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銀娛GEG

## **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 of Directors (the “**Board**”) of Galaxy Entertainment Group Limited (“**GEG**”) is pleased to announce certain selected unaudited key performance indicators of GEG and its subsidiaries (collectively the “**Group**”) for the third quarter ended 30 September 2010 to enable its shareholders, investors and the public to better appraise the position and business performance of the Group.

#### **2010 Third Quarter Highlights**

##### **GEG – Strong financial results supported by profitable growth and effective cost control**

- Record EBITDA of HK\$616 million, up 115% over the third quarter of 2009
- Revenue up 88% year-on-year to HK\$5.4 billion
- Financially robust and significantly more efficient after refinancing

##### **StarWorld – Record quarterly EBITDA and 9<sup>th</sup> consecutive quarter of growth**

- Record EBITDA of HK\$568 million, up 161% year-on-year
- Record VIP volume of HK\$137 billion, up 69% over the third quarter of 2009
- Generating a consistently improving annualised ROI\* of 54%

##### **Galaxy Macau™ – Successfully transitioning from construction phase to pre-opening**

- Galaxy Macau™ remains on budget and on schedule to open in early 2011
- Transitioning from construction phase to dual focus on interior fit-out and implementation of the pre-opening strategy
- Well positioned to capitalise on window of opportunity created by Macau’s surging growth

\* ROI calculated based on the total EBITDA for the latest twelve months (LTM) divided by the total investment, including land cost.

The third quarter was another record quarter for GEG, outperforming the market with outstanding gaming growth and strong results from all of our businesses. Our absolute focus on “World Class, Asian Heart” service and meeting the particular needs and tastes of Asian customers has enabled StarWorld to continue to lead the market.

The Macau market continues to grow very rapidly and infrastructure projects in China and Macau are expected to maintain this growth and attract a new type of visitor to Macau, who will stay longer and, as well as gaming, look to enjoy entertainment and leisure facilities. The accelerated roll-out schedule of Galaxy Macau™ will enable the Group to fully capture this surging demand.

Galaxy Macau™ remains on budget and on schedule to open in early 2011, a time at which we see an exceptional window of opportunity to introduce a large and truly Asian destination resort to the rapidly growing Macau market. The fit out of the property and recruitment of property staff signals the project’s transition from the construction phase to the exciting pre-opening of the property.

## **GROUP FINANCIAL RESULTS**

During the third quarter of 2010, the Group continued to see the benefits of previous commercial initiatives and investments. The strong financial results were supported by continuing efforts to grow profitable revenues and tightly control costs.

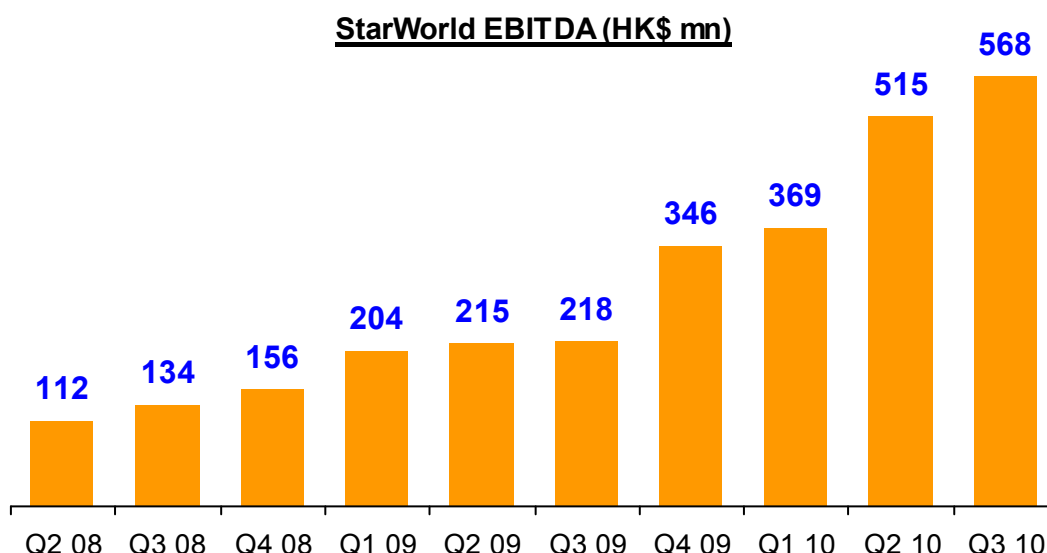
Strong growth was maintained throughout the third quarter of 2010. GEG reported revenue of HK\$5.4 billion for the quarter ended 30 September 2010, an 88% increase year-on-year. This was in comparison to revenue of HK\$2.9 billion for the third quarter of 2009.

