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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 2020.



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 RETIRING DIRECTORS, GENERAL MANDATES TO BUY-BACK SHARES AND ISSUE SHARES, ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF 2021 ANNUAL GENERAL MEETING

A notice convening the 2021 Annual General Meeting of Galaxy Entertainment Group Limited to be held at Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 13 May 2021 at 3:00 p.m. is set out on pages 29 to 33 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 22nd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong (marked for the attention of the Company Secretary) as soon as possible but in any event not later than 3:00 p.m. on Tuesday, 11 May 2021. Submission 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. **Considering the outbreak of the Coronavirus (COVID-19), the Company will implement certain preventive and control measures at the meeting venue of the 2021 Annual General Meeting to reduce the risk of the attendees from cross infection (for details, please refer to Note 9 of the notice of 2021 Annual General Meeting on page 33 for the precautionary measures taken in view of the Coronavirus situation).**

30 March 2021

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
Introduction	4
Re-election of Retiring Directors	5
General Mandates to Buy-back Shares and Issue Shares	6
Adoption of the New Share Option Scheme	7
Conditions of the New Share Option Scheme	7
Reasons for adopting the New Share Option Scheme	7
Further details of the New Share Option Scheme	8
Value of Options	8
Notice of 2021 Annual General Meeting	9
Voting by Poll	10
Document Available for Inspection	10
Responsibility Statement	10
Recommendation	10
General Information	11
APPENDIX I — RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED	12
APPENDIX II — EXPLANATORY STATEMENT ON BUY-BACK OF SHARES	16
APPENDIX III — SUMMARY OF PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME	19
APPENDIX IV — NOTICE OF 2021 ANNUAL GENERAL MEETING	29

DEFINITIONS

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

“2021 Annual General Meeting”	the annual general meeting of the Company to be held at Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 13 May 2021 at 3:00 p.m.
“affiliate(s)”	any company which is recognised or named in the audited financial statements of the Company or which will be recognised in its then next audited financial statements as (i) a holding company of the Company; or (ii) an associated entity of the Company or of such a holding company; or (iii) a subsidiary of the Company
“Annual Report”	the annual report of the Company for the year ended 31 December 2020
“Article(s)”	article(s) of the Articles of Association
“Articles of Association”	articles of association of the Company, as amended from time to time
“associate”	the meaning ascribed to the expression under the Listing Rules
“Awarded Shares”	Shares awarded pursuant to the Share Award Scheme
“Board”	the board of Directors (as constituted from time to time)
“Buy-back Code”	the Hong Kong Code on Share Buy-backs
“close associates”	the meaning ascribed to the expression under the Listing Rules
“Companies Ordinance”	Companies Ordinance, Chapter 622 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 (Stock Code: 27)
“core connected persons”	the meaning ascribed to the expression under the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Dr. Lui”	Dr. Lui Che Woo, an executive Director and the Chairman of the Company
“Employee(s)”	any person employed (on a full-time or part-time basis) by the Company or by any affiliate or who has contracted to be employed (on a full-time or part-time basis) by the Company or any affiliate but whose employment has not commenced and any person who is or has agreed to become an executive or director of the Company or any affiliate
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 22 June 2011
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	23 March 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lui Family Members”	Dr. Lui, his spouse, sons and daughters
“New Share Option Scheme”	the new share option scheme proposed to be adopted at the 2021 Annual General Meeting, a summary of the principal terms of which is set in Appendix III to this circular
“Option(s)”	an option to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Agreement”	in respect of an Option Holder means the contract that arises on acceptance by that Option Holder on acceptance of an offer pursuant to the terms of the New Share Option Scheme

