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If you have sold or transferred all your shares in Galaxy Entertainment Group Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular should be read in conjunction with the accompanying Annual Report for the year ended 31 December 2010.



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)

**PROPOSALS FOR
RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO REPURCHASE SHARES
AND ISSUE SHARES,
ADOPTION OF NEW SHARE OPTION SCHEME,
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
NOTICE OF 2011 ANNUAL GENERAL MEETING**

A notice convening the 2011 Annual General Meeting of Galaxy Entertainment Group Limited to be held on Wednesday, 22 June 2011 at Grand Room, Ground Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong at 11:00 a.m. is set out on pages 26 to 30 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the registered office of the Company at Room 1606, 16th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong (marked for the attention of the Company Secretary) as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

26 April 2011

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2011 Annual General Meeting”	the annual general meeting of the Company to be held at Grand Room, Ground Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 22 June 2011 at 11:00 a.m.
“affiliate”	any company which is (a) a holding company of the Company; or (b) a subsidiary of a holding company of the Company; or (c) a subsidiary of the Company; or (d) a controlling shareholder of the Company; or (e) a company controlled by a controlling shareholder of the Company or (f) a company controlled by the Company; or (g) an associated company of a holding company of the Company; or (h) an associated company of the Company
“Annual Report”	the annual report of the Company for the year ended 31 December 2010
“Article(s)”	article(s) of the Articles of Association
“Articles of Association”	articles of association of the Company
“associates”	has the meaning ascribed to the expression under the Listing Rules
“Board”	the board of Directors
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	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
“connected persons”	has the meaning ascribed to the expression under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Lui”	Dr. Che-woo Lui, an executive Director and the Chairman of the Company

DEFINITIONS

“Employee”	any person employed (on a full-time or part-time basis) by the Company or any affiliate and any person who is a senior executive or director (whether executive or non-executive) of the Company or any affiliate
“Existing Scheme”	The existing share option scheme adopted by the Company on 30 May 2002
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	18 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lui Family Members”	family members comprising Dr. Lui, his spouse, sons and daughters
“New Scheme”	The new share option scheme proposed to be adopted in 2011 Annual General Meeting, the principal terms of which are set out in Appendix III
“Option(s)”	means an option to subscribe for Shares granted pursuant to the New Scheme
“Option Agreement”	the offer and acceptance letter between the Company and the Option Holder evidencing the terms of and conditions of an individual Option
“Option Holder”	any Participant who accepts an offer of the grant of an Option in accordance with the terms of the New Scheme or (where the context so permits) the legal personal representatives of such Participant
“Participant”	a Qualifying Grantee or his related trusts and companies

DEFINITIONS

“Qualifying Grantee”	any Employee or any consultant, agent, representative or adviser of the Company or any affiliate; or any person who provides goods or services to the Company or any affiliate; or any customer or contractor of the Company or any affiliate; or any business ally or joint venture partner of the Company or any affiliate; or any trustee of any trust established for the benefit of Employees
“Permira Fund”	the private equity fund known as Permira IV
“Related Trust(s) or Company(ies)”	means, in relation to a Qualifying Grantee who is an individual, a trust solely for the benefit of the Qualifying Grantee or his immediate family members, and companies controlled solely by the Qualifying Grantee or his immediate family members
“Repurchase Code”	the Hong Kong Code on Share Repurchases
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trust”	the discretionary Lui Family trust established by Dr. Lui as founder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Che-woo Lui, GBS, MBE, JP, LLD, DSSc, DBA (*Chairman*)

Mr. Francis Lui Yiu Tung (*Deputy Chairman*)

Mr. Joseph Chee Ying Keung

Ms. Paddy Tang Lui Wai Yu, BBS, JP

Registered Office:

Room 1606, 16th Floor

Hutchison House

10 Harcourt Road

Central Hong Kong

Non-Executive Directors:

Mr. Anthony Thomas Christopher Carter

Dr. Martin Clarke

Mr. Henry Lin Chen

Independent Non-executive Directors:

Mr. James Ross Ancell

Dr. William Yip Shue Lam, LLD

Dr. Patrick Wong Lung Tak, BBS, JP

26 April 2011

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS FOR
RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO REPURCHASE SHARES
AND ISSUE SHARES,
ADOPTION OF NEW SHARE OPTION SCHEME,
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
NOTICE OF 2011 ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the 2011 Annual General Meeting relating to (i) the re-election of Directors; and (ii) the granting to the Directors of general mandates to

LETTER FROM THE BOARD

repurchase Shares not exceeding 10% and to issue and allot new Shares not exceeding 20% of the Company's issued share capital as at the date of passing of such resolutions and (iii) adoption of the New Scheme.

RE-ELECTION OF DIRECTORS

Pursuant to Article 106(A), Mr. Joseph Chee Ying Keung, Ms. Paddy Tang Lui Wai Yu and Dr. William Yip Shue Lam will retire by rotation at the 2011 Annual General Meeting and, being eligible, will offer themselves for re-election.

