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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)

GRANT OF SHARE OPTIONS IN REPLACEMENT OF PREVIOUSLY GRANTED SHARE OPTIONS

The Board announces that:

- (i) the Previously Granted Share Options will be cancelled; and
- (ii) subject to the Previously Granted Share Options being cancelled, the Replacement Share Options will be granted to the Grantees in replacement of the Previously Granted Share Options held by them respectively.

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

CANCELLATION OF PREVIOUSLY GRANTED SHARE OPTIONS AND GRANT OF REPLACEMENT SHARE OPTIONS

The Board of Directors (“Board”) of Galaxy Entertainment Group Limited (“GEG”) hereby announces that it has resolved to effect the following on 12 September 2016:

- (1) to cancel the outstanding share options to subscribe for 21,658,336 ordinary shares in the share capital of GEG (the “Shares”) which were granted to its directors, employees and others (the “Grantees”) on 5 July 2013, 15 January 2014, 16 July 2014 and 16 January 2015 (the “Previously Granted Share Options”) under the share option scheme adopted by GEG on 22 June 2011 (the “Share Option Scheme”), subject to the written consent of the Grantees to cancel their respective Previously Granted Share Options being given;

- (2) to replace the Previously Granted Share Options by granting to the Grantees new share options (the “Replacement Share Options”) to subscribe for Shares under the Share Option Scheme subject to the Previously Granted Share Options being cancelled.

Subject to the written consent of the respective Grantees being given, the Previously Granted Share Options will be cancelled and will cease to have any effect and will be replaced by the Replacement Share Options. If a Grantee does not agree to the cancellation of his/her Previously Granted Share Options, the Previously Granted Share Options held by him/her will not be cancelled and no Replacement Share Options will be granted to him/her.

Details of the Replacement Share Options are as follows:

Date of grant	:	12 September 2016
Exercise price of Replacement Share Options	:	HK\$28.35 to subscribe for one Share
Number of Replacement Share Options	:	8,353,344 Replacement Share Options (each Replacement Share Option shall entitle the holder of the share option to subscribe for one Share)
Closing price of a Share on the date of grant	:	HK\$28.35 per Share
Validity period of the Replacement Share Options	:	From 12 September 2016 to 11 September 2022 (both days inclusive); All Replacement Share Options granted will be vested on 12 March 2018

Among the Replacement Share Options granted above, 2,602,401 and 224,540 Replacement Share Options were granted to the executive Directors of GEG (as detailed below) and an associate (as defined under the Listing Rules) of Directors of GEG, Ms. Lui Wai Ling, Eileen, respectively:

<u>Name of Executive Directors</u>	<u>Number of Replacement Share Options Granted</u>
Dr. Lui Che Woo	1,021,312
Mr. Lui Yiu Tung, Francis	1,445,483
Ms. Tang Lui Wai Yu, Paddy	111,285
Mr. Chee Ying Keung, Joseph	24,321
Total:	<u><u>2,602,401</u></u>

Save as disclosed above, none of the Grantees of the Replacement Share Options is a Director, chief executive or substantial shareholder of GEG, or any of their respective associates (as defined under the Listing Rules) as at the date of this announcement.

REASON FOR THE REPLACEMENT

In view of the fact that the exercise prices of the Previously Granted Share Options (being HK\$37.45 per Share, HK\$77.75 per Share, HK\$62.75 per Share and HK\$39.86 per Share for the share options granted on 5 July 2013, 15 January 2014, 16 July 2014 and 16 January 2015 respectively) are higher than the current market price of the Shares for an extended period of time, the Previously Granted Share Options can no longer serve the purpose of providing incentives or rewards to the Grantees. The replacement of the Previously Granted Share Options by the Replacement Share Options (which bring the exercise price to the current trading price level of the Shares) will better serve the objective of the Share Option Scheme in recognizing the contributions of the Grantees to GEG and its subsidiaries (the “Group”) and in providing the Grantees with incentives for their retention with the Group and contribution towards the continued operation and development of the Group.

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

Hong Kong, 12 September 2016

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 Director of GEG is Dr. Charles Cheung Wai Bun; 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