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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)

CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE

The Board announces that on 30 April 2010, Qianan Shougang KWCM (a non-wholly owned subsidiary of GEG) and Guizhou Bohong entered into the JV Contract to establish the JV Company for the manufacture and sale of slag in Guizhou Province, the PRC. Slag is environmental-friendly construction materials, the business of which is encouraged by the Central Government of the PRC.

As Guizhou Bohong is a subsidiary of Shougang Group Company (which is a substantial shareholder of Qianan Shougang KWCM), Guizhou Bohong is a connected person of GEG (at the subsidiary level). Accordingly, the JV Contract constitutes a connected transaction for GEG. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate amount of the capital contribution and the financial assistance by Qianan Shougang KWCM under the JV Contract are more than 0.1% but less than 2.5%, the JV Contract is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and does not require the approval by independent shareholders of GEG.

PRINCIPAL TERMS OF THE JV CONTRACT

Date:

30 April 2010

Parties:

- (1) Qianan Shougang KWCM, a subsidiary of GEG under the Listing Rules in which GEG indirectly holds 55% of its equity interest; and

- (2) Guizhou Bohong, an indirect 51% owned subsidiary of Shougang Group Company, which is a substantial shareholder (as defined under the Listing Rules) of Qianan Shougang KWCM.

Scope of Business:

The JV Company shall be established for the principal purpose of manufacture and sale of slag in Guizhou Province, the PRC.

Capital Contribution and Financial Assistance:

The total investment amount of the JV Company is presently estimated to be RMB80,000,000 (approximately HK\$91,200,000), which shall include the registered capital of RMB22,600,000 (approximately HK\$25,764,000). The registered capital shall be contributed as to 50% by Qianan Shougang KWCM in cash (equivalent to RMB11,300,000) and as to 50% by Guizhou Bohong in cash (equivalent to RMB11,300,000) within five working days from the signing of the JV Contract.

The difference between the total investment amount and the registered capital, which is RMB57,400,000 (approximately HK\$65,436,000), shall be funded by Qianan Shougang KWCM in the form of financial assistance to the JV Company by way of shareholder's loans. The JV Company shall repay such loans (together with interests calculated at the prevailing market rates chargeable by local commercial banks) to Qianan Shougang KWCM over a period of four years after the commencement of the production of the JV Company.

The capital contribution and the financial assistance by Qianan Shougang KWCM to the JV Company will be funded by the Group's internal resources.

Board Composition:

The board of directors of the JV Company shall consist of six directors. Each of Qianan Shougang KWCM and Guizhou Bohong shall be entitled to appoint three directors. The chairman of the board of the JV Company shall be appointed by Guizhou Bohong.

Profit Sharing:

The profits and losses of the JV Company after deducting all applicable taxes and statutory reserves shall be shared by Qianan Shougang KWCM and Guizhou Bohong in proportion to their capital contribution to the JV Company.

REASONS FOR AND BENEFITS OF THE JV CONTRACT

The formation of the JV Company under the JV Contract represents an opportunity for the Group to further expand its slag business in the PRC. Slag is a by-product of the iron and steel making process and is used as a partial replacement of cement in concrete production, which will result in both environmental and technical benefits, the business of which is encouraged by the Central Government of the PRC. Based on the experience in European countries, it is expected that the usage of, and therefore the demand for, slag in the PRC will continue to rise and such business will continue to be sustainable. It is believed that the transaction will

enhance the competitive edge and broaden the earning base of the construction materials division of the Group.

The Directors (including the independent non-executive Directors) consider that the JV Contract is on normal commercial terms and its terms are fair and reasonable and are in the interest of GEG and its shareholders as a whole.

INFORMATION ON THE GROUP

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 the PRC.

LISTING RULES IMPLICATION

As Guizhou Bohong is a 51% owned subsidiary of Shougang Group Company (which is a substantial shareholder of Qianan Shougang KWCM), Guizhou Bohong is a connected person of GEG (at the subsidiary level). Accordingly, the JV Contract constitutes a connected transaction for GEG. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate amount of the capital contribution and the financial assistance by Qianan Shougang KWCM under the JV Contract are more than 0.1% but less than 2.5%, the JV Contract is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and does not require the approval by independent shareholders of GEG.

DEFINITIONS

In this announcement, unless otherwise stated, the following expressions mean:

“Board”	the Board of Directors of GEG;
“Directors”	the directors of GEG;
“GEG”	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;
“Group”	GEG and its subsidiaries;
“Guizhou Bohong”	貴州博宏實業有限責任公司 (Guizhou Bohong Enterprises Limited Liability Company), a PRC incorporated company which is an indirect 51% owned subsidiary of Shougang Group Company;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of The People's Republic of China;

“JV Company”	六盤水首嘉博宏建材有限公司 (Lupanshui Shougang K.Wah Bohong Construction Materials Company Limited), an equity joint venture company to be established in the PRC pursuant to the JV Contract;
“JV Contract”	the joint venture agreement dated 30 April 2010 between Qianan Shougang KWCM and Guizhou Bohong in respect of the establishment and management of the JV Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Qianan Shougang KWCM”	遷安首嘉建材有限公司 (Qianan Shougang K. Wah Construction Materials Company Limited), a sino-foreign equity joint venture which is owned as to 30% by Shougang Group Company, as to 55% by Earnmark Limited (which is an indirect wholly owned subsidiary of GEG) and as to 15% by 河北省首鋼遷安鋼鐵有限責任公司 (Hebei Province Shougang Qianan Steel & Iron Limited Liability Company, which is 98% owned by Shougang Group Company);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shougang Group Company”	首鋼總公司 (Shougang Group Company), a PRC incorporated company which is directly holding a 30% equity interest in Qianan Shougang KWCM; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

As at the date of this announcement, the executive Directors of GEG 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 GEG are Mr. Anthony Thomas Christopher Carter, Dr. Martin Clarke and Mr. Henry Lin Chen; and the independent non-executive Directors of GEG 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, 30 April 2010

Website: www.galaxyentertainment.com