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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)

DISCLOSEABLE TRANSACTION LEGALLY BINDING LETTER OF INTENT IN RELATION TO THE CONSTRUCTION OF THE COTAI PHASE 4 PROJECT

On 19 February 2021, Galaxy Cotai Project, a wholly owned subsidiary of GEG, entered into a legally binding Letter of Intent with China Construction, being the main contractor, in relation to the provision of construction and related services for GEG's Cotai Phase 4 Project with contract sum of approximately MOP13.01 billion (equivalent to approximately HK\$12.63 billion).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the transactions contemplated under the Letter of Intent is more than 5% but less than 25%, the Letter of Intent constitutes a discloseable transaction for GEG pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 February 2021, Galaxy Cotai Project, a wholly owned subsidiary of GEG, entered into a legally binding Letter of Intent with China Construction, being the main contractor, in relation to the provision of construction and related services including but not limited to management, temporary works, general facilities & attendance, application and management of labour quota; construction of basement box structure, structural carcass, link bridges; and construction and completion of all specialist work packages through nominated subcontractors/suppliers and/or direct contractors, for GEG's Cotai Phase 4 Project with the contract sum of approximately MOP13.01 billion (equivalent to approximately HK\$12.63 billion).

PRINCIPAL TERMS OF THE LETTER OF INTENT

Parties

- (1) Galaxy Cotai Project as project developer; and
- (2) China Construction as main contractor.

Date

19 February 2021

Scope of the Cotai Phase 4 Project

Pursuant to the Letter of Intent, China Construction agreed, as the main contractor of the Cotai Phase 4 Project, to provide the construction and related services described above.

Contract Sum

The contract sum for the provision of services contemplated under the Letter of Intent is approximately MOP13.01 billion (equivalent to approximately HK\$12.63 billion).

Payment shall be made by Galaxy Cotai Project to China Construction according to monthly valuation of work properly done as will be assessed by external professional consultants. The contract sum of the Letter of Intent is expected to be funded by internal resources of the Group.

Contract Period

The date for commencement of construction works in relation to the Cotai Phase 4 Project shall be 7 calendar days after issuance of Architect's Instruction, and the entire works shall be completed within 1053 calendar days from and including the date for commencement.

Condition Subsequent

Galaxy Cotai Project and China Construction will enter into a letter of award to set out further details for implementation of the Letter of Intent and if for any reason the Board is not satisfied at its sole discretion with the terms and conditions of the Letter of Intent and/or the letter of award, the Letter of Intent, the letter of award and any subsequently executed agreement, contract or instrument related thereto shall become null and void without any obligations on Galaxy Cotai Project or China Construction save that GEG will be required to reimburse China Construction's direct and reasonable expenses in connection with negotiating the formal contract.

Performance Bond

In connection with the main contract work, China Construction is required to provide a performance bond in an amount of MOP245 million (equivalent to approximately HK\$237.86 million) in favour of Galaxy Cotai Project to guarantee China Construction's due performance of the relevant contract services.

REASONS FOR AND BENEFITS OF THE COTAI PHASE 4 PROJECT

Being one of the world's leading resorts, hospitality and gaming companies, GEG is uniquely positioned for long term growth. The Group has been proceeding with the development and expansion of the current footprint in Macau, and continuously reviewing and refining plans to ensure a world-class optimal development. Cotai Phase 4 has been one of the key development projects that GEG keep on proceeding. In order to maintain the development targets and improving competitive positioning, it is in the best interests of the Group to commence the relevant construction works.

China Construction, being one of the subsidiaries of China State Construction International Holdings Limited (stock code: 3311.HK), is a contractor for construction and building work with operation mainly in Macau.

The terms of the Letter of Intent were determined after arm's length negotiations between the parties. In light of the reasons above and after careful consideration, the Board believes that it is, in the best interests of the Group to enter into the Letter of Intent. The Letter of Intent was awarded to China Construction after a competitive tendering process. The Board considers that the terms of the Letter of Intent, including the contract sum, are on normal commercial terms that are fair and reasonable and in the interests of the Group and its shareholders as a whole.

INFORMATION ABOUT GEG GROUP

The principal activities of the Group are the operation of casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials in Hong Kong, Macau and the PRC.

INFORMATION ABOUT CHINA CONSTRUCTION

Based on publicly of available information, China State Construction International Holdings Limited (stock code: 3311.HK) is the ultimate beneficial owner of China Construction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Construction and its ultimate beneficial owner are third parties independent of and not connected with GEG and its connected persons. Based on the annual report of China State

Construction International Holdings Limited its immediate holding company is China Overseas Holdings Limited, a company incorporated in Hong Kong. Its intermediate holding company and its ultimate holding company are China State Construction Engineering Corporation Limited, a joint stock company with its shares listed on the Shanghai Stock Exchange, and China State Construction Group Limited, respectively, both of which are established in the PRC and controlled by the PRC government.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the transactions contemplated under the Letter of Intent is more than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules, the Letter of Intent constitutes a discloseable transaction for GEG pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of GEG
“China Construction”	China Construction Engineering (Macau) Company Limited, a company incorporated in Macau with limited liability
“connected person(s)”	the meaning ascribed thereto in the Listing Rules
“Cotai Phase 4 Project”	the construction of Phase 4 in Cotai, which is new integrated resort development of Galaxy Resort and Casino in Cotai City, Macau
“Galaxy Cotai Project”	Galaxy Cotai Project Management Limited, a company incorporated in Macau with limited liability and a wholly owned subsidiary of GEG
“GEG”	Galaxy Entertainment Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 27.HK)
“Group”	GEG and its subsidiaries
“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

“Letter of Intent”	the letter of intent dated 19 February 2021 entered into between Galaxy Cotai Project and China Construction described herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“MOP”	Macau Pataca(s), the lawful currency of Macau
“PRC”	The People’s Republic of China and for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purpose of this announcement, amounts in MOP are translated to HK\$ at the rate of MOP1.03 = HK\$1.00 for illustration only. No representation is made that any amounts in MOP could have been or could be converted into HK\$ at such rate or any other rates.

By Order of the Board
Galaxy Entertainment Group Limited
Wong Chui Lai
Company Secretary

Hong Kong, 19 February 2021

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 Dr. Charles Cheung Wai Bun and Mr. Michael Victor Mecca; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak.

Website: www.galaxyentertainment.com