Details of the Directors proposed to be re-elected are set out in Appendix I to this circular.

GENERAL MANDATES TO REPURCHASE SHARES AND ISSUE SHARES

At the annual general meeting of the Company held on 22 June 2010, ordinary resolutions were passed granting general mandates for the Directors to repurchase Shares not exceeding 10% of the issued share capital of the Company as at that date ("Existing Repurchase Mandate") and to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at that date ("Existing Share Issue Mandate").

Both the Existing Repurchase Mandate and the Existing Share Issue Mandate will expire upon the conclusion of the 2011 Annual General Meeting. The Directors consider that the Existing Repurchase Mandate and the Existing Share Issue Mandate increase the financing flexibility and provide discretion to the Board in managing the Company's affairs and capital base timely and are in the interests of the Shareholders, and that both of the same shall continue to be adopted by the Company.

At the 2011 Annual General Meeting, a new general mandate for the Directors to repurchase Shares not exceeding 10% and a new general mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of such resolutions as respectively set out in Resolution 4.1 ("New Repurchase Mandate") and in Resolutions 4.2 and 4.3 ("New Share Issue Mandate") in the notice of the 2011 Annual General Meeting will be proposed. Resolution 4.3 also proposes to add to the 20% limit under the New Share Issue Mandate such Shares as repurchased pursuant to the New Repurchase Mandate, on the basis that Resolutions 4.1, 4.2 and 4.3 are all passed and the mandates sought therein are all granted by Shareholders at the 2011 Annual General Meeting.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against Resolution 4.1 to be proposed at the 2011 Annual General Meeting in relation to the New Repurchase Mandate is set out in Appendix II to this circular.

With respect to the proposed New Share Issue Mandate, on the basis of the issued share capital of the Company as at the Latest Practicable Date (assuming no further changes to the issued share capital of the Company from that date until the date of the 2011 Annual General Meeting), the maximum number of Shares that can be allotted and issued by the Company is 826,224,347.

LETTER FROM THE BOARD

ADOPTION OF THE NEW SCHEME AND TERMINATION OF THE EXISTING SCHEME

The Existing Scheme was adopted on 30 May 2002, and has a term of 10 years from the adoption date which is due to expire on 29 May 2012.

The Board has resolved to conditionally terminate the Existing Scheme prior to its expiry subject to the adoption of the New Scheme by the Shareholders at the 2011 Annual General Meeting and upon satisfaction of all conditions precedent as set out below.

Conditions of the New Scheme

The New Scheme is conditional upon:

- (a) the passing of an ordinary resolution to approve and adopt the New Scheme by the Shareholders at the 2011 Annual General Meeting and to authorise the Board to administer the New Scheme, to grant Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the New Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, such number of Shares to be issued by the Company pursuant to the exercise of the Options which may be granted in accordance with the terms and conditions of the New Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the approval referred to in (b) above.

Upon satisfaction of the conditions above, the Existing Scheme will be terminated to the extent that no further options will be offered or granted under the Existing Scheme. However, all the existing Options previously granted but unexercised under the Existing Scheme will remain valid and exercisable in accordance with their terms of issue after the termination of the Existing Scheme.

Reasons for adopting the New Scheme

Since the grant of any option is a long term event, the Board considers it is appropriate to adopt the New Scheme to replace the Existing Scheme which will expire on 29 May 2012. Should the Board propose the adoption of a new share option scheme in the annual general meeting to be held in 2012, there may be a period during which the Existing Scheme will have already expired, but a new share option scheme has not yet been approved. Therefore, the Board proposes to recommend to Shareholders to approve and adopt the New Scheme at the 2011 Annual General Meeting to ensure continuity of the Company's share option schemes, and so that options may be granted to Qualifying Grantees pursuant to the terms thereof. The purpose of the New Scheme is (i) to attract and retain the best quality personnel for the development of the Company's businesses; (ii) to provide additional incentives to Employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint

LETTER FROM THE BOARD

venture partners; and (iii) to promote the long term financial success of the Company by aligning the interests of Option Holders to Shareholders.

As at the Latest Practicable Date and save for the Existing Scheme and the New Scheme, the Company had not adopted any other share option schemes.

Further details of the New Scheme

The terms of the New Scheme provide that in granting Options under the New Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period the Options need to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion, subject to compliance with the terms of the New Scheme. The Board will also determine the subscription price in respect of any Option in accordance with the terms of the New Scheme, which must be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. By setting the minimum period of the Options to be held (if any), the subscription price and performance targets (if any), the Qualifying Grantee are offered an opportunity to participate in the Company's future stock performance through grants of Options, the relevant grantee will be motivated to work towards the contribution to the continued growth and the success of the Group. This serves the purpose of the New Scheme. None of the Directors are trustees of the New Scheme and the Company does not at present intend to appoint a trustee to the New Scheme.

