITDA for the first half of 2009, increasing 45% to HK\$419 million, as compared to the corresponding period of 2008.

Rolling Chip volume rose 13% from the first half of 2008 to HK\$109 billion. VIP revenue for the six months of 2009 was HK\$3,400 million with a win rate of 3.1%. The Mass Drop for the first half of 2009 was HK\$2,900 million, down 12% from HK\$3,300 million in 2008. The hold rate was slightly less at 15.2% compared to 15.4% in the previous year. Mass Gaming revenue was down 14% from HK\$510 million to HK\$440 million and Slot Gaming



revenue for the first half of 2009 was HK\$63 million compared to HK\$69 million in the same period of 2008. It is worth noting that in the month of May, we commenced major renovation work on the Mass Gaming floor which disrupted operations until the re-launch of the gaming floor on August 2nd.

Link to Photograph of New Mass Gaming Floor:

<http://www.galaxyentertainment.com/eng/images/media/gallery/star/1/13.jpg>

Cotai Development

In late 2008, the decision was taken to slow the development of Galaxy Macau in Cotai and to align the project opening to improving market conditions. We continue with the project's construction and remain on schedule to complete the exterior works by the end of 2009.

Link to Photograph of Cotai Development:

<http://www.galaxyentertainment.com/eng/images/media/gallery/galaxyworld/1/10.jpg>

Cotai Land Purchase

As announced on 10 September 2009, Galaxy has accepted the terms of a significant land grant from the Macau Government. The total buildable gross floor area of the land is approximately 1.7 million square meters, with an approximately 300,000 square meters of landscape area.

The land premium is HK\$2.8 billion and an initial payment of HK\$1.1 billion has been paid. The balance will be paid over 4 years in eight equal semi-annual installments of approximately HK\$225 million.

The land bank's lease term is 25 years and renewable pursuant to applicable laws in Macau.

City Clubs

The performance of City Clubs was substantially improved during the reporting period, following the restructuring of management agreements in 2008 and right sizing of the operations.

For the six months to 30 June 2009, City Clubs contributed HK\$84 million in EBITDA to the Group.



Construction Materials Division

The Construction Materials Division contributed HK\$108 million in EBITDA to the Group for the six months ended 30 June 2009, which was a modest 1% decline. Construction related businesses will be among the first group of industries to benefit from the Central Government's stimulus package and associated expenditure on infrastructure investment. We are starting to see the benefits of this stimulus package accruing to the Construction Materials Division and we remain positive on the outlook for the division.

Financial Initiatives

During the six months, management further strengthened the company's balance sheet with a debt buyback program retiring a total of HK\$1,941 million (US\$250 million) at approximately US\$0.50 on the dollar. Galaxy generated interest savings of HK\$429 million (US\$55 million) over the life of the paper and we anticipate reporting a tax free gain of HK\$819 million (US\$106 million) in 2009.

In addition, Galaxy remains liquid with cash on hand of HK\$5.4 billion, as of 30 June 2009.

Post-Result Events

A number of important events positively impacted the Macau market after Galaxy's reporting period. These included the election of Dr. Chui Sai On as the Chief Executive of the Macau Special Administrative Region. Dr. Chui Sai On has openly expressed his intention to maintain the development of the gaming industry in an orderly manner and to enhance the competitive edge of Macau's gaming industry.

Secondly, the Macau Government has confirmed that it will impose a cap on commissions payable to Junkets.

Thirdly, the Chamber of Macau Casino Gaming Concessionaires and Sub-concessionaires was officially formed. The Chamber's objectives include cooperation with the Macau Government to make contributions to the gaming legislative process and to the implementation of rules and regulations.

Also, StarWorld opened 16 additional VIP tables in late June with a further 6 VIP tables added in early July. As previously mentioned, we re-launched the newly renovated Mass Gaming area on August 2nd.



Outlook

Galaxy remains cautiously optimistic on the outlook for Macau. Our optimism is a result of a number of significant events that have either recently occurred or are anticipated to occur in the near future.

These include:

- The recent election of Dr. Chui Sai On as the new Chief Executive of Macau SAR;
- The pending election of the Macau Legislative Assembly;
- The 60th anniversary of the founding of the People's Republic of China;
- The 10th anniversary of Macau's Return to China;
- And a recovering world economy.

Both the Central Government and the Macau Government are actively progressing with major infrastructure initiatives that will support the long-term sustainable growth of the Macau economy.

We remain encouraged by the recovery of the Macau gaming market, as seen by record Macau gaming revenue in August of HK\$10.9 billion. In addition, the outlook for global economies, especially the Chinese economy, continues to improve.

US GAAP Comparisons

In comparing Galaxy's Gaming and Entertainment Division'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 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. If calculated under US GAAP, StarWorld's EBITDA margin would be approximately 17.1% for the period, as compared to Hong Kong GAAP which would give an EBITDA margin of 10.4% for the period.

- The End -



About Galaxy Entertainment Group Limited (stock code: 27)

Galaxy Entertainment Group, 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 the Galaxy Macau resort.

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

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