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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)

EXPIRY OF PERIOD FOR GRANTS UNDER SHARE AWARD SCHEME 2014 AND ADOPTION OF SHARE AWARD SCHEME 2021

The period during which Awards can be made under the Share Award Scheme 2014 will expire on 21 June 2021.

The Board is pleased to announce that GEG has adopted the Share Award Scheme 2021 on 13 May 2021 as part of a long term incentive arrangement to attract and retain the best quality personnel for the benefits of GEG and its subsidiaries. The Board may, from time to time, at their absolute discretion select any Qualifying Grantee for participation in the Share Award Scheme 2021 and determine the terms and conditions of the Awards and the number of Shares to be awarded. Pursuant to the Share Award Scheme 2021, existing Shares may be acquired by the Trustee at the cost of GEG and/or new Shares may be allotted and issued to the Trustee under general mandates granted or to be granted by the Shareholders at general meetings from time to time. Such Shares will be held in trust for the Award Holders until the vesting criteria and conditions have been satisfied. Vested Shares will be transferred at no cost to the Award Holders or sold by the Trustee with the net proceeds to be remitted to the Award Holders.

The aggregate of total number of Awarded Shares underlying the Awards to be granted under the Share Award Scheme 2021 and the total number of Shares which may be issued upon exercise of all options granted and to be granted under any share option scheme(s) of GEG (including the Share Option Scheme) after the adoption of the Share Option Scheme must not in aggregate exceed the mandate limit under the Share Option Scheme (which is at present 30% of the Shares in issue from time to time).

The aggregate number of Awarded Shares underlying all Awards (whether the Awards are vested or not) and the total number of Shares issued and to be issued upon exercise of options under the Share Option Scheme or any other share option scheme(s) of GEG (whether exercised or outstanding) in any 12-month period granted to each Qualifying Grantee must not exceed 1% of the Shares in issue.

The period during which Awards can be made under the Share Award Scheme 2014 will expire on 21 June 2021.

The Board is pleased to announce that, in light of the fact that further Awards under the Share Award Scheme 2014 are not possible after 21 June 2021, GEG has adopted the Share Award Scheme 2021 on 13 May 2021. The Share Award Scheme 2021 does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. A summary of the principal terms of the Share Award Scheme 2021 is set out below.

Purpose

The purpose of the Share Award Scheme 2021 is to attract and retain the best quality personnel for the development of the GEG's businesses; to provide additional incentives to Qualifying Grantees; and to promote the long term financial success of GEG by aligning the interests of Award Holders to Shareholders.

Administration

The Share Award Scheme 2021 shall be administered by the Board in accordance with the Share Award Scheme 2021 Rules.

Duration

Subject to early termination by the Board, the Share Award Scheme 2021 will be valid and effective for a period commencing from the adoption of the Share Award Scheme 2021 but Awards may not be granted under it on or after 13 May 2031, being the date of expiry of the Share Option Scheme.

Maximum Limit

The aggregate of (a) the total number of Awarded Shares underlying Awards which have been granted but yet to be vested under the Share Award Scheme 2021; and (b) the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme(s) of GEG (including the Share Option Scheme) shall not exceed 30% of the Shares in issue from time to time (subject to refreshment).

In addition to the above and prior to the approval of a refreshment of the mandate limit, the aggregate of (a) the total number of Awarded Shares underlying the Awards granted and to be granted under the Share Award Scheme 2021; and (b) the total number of Shares which may be issued upon exercise of all options granted and to be granted under any share option scheme(s) of GEG (including the Share Option Scheme) after the adoption of the Share Option Scheme must not in aggregate exceed the mandate limit under the Share Option Scheme, being 435,219,856 Shares. Awards lapsed in accordance with the terms of the Share Award Scheme 2021 will not be counted for the purpose of calculating the initial mandate limit.

If GEG refreshes the mandate limit under the Share Option Scheme, the aggregate of (a) the total number of Awarded Shares underlying the Awards to be granted under the Share Award Scheme 2021 following such refreshment; and (b) the total number of Shares which may be issued upon

exercise of all options to be granted under any share option scheme(s) of GEG (including the Share Option Scheme) under the limit as refreshed must not in aggregate exceed the limit as refreshed under the Share Option Scheme. Awarded Shares underlying the Awards granted previously under the Share Award Scheme 2021 (including those that have not been vested and those cancelled and lapsed in accordance with the Share Award Scheme 2021 or a Share Award Agreement) prior to the refreshment of the mandate limit under the Share Option Scheme will not be counted for the purpose of calculating the limit as refreshed.

The aggregate of the maximum number of Awarded Shares underlying all Awards (whether the Awards are vested or not) and the total number of Shares issued and to be issued upon exercise of options under the Share Option Scheme of any other share option scheme(s) of GEG (whether exercised or outstanding) in any 12-month period granted to each Qualifying Grantee must not exceed 1% of the Shares in issue.