DEFINITIONS

“Option Holder(s)”	any Participant who accepts an offer of the grant of an Option in accordance with the terms of the New Share Option Scheme and includes (where the context so permits) the legal personal representatives of such Participant
“Participant(s)”	a Qualifying Grantee or his Related Trusts or Companies
“Qualifying Grantee(s)”	(i) any Employee or any consultant, agent, representative or adviser of the Company or of any affiliate; or (ii) any person who provides goods or services to the Company or of any affiliate; or (iii) any customer or contractor of the Company or of any affiliate; or (iv) any business ally or joint venture partner of the Company or of any affiliate; or (v) any trustee of any trust established for the benefit of Employees
“Related Trust(s) or Company(ies)”	in relation to a Qualifying Grantee who is an individual, trusts solely for the benefit of the Qualifying Grantee or his immediate family members, and companies controlled by the Qualifying Grantee or his immediate family members
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Award Scheme”	the share award scheme adopted by the Board on 4 August 2014, details of which are set out in the Company’s announcement dated 4 August 2014
“Share(s)”	share(s) 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 issued by the Securities and Futures Commission in Hong Kong
“Trust”	the discretionary family trust established by Dr. Lui as settlor
“%”	per cent.

References to times and dates in this circular are to Hong Kong times and dates.

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. Lui Che Woo, *GBM, MBE, JP, LLD, DSSc, DBA (Chairman)*

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

Mr. Joseph Chee Ying Keung

Mrs. Paddy Tang Lui Wai Yu, *BBS, JP*

Registered Office:

22nd Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

Non-executive Directors:

Dr. Charles Cheung Wai Bun, *JP*

Mr. Michael Victor Mecca

Independent non-executive Directors:

Mr. James Ross Ancell

Dr. William Yip Shue Lam, *LLD*

Professor Patrick Wong Lung Tak, *BBS, JP*

30 March 2021

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO BUY-BACK SHARES AND ISSUE SHARES,
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF 2021 ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the 2021 Annual General Meeting relating to (i) the re-election of retiring Directors; (ii) the granting to the Directors of general mandates to buy-back Shares not exceeding 10% of the aggregate number of issued Shares and to issue and allot new Shares not exceeding 20% of the aggregate number of Shares in issue as at the date of passing of such resolutions; and (iii) the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 106(A), Mr. Francis Lui Yiu Tung, Mr. Joseph Chee Ying Keung and Mr. James Ross Ancell (“Mr. Ancell”) will retire by rotation at the 2021 Annual General Meeting and, being eligible, all have offered themselves for re-election and they will be proposed for re-election individually.

Recommendations to the Board for the proposal for re-election of the aforesaid Directors were made by the Nomination Committee of the Company, after evaluating their performance and considering a range of diversity perspectives including but not limited to skills, regional and industrial experience, background, race, gender and other qualities relevant to duties of Directors.

Pursuant to the code provision set out in paragraph A.4.3 of Appendix 14 of the Listing Rules, any further appointment of an independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Notwithstanding that Mr. James Ross Ancell has served as an independent non-executive Director of the Company for more than nine years, (i) the Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that Mr. Ancell remains independent; (ii) the Nomination Committee of the Company has assessed and is satisfied as to the independence of Mr. Ancell; and (iii) the Board considers that Mr. Ancell remains independent of management and free of any relationship which could materially interfere with the exercise of his independent judgment.

During his years of service with the Company, Mr. Ancell demonstrated his ability to provide an independent view to the Company’s matters and there is no evidence that his tenure has any impact on his independence. The Board is of the view that Mr. Ancell will continue to remain independent notwithstanding the length of his service. During the financial year ended 31 December 2020, Mr. Ancell participated in all Board meetings to give impartial advice and exercise independent judgment and served on various board committees. His broad and vast experience in building materials and construction sectors, his business and entrepreneur in perspectives, professional accounting qualification and his past experience in sitting on the board of an overseas listed company as a non-executive director are considered by the Board to be able to contribute to the concept of diversity and the promotion of the effectiveness of the Board as a whole. Mr. Ancell has also confirmed that he is able to devote sufficient time to the Board.

Subject to the approval of his re-election by the Shareholders at the 2021 Annual General Meeting, Mr. Ancell will continue to act as an independent non-executive Director of the Company.

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

LETTER FROM THE BOARD

GENERAL MANDATES TO BUY-BACK SHARES AND ISSUE SHARES

At the annual general meeting of the Company held on 10 June 2020, ordinary resolutions were passed granting general mandates for the Directors to buy-back Shares not exceeding 10% of the aggregate number of issued Shares as at that date (“Existing Buy-back Mandate”) and to issue and allot new Shares not exceeding 20% of the aggregate number of Shares in issue as at that date (“Existing Share Issue Mandate”).