A summary of the principal terms of the New Scheme is set out in Appendix III to this circular.

Value of Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will be based on a large number of speculative assumptions and would therefore not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the Options which have not been determined. Such variables include the subscription price, the option period, any lock-up period, any performance targets that may be set and other relevant variables.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Scheme and satisfaction of all conditions precedent of the New Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed the Scheme Mandate Limit, i.e. 10% of the issued share capital of the Company as at the date of approval of the New Scheme.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 4,131,121,738 Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the 2011 Annual General Meeting on which the New Scheme is expected to be adopted by the Shareholders, and subject to the New Scheme becoming effective, the Company may grant Options under the New Scheme and any other share option schemes of the Company in respect of which up to 413,112,173 Shares, representing 10% of the Shares in issue as at the date of the 2011 Annual General Meeting, may be issued.

Further, no options will be granted which would result in the maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted but yet to be exercised under the New Scheme, the existing options granted under the Existing Scheme and any other share option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

As at the Latest Practicable Date, there were 129,473,039 options granted under the Existing Scheme which shall in all respects remain valid and outstanding notwithstanding the termination of the Existing Scheme. Save as disclosed above, there were no other outstanding options, warrants or convertible securities to subscribe for Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, the remaining balance of options that can be granted under the Existing Scheme prior to the effective of the New Scheme is 208,731,382 options.

NOTICE OF 2011 ANNUAL GENERAL MEETING

Notice of the 2011 Annual General Meeting is set out in Appendix IV to this circular. Whether or not you are able to attend the meeting, you are requested to complete the proxy form accompanying this circular in accordance with the instructions printed thereon and return it to the registered office of the Company at Room 1606, 16th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong (marked for attention of the Company Secretary) as soon as possible and, in any event, so as to be received by the Company not less than 48 hours before the time appointed for the holding of the meeting. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the meeting if you so wish.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of Shareholders at the 2011 Annual General Meeting must be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules, which will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited as soon as practicable after closure of the 2011 Annual General Meeting.

No Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve the adoption of New Scheme and the termination of the Existing Scheme.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the re-election of Directors, the New Repurchase Mandate, the New Share Issue Mandate and the adoption of the New Scheme and the termination of the Existing Scheme are each in the best interests of the Company and the Shareholders, and accordingly, recommend all Shareholders to vote in favour of such resolutions to be proposed at the 2011 Annual General Meeting.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the circular is accurate and complete in all material respects, and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained in this circular misleading.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Galaxy Entertainment Group Limited
Dr. Che-woo Lui
Chairman

The details of the Directors proposed for re-election at the 2011 Annual General Meeting are set out below:

Mr. Joseph Chee Ying Keung, aged 53, joined the Group in 1982. He has been an executive Director of the Company since April 2004 and is the Managing Director of the Construction Materials Division of the Company. In addition, he is a director of a number of subsidiaries of the Company.

Mr. Chee holds an International Master degree in Business Administration from the University of South Australia and a Bachelor degree in Mechanical Engineering from the University of Western Ontario in Canada. He is a fellow member of The Institute of Quarrying in the UK and has over 29 years of broad experience in the construction materials industry including operations and management, technical and quality assurance, environmental protection, commercial and strategic planning. He is currently a member of Standing Committee on Concrete Technology organized by Civil Engineering and Development Department, HKSAR and is appointed as a member of Pneumoconiosis Compensation Fund Board (2010-2011). He served as a member of the Working Group on Construction Waste of the Provisional Construction Industry Co-ordination Board from 2004 to 2006. He was also the Chairman of The Institute of Quarrying in the UK (Hong Kong Branch) from 1998 to 2000 and the Chairman of Hong Kong Contract Quarry Association from 2002 to 2008.

Apart from being an executive Director of the Company, Mr. Chee did not hold any directorships in any listed public companies in the past three years. He does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Chee's service contract does not provide for a fixed length or proposed length of service with the Company. Mr. Chee is not appointed for a specific term but shall be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. His emoluments comprise an annual salary and allowance, an annual Director's fee (which will be proposed by the Board for approval by the Shareholders at the subsequent year's annual general meeting), discretionary share options and discretionary bonuses. His total emoluments received during the year ended 31 December 2010 include Director's fee, salaries, allowances and benefits in kind, discretionary bonus, pension scheme contribution and share-based payment amounted to HK\$5,094,000. His emoluments are determined by reference to his duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market benchmark.

As at the Latest Practicable Date, Mr. Chee has interests in 2,745,000 Shares under Part XV of the Securities and Futures Ordinance, comprising 1,450,000 Shares and share options entitling him to subscribe for 1,295,000 Shares. Save as disclosed herein, Mr. Chee has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, in relation to Mr. Chee's proposed re-election, there is no information that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules. Save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders.