Operation of the Share Award Scheme 2021

The Board may, from time to time, at its discretion select any Qualifying Grantee for participation in the Share Award Scheme 2021 and determine the terms and conditions of the Awards and the number of Shares to be awarded. The powers of the Board include the power to (i) cause to be paid to the Trustee the purchase price and related purchase expenses to the Trustee from GEG's resources in respect of the Awarded Shares to be purchased on the market by the Trustee, and/or (ii) allot and issue Shares to the Trustee to be held by the Trustee. The Trustee shall hold such Shares until the Awards granted to the relevant Award Holders are vested in accordance with the Share Award Scheme 2021 Rules.

When an Award Holder has satisfied the vesting criteria and conditions specified by the Board and become entitled to the Awarded Shares, the Board will inform the relevant Award Holder of the vesting of the Awarded Shares and the means of effecting the vesting (including transfer of the vested Awarded Shares to the relevant Award Holders or selling of the vested Awarded Shares by the Trustee) which shall be determined by the Board at its sole discretion. Upon receipt by the Trustee of the transfer documents or any direction duly executed or given, as the case may be, by the Award Holders within the stipulated period, the Trustee will either transfer the relevant vested Awarded Shares at no cost to such Award Holder, or sell the relevant vested Awarded Shares on market and remit the net proceeds to the Award Holder after deducting all applicable tax and expenses.

The Trustee shall not exercise the voting rights in respect of any Shares held for the Share Award Scheme 2021 (including but not limited to the Awarded Shares, the Returned Shares, any bonus Shares and scrip Shares).

Restrictions

No offer shall be made to any Qualifying Grantees and no instructions shall be given to the Trustee to purchase Shares when the Board is in possession of unpublished inside information in relation to GEG or where dealings by directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Issue of new Awarded Shares

New Awarded Shares may be allotted and issued to the Trustee under general or specific mandates granted or to be granted by the Shareholders at general meetings of GEG from time to time and be held in trust for the Award Holders until the vesting criteria and conditions have been satisfied. GEG will comply with the relevant Listing Rules when issuing the new Awarded Shares and application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, any new Awarded Shares to be issued pursuant to the Share Award Scheme 2021.

Awards to connected persons

Where any offer of an Award is proposed to be made to a director, chief executive or substantial shareholder of GEG or any of their respective associates, such offer must first be approved by the independent non-executive directors of GEG (excluding any independent non-executive director to whom the offer of an Award is proposed to be made). GEG will comply with the applicable requirements of Chapter 14A of the Listing Rules in respect of such offer.

Rights of Award Holders before vesting

No Award Holder shall enjoy any of the rights of a Shareholder unless and until the relevant Awarded Shares are transferred to the Award Holder by the Trustee. Any Awarded Shares transferred to an Award Holder by the Trustee in respect of vesting of any Award shall rank pari passu in all respects with the existing fully paid Shares in issue on the date on which those Awarded Shares are transferred after the vesting of the Awards granted.

Vesting of Awards

A Qualifying Grantee shall be entitled to receive the Awarded Shares or the proceeds thereof in accordance with the vesting schedule upon satisfaction of the vesting criteria and conditions specified by the Board in the offer of the grant of the relevant Award.

In respect of an Award Holder who dies prior to a Vesting Date, all the Awarded Shares of the Award Holder shall be deemed to be vested on the day immediately prior to the death, or such date as specified in the Share Award Agreement or otherwise determined by the Board.

In respect of an Award Holder who (a) retires at his/her normal retirement date or earlier by agreement with GEG or its subsidiary, or (b) becomes totally permanently physically or mentally disabled, or (c) in the case of a Qualifying Grantee being an Employee of an affiliate, ceases to be an Employee as a result of his employer ceasing to be an affiliate at any time prior to a Vesting Date, all the Awarded Shares of that Award Holder shall be deemed to be vested in such amount and on such date as specified in the Share Award Agreement or otherwise determined by the Board.

In the event that a general offer by way of takeover is made to all the holders of Shares prior to a Vesting Date, all the Awarded Shares shall immediately vest on the date and the offer is or becomes or is declared unconditional in all respects.

In the event that a compromise or arrangement between GEG and its members or creditors is proposed for the purposes of the amalgamation of GEG with or its takeover by any other company or companies prior to a Vesting Date, all Awards that have not been vested shall immediately vest on the date of notice from GEG to the Award Holders.