Both the Existing Buy-back Mandate and the Existing Share Issue Mandate will expire upon the conclusion of the 2021 Annual General Meeting. The Directors consider that the Existing Buy-back 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 Company and Shareholders, and that both mandates should continue to be adopted by the Company.

At the 2021 Annual General Meeting, a new general mandate for the Directors to buy-back Shares not exceeding 10% of the aggregate number of Shares in issue, and a new general mandate for the Directors to allot, issue and deal with new Shares, to grant rights to subscribe for, or convert any security into, additional Shares (including the issue of any Awarded Shares or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) and to make or grant offers, agreements and options which would or might require the exercise of such powers not exceeding (save as otherwise provided in the resolution) 20% of the aggregate number of Shares in issue as at the date of passing of such resolutions as respectively set out in Resolution 4.1 (“New Buy-back Mandate”) and in Resolutions 4.2 and 4.3 (“New Share Issue Mandate”) in the notice of the 2021 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 bought back pursuant to the New Buy-back 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 the Shareholders at the 2021 Annual General Meeting.

An explanatory statement containing the particulars required by the Listing Rules to enable Shareholders to make an informed view on whether to vote for or against Resolution 4.1 to be proposed at the 2021 Annual General Meeting in relation to the New Buy-back Mandate is set out in Appendix II to this circular.

With respect to the proposed New Share Issue Mandate, on the basis of the Shares in issue as at the Latest Practicable Date (assuming no further changes to the Shares in issue from that date until the date of the 2021 Annual General Meeting), the maximum number of Shares that can be allotted and issued by the Company is 870,432,913.

As at the Latest Practicable Date, the Directors had no intention (i) to exercise the power to issue Shares pursuant to the New Share Issue Mandate or to buy-back Shares pursuant to the New Buy-back Mandate; or (ii) to grant any Options to the Qualifying Grantees under the New Share Option Scheme.

LETTER FROM THE BOARD

ADOPTION OF THE NEW SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted on 22 June 2011 and has a term of 10 years from the adoption date. It will expire on 21 June 2021.

As at the Latest Practicable Date, there were a total of 42,881,109 options granted and outstanding under the Existing Share Option Scheme, the holders of which were entitled to subscribe for a total of 42,881,109 Shares. These options shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the Existing Share Option Scheme (save for the grant of new options under it) shall remain in full force and effect notwithstanding the expiry of the Existing Share Option Scheme.

The Board recommends Shareholders to approve the New Share Option Scheme so that Options may be granted to Participants pursuant to the terms of the New Share Option Scheme.

Conditions of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution to approve and adopt the New Share Option Scheme by the Shareholders; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, any Shares which may fall to be allotted and 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 Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the grant referred to in (b) above.

Reasons for adopting the New Share Option Scheme

As the Existing Share Option Scheme will expire on 21 June 2021, the Board considers that the Company should adopt the New Share Option Scheme and recommends Shareholders to approve and adopt the New Share Option Scheme at the 2021 Annual General Meeting. The purpose of the New Share Option 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 Qualifying Grantees; and (iii) to promote the long term financial success of the Company by aligning the interests of Option Holders to Shareholders.

The Company has diverse operations, from gaming and hotels to construction materials, and employees, directors, and suppliers from different jurisdictions with different interests. The Directors consider that the success of the Group does not only depend on the contributions by the Employees and Directors, but also requires the co-operations and contributions from parties who play a part in the development of the business and operations of the Group. The New Share Option Scheme will give flexibility to the Board, at no cash cost to the Company, to tailor the

LETTER FROM THE BOARD

exercise prices, time for which an option must be held and other aspects of offers to existing Employees, potential new Employees, Directors and other Qualifying Grantees (including consultants, agents or suppliers of the Company etc.) to suit their own tax situations and desires and enable participation in the Company's equity. By granting options to Qualifying Grantees the Company can also align their interests with those of the Company. In its gaming and entertainment segment in particular the Company is in a highly competitive market, where it competes with local and international gaming businesses to attract and retain staff. Options are a valuable non-cash incentive in attracting and acquiring talented and experienced executives and staff.