Ms. Paddy Tang Lui Wai Yu, *BBS, JP*, aged 57, joined the Group in 1980 and has been an executive Director of the Company since August 1991. In addition, she is a director of a number of subsidiaries of the Company. She is also an executive director of K. Wah International Holdings Limited.

Ms. Lui holds a bachelor of commerce degree from McGill University, Canada and is a member of The Institute of Chartered Accountants in England and Wales. Ms. Lui is appointed as a non-executive director of the Mandatory Provident Fund Schemes Authority on 17 March 2011. She is also a member of various public and social service organizations, including the General Committee of The Chamber of Hong Kong Listed Companies and a Founding Member of the Board of Opera Hong Kong Limited. Ms. Lui was appointed as a member of the Standing Committee on Company Law Reform, the Tourism Strategy Group, the Statistic Advisory Board, the Hong Kong Arts Development Council and the Board of Ocean Park Corporation. Ms. Lui was elected as a member of the Election Committee of the HKSAR since 1998. Ms. Lui is the daughter of Dr. Che-woo Lui and the elder sister of Mr. Francis Lui Yiu Tung.

Save as disclosed above, Ms. Lui did not hold any directorships in any listed public companies in the past three years. She does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Ms. Lui's service contract does not provide for a fixed length or proposed length of service with the Company. Ms. Lui is not appointed for a specific term but shall be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. Her emoluments comprise an annual salary, an annual Director's fee (which will be proposed by the Board for approval by the Shareholders at the subsequent year's annual general meeting) and discretionary share options. Her total emoluments received during the year ended 31 December 2010 include Director's fee, salaries, allowances and benefits in kind, pension scheme contribution and share-based payment amounted to HK\$4,033,000. Her emoluments are determined by reference to her duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market benchmark.

As at the Latest Practicable Date, Ms Lui has interests in 2,997,757,499 Shares and underlying shares (including deemed interests) under Part XV of the Securities and Futures Ordinance, comprising 2,988,357,499 Shares and share options entitling her to subscribe for 9,400,000 Shares. Save as disclosed herein, Ms. Lui has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, in relation to Ms. Lui's proposed re-election, there is no information that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules. Save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders.

Dr. William Yip Shue Lam, LLD, aged 73, has been an independent non-executive Director of the Company since December 2004 and a member of the Audit Committee and Remuneration Committee of the Company. Apart from this, he does not hold any positions with the Company or any of its subsidiaries.

Dr. Yip holds a Bachelor of Arts degree and an honorary Doctor of Laws degree from the Concordia University, Canada. He is the founder and the Chairman of Canada Land Limited, a company listed on the Australian Stock Exchange and engaged in real estate development and tourist attraction business. Dr. Yip is an independent non-executive director of K. Wah International Holdings Limited. He is also the Chairman of Cantravel Limited, Guangzhou. Dr. Yip has been active in public services and is presently a Standing Committee Member of The Chinese General Chamber of Commerce and the President of Concordia University Hong Kong Foundation Limited. He also serves on the Board of Governors of The Canadian Chamber of Commerce in Hong Kong. In addition, Dr. Yip has been elected a Guangzhou Municipal Honorable Citizen.

Save as disclosed above, Dr. Yip did not hold any directorships in any listed public companies in the past three years. He does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Dr. Yip's service contract provides for a term of three years and he will be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. His emoluments comprise an annual Director's fee, an annual fee for acting as a member of each of the Audit Committee and Remuneration Committee (which will be proposed by the Board for approval by the Shareholders at the subsequent year's annual general meeting), and discretionary share options. His total emoluments received for the Director's fee during the year ended 31 December 2010 amounted to HK\$232,877. His emoluments are determined by reference to his duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market benchmark.

As at the Latest Practicable Date, Dr. Yip has interests in 250,000 Shares under Part XV of the Securities and Futures Ordinance. Save as disclosed herein, Dr. Yip has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, in relation to Dr. Yip's proposed re-election, there is no information that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules. Save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the 2011 Annual General Meeting in relation to the New Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,131,121,738 Shares. As at the same date, there were outstanding share options granted under the Existing Scheme to subscribe for 129,473,039 Shares.

Subject to the passing of the resolution granting the proposed mandate to repurchase Shares and on the basis that no further Shares are issued (whether generally or pursuant to the exercise of the outstanding share options) or repurchased before the 2011 Annual General Meeting, the Company will be allowed to repurchase a maximum of 413,112,173 Shares during the period from the 2011 Annual General Meeting and ending on the earliest of: (i) the conclusion of the next annual general meeting of the Company; or (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or by law; or (iii) the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on terms favourable to the Company. On the basis of the consolidated financial position of the Company as at 31 December 2010, being the date to which the latest published audited financial statements of the Company were made up, the Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, there might be a material adverse impact on the working capital position and gearing position of the Company. The Directors do not propose to exercise the mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company as compared with the position disclosed in the latest published audited financial statements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

FUNDING OF REPURCHASES

Repurchases made pursuant to the proposed mandate to repurchase Shares would be funded out of funds legally available for the purpose in accordance with the Articles of Association, the Companies Ordinance and other applicable laws of Hong Kong.

EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code and Rule 6 of the Repurchase Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and would become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Trust, Lui Family Members and their respective associates and companies controlled by them were interested in a total of 2,080,202,585 Shares representing 50.35% of the issued share capital of the Company. According to the register required to be kept under section 336 of the Securities and Futures Ordinance, as at the Latest Practicable Date, the Permira Fund was interested in 798,384,000 Shares, representing 19.33% of the issued share capital of the Company. The Directors are not aware of any consequence which would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

Based on the above shareholding interests, in the event that the power to repurchase Shares pursuant to the New Repurchase Mandate is exercised in full, and taking no account of the exercise of outstanding share options, the interests of the Trust, Lui Family Members and their respective associates and companies controlled by them would be increased to approximately 55.95% and the interest of the Permira Fund would be increased to approximately 21.47%. In such circumstance, their aggregate interests would be increased to over 75% of the issued share capital of the Company and the Shares held by the public would fall below 25% of the total number of Shares in issue. The Directors have no present intention to exercise the New Repurchase Mandate to such an extent which will result in the number of the Shares held by the public being reduced to less than 25%.

SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the past twelve months preceding the Latest Practicable Date:

Month	Highest (HK\$)	Lowest (HK\$)
<i>2010</i>		
April	3.99	3.60
May	3.73	3.24
June	4.35	3.58
July	5.17	3.88
August	6.27	5.25
September	7.04	5.79
October	7.32	6.46
November	8.25	7.15
December	8.81	8.11
<i>2011</i>		
January	12.48	9.29
February	12.48	9.52
March	11.84	10.66
April (up to the Latest Practicable Date)	12.80	11.46

REPURCHASE OF SHARES

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their associates currently intend to sell Shares to the Company or its subsidiaries.

No connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the proposed mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws of Hong Kong.

SHARE OPTION SCHEME

This Appendix summarizes the principal terms of the New Scheme but does not form part of, nor was it intended to be, part of the New Scheme nor should it be taken as effecting the interpretation of the rules of the New Scheme.

(a) Purpose

The purpose of the New Scheme is (i) to attract and retain the best quality personnel for the development of the Company's businesses; (ii) to provide additional incentives to Employees, consultants, agents, representatives, advisers, suppliers of goods or services, customers, contractors, business allies and joint venture partners; and (iii) to promote the long term financial success of the Company by aligning the interests of Option Holders to Shareholders.

(b) Who may join

On and subject to the terms of the New Scheme and the requirements of the Listing Rules, the Board may offer to grant an Option to any Qualifying Grantee and any of their respective related trusts and companies as the Board may in its absolute discretion select on the basis of such Qualifying Grantee's contribution to the development and growth of the Group.

(c) Administration

The New Scheme shall be subject to the administration of the Board. The Board's administrative powers include the authority, in its discretion:

- (i) to select Qualifying Grantee to whom Options may be granted under the New Scheme;
- (ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the grant of Options;
- (iii) to determine the number of Shares to be covered by each Option granted under the New Scheme;
- (iv) to approve forms of Option Agreement;

(v) to determine the terms and conditions, not inconsistent with terms of the New Scheme, of any Option based in each case on such factors as the Board, in its sole discretion, shall determine. Such terms and conditions may include but are not limited to:

- the exercise price;
- the period within which the Shares must be taken up under the Option, which must not be more than 10 years from the date of grant;
- the minimum period, if any, for which an Option must be held before it can vest;
- the performance targets, if any, that must be achieved before the Option can be exercised;
- the amount, if any, payable on application or acceptance of the Option and the period within which payments or calls must or may be made or loans for such purposes must be repaid;
- prior notification being given to the Company of up to 24 hours of any intended sale of Shares allotted and issued upon exercise of the Option;

Save as may be otherwise determined by the Board from time to time, there is no minimum period for which an Option must be held or any performance target that must be achieved before an Option can be exercised under the terms of the New Scheme.

- (vi) to construe and interpret the terms of the New Scheme and Options granted pursuant to the New Scheme;
- (vii) to prescribe, amend and rescind rules and regulations relating to the New Scheme, including rules and regulations relating to sub-schemes established for the purpose of qualifying for preferred treatment under foreign laws and for benefits intended solely for any particular type of Qualifying Grantees;
- (viii) subject to the requirements of the Listing Rules, to vary the terms and conditions of any Option Agreement (provided that such variation is not inconsistent with the terms of the Listing Rules and the New Scheme).

(d) Grant of Option

On and subject to the terms of the New Scheme and the requirements of the Listing Rules, the Board shall be entitled at any time within 10 years commencing on the date of adoption to make an offer for the grant of an Option to any Qualifying Grantee as the Board may in its absolute discretion select.

