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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)

ISSUE OF US\$600,000,000 PRINCIPAL AMOUNT NOTES and GENERAL DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

This announcement is made in compliance with the disclosure requirements of Chapter 13 and in particular Rules 13.09 and 13.18 of the Listing Rules. Under Rule 13.18 of the Listing Rules amongst other things, a general disclosure obligation will arise where an issuer (or any of its subsidiaries) enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder of the issuer and the breach of such obligation will cause a default in respect of loans that are significant to the operations of the issuer.

On 7th December, 2005, the Issuer, a wholly-owned subsidiary of the Parent Guarantor entered into the Purchase Agreement for the offer and sale of the Notes. Amongst other things, the Notes will indirectly impose specific performance obligations on the controlling shareholder of the Company. The Notes will be sold to Morgan Stanley and Merrill Lynch or investors selected by them.

Accordingly, the Company is under a general obligation to disclose the details of the Notes.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 8th December, 2005. Application has been made by the Company for resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:30 a.m. on 9th December, 2005.

The directors of the Company make the following disclosure in compliance with Chapter 13 and in particular Rules 13.09 and 13.18 of the Listing Rules.

Issue of Notes

On 7th December, 2005, the Issuer entered into Purchase Agreement for the offer and sale and issue of the Notes in the principal amount of US\$600,000,000. The fixed rate Notes due 2012 will bear interest at a rate of 9.875% per annum, payable semi-annually in arrears on 15th June and 15th December of each year, commencing 15th June, 2006. The floating rate Notes due 2010 will bear interest at six-month LIBOR plus 5%, which is reset semi-annually, payable semi-annually in arrears on 15th June and 15th December of each year, commencing 15th June, 2006.

The Notes have been rated B+ by S&P and B1 by Moody's and will be sold to Merrill Lynch and Morgan Stanley or investors selected by them. The Notes will be listed on the Singapore Exchange Securities Trading Limited.

The net proceeds from the issue of the Notes are intended to be used for the repayment of bank loans, for financing the construction and development of Galaxy Starworld and Galaxy Cotai Mega Resort, and for general corporate purposes.

Obligations

The Notes will be issued in a form common for debt securities. There will be events of default under the Notes that may lead to the Notes becoming immediately due and payable relating to acts or omissions of the Issuer and/or the Parent Guarantor, of the type commonly seen in debt securities of this nature.

In addition, not later than 30 days following a Change of Control Triggering Event, the Issuer or the Parent Guarantor must make an offer to purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any. If the Permitted Holders beneficially own less than 35% of the total voting power of the voting stock of the Parent Guarantor and at the same time there is a Rating Decline, that will constitute one of the Change of Control Triggering Events and the failure by the Issuer or the Parent Guarantor to make or consummate an offer to purchase the Notes in a manner described under the Notes will be an event of default under the Notes.

In the event of a breach of the terms of the Notes or the occurrence of an event that will or may lead to mandatory prepayment or repurchase of them, the Company will comply with the general disclosure obligation under Chapter 13 of the Listing Rules.

Information for Shareholders

The Company has decided in future to publish on its website from time to time certain selected information about its operations for the benefit of all Shareholders. In connection with the issue of the Notes it will also establish on the same website an area accessible only to holders of the Notes which will contain other information about the Company. No information that falls within the general disclosure obligation under Chapter 13 of the Listing Rules, or which is required to be published under Chapter 14 or Chapter 14A of the Listing Rules will be made available anywhere on the website before it has been published as required by the Listing Rules.

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Definitions

In this announcement, the following terms are used with the meanings set opposite them:

- “Change of Control” the occurrence of one or more of the following events:
- (1) the merger, amalgamation, or consolidation of the Parent Guarantor with or into another person or the merger or amalgamation of another person with or into the Parent Guarantor, or the sale of all or substantially all the assets of the Parent Guarantor to another person;
 - (2) the Permitted Holders are the beneficial owners of less than 35% of the total voting power of the voting stock of the Parent Guarantor;
 - (3) any person or group is or becomes the beneficial owner, directly or indirectly, of the total voting power of the voting stock of the Parent Guarantor greater than such total voting power held beneficially by the Permitted Holders;