The Directors may in their sole and absolute discretions determine whether the Qualified Guarantees have made or may make valuable contribution to the business and operations of the Group, by taking reference to the factors including but not limited to their individual performance targets for Employees and Directors; and the actual and/or potential contribution to the business and long-term success of the Group for the external parties. The Directors believe the abovementioned scope of Qualified Guarantees is appropriate and in the interests of the Company and Shareholders as a whole.

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

Further details of the New Share Option Scheme

The terms of the New Share Option Scheme include that, in granting Options under the New Share Option 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 Share Option Scheme. The Board will also have the right to determine the subscription price in respect of any Option, 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; and (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. By setting a minimum period for Options to be held (if any), the subscription price and performance targets (if any), the relevant Qualifying Grantees are offered an opportunity to participate in the Company's future performance through grants of Options, and motivated to work towards the continued growth and the success of the Group.

A summary of the principal terms of the New Share Option 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 Share Option 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

LETTER FROM THE BOARD

at the Latest Practicable Date will necessarily 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 and 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 variables.

Subject to the obtaining of Shareholders' approval of the adoption of the New Share Option Scheme and satisfaction of all conditions precedent to the New Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 10% of the aggregate number of Shares in issue as at the date of approval of the New Share Option Scheme.

As at the Latest Practicable Date, there were a total of 4,352,164,567 issued Shares. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the 2021 Annual General Meeting, at which the New Share Option Scheme is expected to be adopted by the Shareholders, and subject to the New Share Option Scheme becoming effective, the Company may grant Options under the New Share Option Scheme and any other share option schemes of the Company in respect of up to 435,216,456 Shares, representing 10% of the aggregate number of Shares in issue as at the date of the 2021 Annual General Meeting, may be issued.

Further, the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and other option schemes of the Company, the existing options granted under the Existing Share Option Scheme and any other option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Shares must not, in aggregate exceed 30% of aggregate number of the Shares in issue from time to time.

As at the Latest Practicable Date, there were 42,881,109 options granted and outstanding under the Existing Share Option Scheme which shall in all respects remain valid and outstanding notwithstanding the expiry of the Existing Share Option Scheme. Save as disclosed above, there were no other options outstanding under the Existing Share Option Scheme 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 Share Option Scheme prior to its termination was 249,205,715 options.

NOTICE OF 2021 ANNUAL GENERAL MEETING

Notice of the 2021 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 22nd Floor, Wing On Centre, 111 Connaught 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 later than 3:00 p.m. on Tuesday, 11 May

LETTER FROM THE BOARD

2021. A Shareholder may appoint separate proxies to represent respectively the number of the Shares held by such Shareholder that is specified in the proxy form. Submission of the proxy form will not preclude Shareholders from attending and voting in person at the meeting or any adjournment thereof should they so wish.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in the notice of the 2021 Annual General Meeting will be decided by way of 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 2021 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 Share Option Scheme.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of the New Share Option Scheme is available for inspection during normal business hours on any weekdays (except public holidays) at the registered office of the Company at 22nd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the 2021 Annual General Meeting and will also be available at the 2021 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 this 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.

RECOMMENDATION

The Directors consider that the re-election of retiring Directors, the adoption of the New Share Option Scheme, the grant of the New Buy-back Mandate and the New Share Issue Mandate are each in the best interests of the Company and Shareholders, and accordingly, recommend all Shareholders to vote in favour of all the resolutions to be proposed at the 2021 Annual General Meeting.

LETTER FROM THE BOARD

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
Galaxy Entertainment Group Limited
Dr. Lui Che Woo
Chairman

APPENDIX I RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

The details of the retiring Directors proposed for re-election at the 2021 Annual General Meeting are set out below:

Mr. Francis Lui Yiu Tung, aged 65, joined the Group in 1979. He has been an executive Director of the Company since June 1987 and is the Deputy Chairman and a member of each of the Executive Board, Nomination Committee and Remuneration Committee as well as the Chairman of Corporate Governance Committee of the Company. In addition, he is a director of a number of subsidiaries of the Company. Mr. Lui is also an executive director of K. Wah International Holdings Limited.