(e) Restriction on time of grant of Option

An offer of the grant of an Option may not be made after a price sensitive event or a price sensitive matter has been the subject of a decision, until such price sensitive information has been publicly disseminated in accordance with the Listing Rules. In particular, but only insofar as and for so long as the Listing Rules require, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange) for the approval of the Company's interim or annual results; and (ii) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement, or such period as prescribed under the Listing Rules from time to time.

(f) Payment on acceptance of Option offer

HK\$1.00 is payable by the Qualifying Grantee to the Company on acceptance of the offer of the grant of an Option.

(g) Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

(h) Option period

The period during which the Option may be exercised as the Board may in its absolute discretion determine and specify in the Option Agreement, save that such period shall not expire later than 10 years from the date of grant of the relevant Option.

(i) Rights are personal to grantee

An Option shall be personal to the grantee and shall not be assignable or transferable and no Option Holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option, or enter into any agreement so to do.

Provided that where the Option Holder is a Related Trust or Company of the Qualifying Grantee, the Option shall be deemed to have been transferred where the Option Holder were to cease to be a Related Trust or Company of the Qualifying Grantee other than by reason of the death or total permanent physical or mental disability of the Qualifying Grantee.

(j) Rights attaching to Shares allotted

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment, or, if later, before the date of registration of the allotment in the register of members of the Company.

(k) Rights on death

If an Option Holder (or in the case of an Option Holder which is a Related Trust or Company of a Qualifying Grantee, the relevant Qualifying Grantee) dies, the Option may be exercised (notwithstanding that the option period may not yet have commenced) within such period of time as is specified for the purpose of this paragraph in the Option Agreement or otherwise allowed by the Board (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement).

In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for 12 months (or such longer period as the Board shall decide) following the relevant Qualifying Grantee's death. The Option may be exercised within that period by the personal representatives of the Qualifying Grantee.

If the Option is not so exercised within the time specified above, the Option shall lapse.

(l) Rights on retirement, total permanent physical or mental disability or termination resulting from employer ceasing to be an affiliate

If an Option Holder (or in the case of an Option Holder which is a Related Trust or Company of a Qualifying Grantee, the relevant Qualifying Grantee) becomes totally permanently physically or mentally disabled while a Qualifying Grantee or in the case of a Qualifying Grantee being an Employee, retires or ceases to be an Employee as a result of his employer ceasing to be an affiliate, the Option may be exercised (notwithstanding that the option period may not yet have commenced) within such period of time as is specified for the purpose of this paragraph in the Option Agreement and in accordance with the terms of the Option Agreement or otherwise allowed by the Board (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement).

In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for 2 months (or such longer period as the Board shall decide) following the relevant Qualifying Grantee's retirement, total permanent physical or mental disability or

cessation from being an Employee as a result of his employer ceasing to be an affiliate. The Option may be exercised within that period by the personal representatives of the Qualifying Grantee. If the Option is not so exercised within the time specified above, the Option shall lapse.

An Employee shall be taken to have retired on the date the Employee retires upon or after reaching the age of 60 or such earlier age as the Board may determine from time to time.

(m) Termination for being guilty of serious misconduct etc.

If an Option Holder (or in the event of an Option Holder which is a Related Trust or Company of a Qualifying Grantee, the relevant Qualifying Grantee) ceases to be a Qualifying Grantee for being guilty of serious misconduct, or having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with his creditors generally, or having been convicted of any criminal offence involving his integrity or honesty, the option shall immediately lapse.

(n) Rights on termination other than for death, retirement, permanent disability, termination resulting from employer ceasing to be an affiliate or misconduct

If an Option Holder (or in the case of an Option Holder which is a Related Trust or Company of a Qualifying Grantee, the relevant Qualifying Grantee) ceases to be a Qualifying Grantee other than pursuant to paragraphs (k), (l) or (m), then, unless otherwise provided for the purpose of this paragraph in the Option Agreement, an Option Holder may exercise his Option within 2 months of such cessation (or such longer period as the Board may decide, but in no event later than the expiration of the term of such Option as set forth in the Option Agreement).

If, on the date of termination, the Option Holder is not vested as to his entire Option, then, unless otherwise provided in the Option Agreement or allowed by the Board, the Shares covered by the unvested portion of the Option shall lapse.

If the Option is not so exercised within the time specified above, the Option shall lapse.

(o) Right on takeover

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the offer becomes or is declared unconditional in all respects, the Option Holder shall be entitled to exercise the Option (to the extent not already exercised) unless otherwise provided in the Option Agreement or allowed by the Board, at any time within 1 month (or such longer period as the Board shall decide) after the date on which the offer becomes or is declared unconditional.