The Group’s adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA) were HK\$616 million, an increase of 115% compared to HK\$287 million in the corresponding quarter of 2009.

All business units continued to perform solidly and contributed to the Group’s eighth consecutive quarter of EBITDA growth, and all time record quarterly EBITDA.

## **STARWORLD HOTEL & CASINO**

StarWorld continues its exceptional growth, maintaining its position as one of the leading gaming properties in Macau. The property’s third quarter EBITDA of HK\$568 million represented its ninth consecutive quarter of EBITDA growth. StarWorld’s revenue was HK\$4.7 billion, a 20% increase over the second quarter of 2010. StarWorld is delivering an annualised ROI of 54% – calculated based on the total EBITDA for the latest twelve months divided by the total investment, including land cost.



The impressive EBITDA performance of StarWorld was driven by increased gaming volumes. StarWorld continues to benefit from the property's strong reputation, diligent cost control, excellent central location in the gaming hub of Macau's Peninsula, and its commitment to "Asian Heart" service.

StarWorld recorded an all-time record quarterly VIP volume of HK\$137 billion in the third quarter, up 6% over the second quarter of 2010 and up 69% over the third quarter of 2009. The VIP Win percentage was 3.1% and compared favourably to 2.3% in the third quarter of 2009, whilst the VIP Win was HK\$4.1 billion compared with HK\$1.8 billion year-on-year. Mass Drop for the third quarter of 2010 increased compared to the corresponding quarter of 2009. Electronic gaming also continues to be a profitable part of StarWorld's offering.

The occupancy rate at StarWorld Hotel was consistently higher than the overall market at 97%. This figure emphasises the highest of standards and Asian Heart service at StarWorld Hotel, which has again received several industry awards, including the prestigious 5 Star Diamond Award.

## **CITY CLUBS**

The Group's City Clubs casinos in Macau continue to make a valuable contribution. EBITDA for the quarter was HK\$43 million and we continue to effectively manage the business.

## **CONSTRUCTION MATERIALS**

The Group's Construction Materials division remains a solid performer with improved market conditions and remains well positioned for future growth. The business achieved EBITDA of HK\$69 million during the third quarter. This figure reflects a strategic shift to higher margin products and a number of new Joint Ventures in Mainland China. Under Hong Kong accounting standards, GEG does not consolidate revenues of Joint Ventures but does report the EBITDA proportionalised in-line with shareholding.

## **GALAXY MACAU™**

The construction of Galaxy Macau™ is well advanced and the unique destination resort remains on budget and on schedule to open in early 2011 in very strong market conditions. Macau's gaming markets continued to experience exceptional growth in the third quarter and yet another consecutive record quarter for gaming revenue. Prospects for further growth remain positive.

Galaxy Macau™ will be Macau's first Asian centric destination resort and one of the largest leisure complexes in Asia. It has been conceived with "World Class, Asian Heart" and will offer the most diverse range of Asian themed entertainment, Asian accommodation and Asian food in Macau. The property is in an excellent position to capitalize on Macau's market growth and attract a new kind of customer, especially the emerging middle class in Mainland China yet to visit Macau.

A number of major infrastructure projects are currently under construction in Macau and Mainland China to improve accessibility and drive visitor flow. These improvements demonstrate the Government's commitment to creating sustainable growth by driving both domestic consumption and tourism.

Galaxy Macau™ is the only new resort destination set to open in Macau until at least the end of 2011 and, upon its completion, GEG will be the only operator with flagship properties in both the gaming hub of Macau's Peninsula and the rapidly emerging resort destination area of Cotai.

## **GALAXY MACAU™ UPDATE**

- On budget and on schedule to open in early 2011 amidst very strong market conditions
- Transitioning from construction phase to dual focus on interior fit-out and implementation of the pre-opening strategy
- Senior management team in place, recruitment of property staff now underway

## **STARWORLD 2010 AND SELECTED AWARDS:**

### **Awards**

World Hotel – Continental Diamond Awards  
– Top Ten Charming Hotels  
Best Business Hotel in Macau  
Best Entertainment and Gaming Theme Hotel  
Top Ten Glamorous Hotels of China  
5 Star Diamond Award

### **Association**

World Hotel Association, China  
7<sup>th</sup> Golden Pillow Award of China Hotels  
Golden Horse Award of China Hotel  
China Hotel Starlight Awards  
American Academy of Hospitality Sciences



## CAUTION STATEMENT

The Board wishes to remind shareholders and potential investors that the above financial data primarily relates only to a part of operations of the Group and is based on the Group's internal records and management accounts. The above financial data has not been reviewed or audited by independent auditors and is not a forecast of the performance of the gaming and entertainment division or of the Group as a whole. Shareholders and potential investors are cautioned not to unduly rely on such data and are advised to exercise caution when dealing in the shares of GEG.

*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, 28 October 2010

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