	(4) individuals who on the date of the issue of the Notes constituted the board of directors of the Parent Guarantor, together with any new directors whose election was approved by a vote of at least two-thirds of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Parent Guarantor then in office; or
	(5) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor;
“Change of Control Triggering Event”	the occurrence of both a Change of Control and a Rating Decline;
“Company”	Galaxy Entertainment Group Limited 銀河娛樂集團有限公司;
“fixed rate Notes”	US\$350,000,000 9.875% guaranteed senior notes of the Issuer due 2012;
“floating rate Notes”	US\$250,000,000 guaranteed senior floating rate notes of the Issuer due 2010;
“Issuer”	Galaxy Entertainment Finance Company Limited, an international business company incorporated in the British Virgin Islands with limited liability on 6th October, 2005 with registered number 679724 and wholly owned by the Parent Guarantor;
“LIBOR Rate”	the rate for deposits in United States dollars for a given six-month period determined in accordance with the terms of the Notes;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Merrill Lynch”	Merrill Lynch (Singapore) Pte. Ltd.;
“Moody’s”	Moody’s Investors Service, Inc. and its affiliates;
“Morgan Stanley”	Morgan Stanley & Co. International Limited;
“Notes”	the fixed rate Notes and the floating rate Notes;
“Parent Guarantor”	Galaxy Casino, S.A., a subsidiary of the Company incorporated in Macau in which the Company is interested in 88.1% of the voting shares carrying 97.9% of the economic interest;
“Permitted Holders”	any or all of the following: <ul style="list-style-type: none"> (1) Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung (each of whom is a director of the Company) or (only for so long as Mr. Francis Lui Yiu Tung has principal executive authority for the Parent Guarantor, subject only to supervision by the board of directors or duly authorized committee of the Parent Guarantor) a discretionary Lui family trust established under the laws of Jersey; (2) any person directly or indirectly controlling, controlled by, on under direct or indirect common control with the persons specified in (1); and (3) any person both the shares or other interests in equity and the voting shares of which (or in the case of a trust, the beneficial interests in which) are owned 80% by persons specified in (1) and (2) of this definition;
“Purchase Agreement”	the Purchase Agreement, dated 7th December, 2005, entered into by and among the Issuer, the Parent Guarantor, each of the subsidiary guarantors named therein, Morgan Stanley and Merrill Lynch;

“Rating Date”	in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Parent Guarantor or any other person or persons to effect a Change of Control;
“Rating Decline”	in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Parent Guarantor or any other person or persons to effect a Change of Control (which period will be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the S&P or Moody’s or its substitute) of any of the events listed below: <ul style="list-style-type: none"> (a) in the event the Notes are rated by both Moody’s and S&P on the Rating Date as “Investment Grade”, the rating of the Notes by either rating agency will be below “Investment Grade”; (b) in the event the Notes are rated by either, but not both, of the Moody’s and S&P on the Rating Date as “Investment Grade”, the rating of the Notes by such rating agency will be below “Investment Grade”; or (c) in the event the Notes are rated below “Investment Grade” by both Moody’s and S&P on the Rating Date, the rating of the Notes by either rating agency will be decreased by one or more gradations (including gradations within rating categories as well as between rating categories);
“S&P”	Standard & Poor’s Ratings Services and its affiliates; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

Directors

At the date of this announcement, the executive Directors of the Company are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Chan Kai Nang, Mr. Joseph Chee Ying Keung, Mr. William Lo Chi Chung and Ms. Paddy Tang Lui Wai Yu; the non-executive Director of the Company is Mr. Moses Cheng Mo Chi; and the independent non-executive Directors of the Company are Dr. Charles Cheung Wai Bun, Mr. James Ross Ancell and Dr. William Yip Shue Lam.

By Order of the Board of
Galaxy Entertainment Group Limited
Kitty Chan Lai Kit
Company Secretary

Hong Kong, 8th December, 2005.

This announcement is not an offer of securities for sale in the United States. The Notes may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer which will contain detailed information about the company and management, as well as financial statements.

*Please also refer to the published version of this announcement in **South China Morning Post**.*