(p) Rights on compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with any other company or companies, the Company shall give notice to the Option Holder on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Option Holder (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his Options (to the extent not already exercised) unless otherwise provided in the Option Agreement or allowed by the Board, whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the New Scheme. The Company may require the Option Holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Option Holder in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement.

(q) Rights on voluntary winding-up of the Company

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Option Holders (together with a notice of the existence of the provisions of the New Scheme relating to this paragraph (q)) and thereupon, each Option Holder (or his or her personal representatives) shall be entitled to exercise all or any of his Options (to the extent not already exercised) unless otherwise provided in the Option Agreement or allowed by the Board, at any time not later than 2 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Option Holder credited as fully paid.

(r) Lapse of Option

Subject to the discretion of the Board to extend the option period as referred to in paragraphs (c), (k), (l), (n) and (w), and without prejudice to the authority of the Board to provide for additional situations where an Option shall lapse in any Option Agreement, an Option shall lapse automatically (to the extent not already exercised) on the earliest of (i) the expiry of the option period; (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n), (o), (p) and (q); and (iii) the date on which the Board certifies that there has been a breach of paragraph (i).

(s) Cancellation of Option

Options granted but not exercised may be cancelled by the Company with the approval of the Participant. Where the Company cancels Options and offer to issues new ones to the same Qualifying Grantee, the issue of such new Options may only be made under the New Scheme with available unissued Options (excluding the cancelled Options) within the limits set out in paragraph (t) below.

(t) Maximum number of Shares available under the New Scheme*(i) Overriding Limit*

The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded.

(ii) Mandate Limit

In addition to the limit set out in sub-paragraph (t)(i) above and prior to the approval of a refreshed mandate limit as referred to in sub-paragraph (t)(iii) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of adoption, being 413,112,173 Shares ("Mandate Limit") (based on 4,131,121,738 issued Shares as at the Latest Practicable Date and assuming there is no change in the issued share capital of the Company prior to the date of adoption). Options lapsed in accordance with the terms of the New Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

(iii) Refreshing of Mandate Limit

The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit provided the Company shall issue a circular to Shareholders before such approval is sought. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(iv) Grant to specifically identified Participants

Specifically identified Participants may be granted Options beyond the Mandate Limit. The Company may in addition seek separate approval by its Shareholders in general meeting for granting Options beyond the Mandate Limit

provided the Options in excess of the limit are granted only to Participants specifically identified by the Company and a circular is issued to Shareholders before such approval is sought. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(v) Limit for each Participant

The total number of Shares issued and to be issued upon exercise of Options (whether exercised or outstanding) in any 12-month period granted to each Participant must not exceed 1% of the Shares in issue. Any further grant of Options to a Participant which would exceed this limit is subject to separate approval by the Shareholders in general meeting with the relevant Participant and his associates (as defined in the Listing Rules) abstaining from voting provided the Company shall issue a circular to Shareholders before such approval is sought. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(u) Grant of Option to connected persons

Insofar and for so long as the Listing Rules so require, where any offer of an Option is proposed to be made to a director, chief executive or substantial shareholder of the Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of the Company (excluding any independent non-executive director to whom the offer of an Option is proposed to be made). Insofar and for so long as the Listing Rules so require, unless specifically approved by the Shareholders in general meeting following the issue of a circular to Shareholders by the Company, no Option may be granted to any substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the New Scheme and any other scheme(s) of the Company in the 12-month period up to and including the date of board meeting for proposing such further grant (i) representing in aggregate over 0.1% of the issued share capital of the Company in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of the board meeting for proposing such further grant, in excess of HK\$5 million. In such general meeting, the grant of Options to the substantial shareholder or independent non-executive director, or any of their respective associates shall, for so long and insofar as the Listing Rules so require, be approved by the Shareholders of the Company by way of poll with all connected persons of the Company abstaining from voting, except that any connected person may vote against such resolution provided that he has informed the Company of his intention to do so and such intention has been stated in the relevant circular to Shareholders. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(v) Effects of reorganisation of capital structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of a capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, consolidation or subdivision of shares or reduction of capital, such corresponding alterations (if any) shall be made to (a) the number and/or nominal amount of Shares subject to the Option so far as unexercised; (b) the subscription price; and/or (c) the maximum number of Shares subject to the New Scheme, as the auditors shall certify in writing to the Board to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that: (i) any such alterations shall be made on the basis that the aggregate subscription price payable by an Option Holder on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Option Holder is entitled to subscribe pursuant to the Options held by him.

If there has been any alteration in the capital structure of the Company as referred to above, the Company shall inform each Option Holder of such alteration and inform the Option Holder of the adjustment (if any) to be made in accordance with the certificate of the auditor obtained by the Company for such purpose.