Lapse of Awards

Unless the Board determines otherwise, an Award or a relevant part of an Award (as the case may be) that has not vested will lapse automatically under the following circumstances:

- (i) the Award Holder sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to the Awarded Shares referable to such Award, or enters into any agreement to do so;
- (ii) the Award Holder ceases to be a Qualifying Grantee for Cause;
- (iii) the Award Holder ceases to be a Qualifying Grantee other than for death, retirement, Cause, total permanent physical or mental disability or termination resulting from employer ceasing to be an affiliate, unless the Share Award Agreement expressly specifies otherwise;
- (iv) a notice is given by GEG to the Award Holders in respect of convening a general meeting for the voluntary winding up of GEG; or
- (v) the Award Holder fails to return duly executed transfer documents required by the Trustee for the relevant Awarded Shares within the stipulated period.

Limitation on Grant / Termination

The period during which Awards may be granted under the Share Award Scheme 2021 expires on 13 May 2031 but it will remain in force to give effect to Awards granted before then.

The Share Award Scheme 2021 shall terminate on such date as may be determined by the Board.

Upon termination of the Share Award Scheme 2021 (whether due to early termination or upon expiry of the Share Award Scheme 2021), no further Awards shall be granted under the Share Award Scheme 2021.

Share Award Scheme 2014

The period during which Awards can be made under the Share Award Scheme 2014 will expire on 21 June 2021 and no new Awards can be made under it with effect from that date. Awards outstanding under the Share Award Scheme 2014 will remain valid until vested or terminated in accordance with the terms of that scheme.

Definitions

In this announcement:

- “affiliate(s)” means any company which is recognised or named in the audited financial statements of GEG or which will be recognised in its then next audited financial statements as (i) a holding company of GEG; or (ii) an associated entity of GEG or of such a holding company; or (iii) a subsidiary of GEG;
- “associate(s)” has the meaning ascribed to the expression under the Listing Rules;
- “Award(s)” means an award of Shares by the Board or by the Trustee to a Qualifying Grantee pursuant to the Share Award Scheme 2021 (or pursuant to the Share Award Scheme 2014 where the context so indicates);
- “Award Holder(s)” means any Qualifying Grantee who accepts an offer of the grant of an Award in accordance with the terms of the Share Award Scheme 2021 or (where the context so permits) the legal personal representatives of such Qualifying Grantee;
- “Awarded Share(s)” in respect of an Award Holder, means such number of Shares determined by the Board and purchased by the Trustee out of cash paid by GEG to the Trustee and/or allotted and issued by GEG to the Trustee, or such number of Returned Shares awarded by the Trustee pursuant to the Share Award Scheme 2021 Rules;
- “Board” means the board of directors of GEG and, for the purpose of the Share Award Scheme 2021, the Board shall include a duly authorised committee of the Board;
- “Cause” in relation to a Qualifying Grantee means his 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 imputing dishonesty;
- “Employee(s)” means any person employed (on a full-time or part-time basis) by GEG or by any affiliate or who has contracted to be employed (on a full-time or part-time basis) by GEG or any affiliate but whose employment has not commenced and any person who is or who has agreed to become an executive or director of GEG or any affiliate;

“GEG”	means 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);
“holding company”	has the meaning ascribed thereto in the Listing Rules;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People's Republic of China;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Qualifying Grantee(s)”	means (i) any Employee or any consultant, agent, representative or adviser of GEG or of any affiliate; or (ii) any person who provides goods or services to GEG or of any affiliate; or (iii) any customer or contractor of GEG or of any affiliate; or (iv) any business ally or joint venture partners of GEG or of any affiliate; or (v) any trustee of any trust established for the benefit of Employees;
“Returned Share(s)”	means such Awarded Shares which are unvested and/or forfeited in accordance with the terms of the Share Award Scheme 2021 (whether as a result of a lapse of Awards or otherwise), or any fractional share arising out of conversion of Shares into a larger number of Shares or otherwise, or such Shares being deemed to be Returned Shares;
“Share(s)”	means voting share(s) in GEG;
“Share Award Agreement”	means the offer and acceptance letter between GEG and the Award Holder evidencing the terms and conditions of an individual Award as referred to in the Share Award Scheme 2021 Rules;
“Share Award Scheme 2014”	means the share award scheme adopted by GEG on 4 August 2014;
“Share Award Scheme 2021”	means the share award scheme adopted by GEG on 13 May 2021, as amended from time to time;
“Share Award Scheme 2021 Rules”	means the rules relating to the Share Award Scheme 2021, as amended from time to time;
“Share Option Scheme”	means the share option scheme adopted by GEG on 13 May 2021 (as amended from time to time);

“Shareholder(s)”	means holder(s) of the Share(s);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules;
“Trustee”	means the trustee to be appointed by GEG for the purpose of the Share Award Scheme 2021, an independent third party not connected with any of the director, chief executives or substantial shareholders of GEG or any of its subsidiaries or their respective associates; and
“Vesting Date”	means the date or each such date on which the Awarded Shares are to vest.

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

Hong Kong, 13 May 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 Mrs. 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