Notwithstanding the above, any alterations should give a Option Holder the same proportion of the equity capital of the Company as that to which that Option Holder was previously entitled; and any alterations as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and the acceptable adjustments set out in the supplementary guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time unless such alteration receives the prior approval of the Shareholders of the Company in a general meeting.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

(w) Alteration to the New Scheme

The New Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Option Holders or prospective Option Holders except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Option Holders as would be required of the

Shareholders under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares. Any alterations to the terms and conditions of the New Scheme, which are of a material nature and any change to the terms of the Options granted, shall be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the New Scheme.

The amended terms of the New Scheme shall comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board in relation to any alteration to the terms of the New Scheme shall be approved by the Shareholders. Subject to the Listing Rules and the terms of the New Scheme the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an Option Agreement on compassionate or any other grounds.

(x) Termination of New Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Scheme and in such event no further Options will be offered after the New Scheme is terminated but in all other respects the provisions of the New Scheme shall remain in full force and effect. All Options granted prior to such termination and not then exercised shall remain valid.

DOCUMENTS FOR INSPECTION

A copy of the New Scheme will be available for inspection during normal business hours on any weekdays (except public holidays) at the registered office of the Company at Room 1606, 16th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong from the date of this circular up to and including 22 June 2011 and will also be available for inspection at the 2011 Annual General Meeting.



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)**

NOTICE IS HEREBY GIVEN that the 2011 annual general meeting of shareholders of Galaxy Entertainment Group Limited will be held at Grand Room, Ground Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 22 June 2011 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and reports of the Directors and Independent Auditor for the year ended 31 December 2010;
2. To elect Directors and fix the Directors' remuneration;
3. To re-appoint Auditors and authorise the Directors to fix their remuneration;
4. As special business, to consider and, if thought fit, pass the following Resolutions as Ordinary Resolutions:

4.1 "THAT

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to purchase shares of the Company be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which may be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly; and

- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held; or
- (iii) the revocation or variation of the approval given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

4.2 “THAT

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue;
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;
 - (iii) the exercise of any option under the Company’s share option schemes or similar arrangement for the time being adopted by the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the grant or issue of shares or rights to acquire shares of the Company; or

- (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company,

shall not exceed the aggregate of: (aa) 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this Resolution; (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum of 10% of the share capital of the Company in issue at the date of passing this Resolution), and this approval shall be limited accordingly; and

- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the time of passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

- 4.3 “THAT conditional upon the passing of the Resolutions numbered 4.1 and 4.2 in the notice convening this meeting, the general mandate granted to the Directors of the Company to exercise the powers of the Company pursuant to paragraph (a) of the Resolution numbered 4.2 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted by the Resolution numbered 4.1, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this Resolution.”
5. As special business, to consider and, if thought fit, pass the following Resolution as Ordinary Resolution:

“THAT conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the Shares falling to be allotted and issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular dispatched to shareholders on the same day as this Notice, the terms of which are set out in the printed document marked “A” now produced to the Meeting and for the purpose of identification signed by the Chairman hereof (the “New Scheme”), the New Scheme be and is hereby approved and adopted to be the share option scheme for the Company and that the Directors of the Company be authorised to take all such steps as may be necessary or desirable to implement the New Scheme and to grant options thereunder and to allot and issue shares pursuant to the New Scheme, and the existing share option scheme adopted by the Company at its general meeting on 30 May 2002 (the “Existing Scheme”) be terminated with effect from the date on which such resolution shall become unconditional, such that thereafter no further options shall be offered or granted under the Existing Scheme, but the options which have already been granted and remain outstanding shall remain valid and exercisable in accordance with their terms of issue.”

By Order of the Board of
Galaxy Entertainment Group Limited
Jenifer Sin Li Mei Wah
Company Secretary

Hong Kong, 26 April 2011

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote, on a poll, on his/her behalf. A proxy need not be a shareholder of the Company.
2. A proxy form for use in connection with the meeting is enclosed. To be valid, the proxy forms shall be deposited at the registered office of the Company (marked for the attention of the Company Secretary) not less than 48 hours before the time appointed for holding the meeting.

3. Concerning agenda item 2 above, Mr. Joseph Chee Ying Keung, Ms. Paddy Tang Lui Wai Yu and Dr. William Yip Shue Lam will retire by rotation at the meeting and, being eligible, will offer themselves for re-election. Details of these Directors are set out in Appendix I to this circular.
4. Concerning agenda item 4.1 above, approval is being sought from shareholders for increasing flexibility and providing discretion to the Directors in the event that it becomes desirable to repurchase shares on The Stock Exchange of Hong Kong Limited. An explanatory statement to provide relevant information in respect of the proposed granting of the repurchase mandate to the Directors is set out in Appendix II to this circular.
5. Concerning agenda item 4.2 above, approval is being sought from shareholders for a general mandate to the Directors to allot, issue and deal in additional shares in the capital of the Company for increasing flexibility and providing discretion to the Directors in managing the Company's capital base and in particular enabling the Company to maintain financing flexibility.
6. Concerning agenda item 5, principal terms of the New Scheme is set out in Appendix III to this circular.