Mr. Lui holds a Bachelor of Science degree in civil engineering and a Master of Science degree in structural engineering from the University of California at Berkeley, USA. Mr. Lui is a member of the 13th National Committee of the Chinese People's Political Consultative Conference, a member of the Chief Executive Election Committee of the HKSAR and a member of the Chief Executive Election Committee, Tourism Development Committee and Cultural Consultative Committee of Macau SAR. He is also a director of the 70th Term of Macao Chamber of Commerce, an Honorary Chairman of the 21st Term of Kiang Wu Hospital Charitable Association, a member of the 10th Standing Committee of the All-China Federation of Returned Overseas Chinese, an executive director of the Chamber of Tourism of the All-China Federation of Industry and Commerce, a Forever Honorary Chairman of the Association of Macau Travel Industry Professionals and Counsellor of Our Hong Kong Foundation. Mr. Lui was awarded the Medal of Merit – Tourism by Macau SAR in 2012 and Asia Pacific Entrepreneurship Awards 2014 – Entrepreneur of the Year by Enterprise Asia in 2014. In 2020, Mr. Lui was honored as the most influential person in Asia's gaming industry at the Asian Gaming Power 50 Gala Dinner for the second consecutive year. Furthermore, Mr. Lui is an Honorary Citizen of each of Guangzhou City, Shenzhen City and Jiangmen City. Mr. Lui is a son of Dr. Lui Che Woo and a younger brother of Mrs. Paddy Tang Lui Wai Yu.

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

Mr. Lui's service contract does not provide for a fixed length or proposed length of service with the Company. Mr. Lui is not appointed for a specific term but 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 salary and allowance, an annual Director's fee for acting as a member of the Board, a member of each of the Remuneration Committee and Nomination Committee, and as the Chairman of Corporate Governance Committee (all of which will be proposed by the Board for approval by the Shareholders at the subsequent year's annual general meeting), discretionary bonuses and discretionary share options/awards. He did not receive any Director's fee and his total emoluments received during the year as disclosed in the Annual Report including salary, allowance and benefit in kind, discretionary bonuses, retirement benefit scheme contributions and share option and share award values amounted to HK\$107,845,000. 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.

APPENDIX I RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

As at the Latest Practicable Date, Mr. Lui had interests in 1,810,239,909 Shares and underlying Shares (including deemed interests) under Part XV of the Securities and Futures Ordinance, comprising 1,797,821,492 Shares (including deemed interests), 336,934 Awarded Shares and share options entitling him to subscribe for 12,081,483 Shares. Save as disclosed herein, Mr. 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 Mr. 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 and save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of Shareholders in connection with his proposed re-election.

Mr. Joseph Chee Ying Keung, aged 63, 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 as well as a member of the Executive Board of the Company. In addition, he is a director of a number of subsidiaries of the Company.

Mr. Chee holds a Master's degree in Business Administration from the University of South Australia and a Bachelor's 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 35 years of broad experience in the construction materials industry including operations and management, technical and quality assurance, environmental protection, commercial and strategic planning. Mr. Chee was the member of the 11th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference. He was elected as a member of the Standing Committee of the 12th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference in January 2018. In April 2018 he was appointed as the Council Member of Hong Kong CPPCC (Provincial) Members Association. In August 2018 he was elected as Executive Vice Chairman of Association of Hong Kong and Macau Members of CPPCC in Yunnan Province. He is currently an advisor of the board and served as a board member (from 2010 to 2017) of the Pneumoconiosis Compensation Fund Board. In addition, he is the Vice President of Macau Ready-Mix Concrete Commerce Association, the Honorary President of Hong Kong (Asia) Youth Association and Yunnan Provincial Federation of Industry and Commerce of Macau. Mr. Chee has been the Chairman of Hong Kong Contract Quarry Association since 2011 where he also served as the Chairman from 2002 to 2008. 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) and Hong Kong Construction Materials Association from 1998 to 2000 and from 2017 to 2019 respectively.

Mr. Chee did not hold any directorships in any other listed public companies in the past three years and does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

APPENDIX I RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

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 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 salary and allowance, an annual Director's fee for acting as a member of the Board (which will be proposed by the Board for approval by the Shareholders at the subsequent year's annual general meeting), discretionary bonuses and discretionary share options. He did not receive any Director's fee and his total emoluments received during the year as disclosed in the Annual Report including salary, allowance and benefit in kind, discretionary bonuses, retirement benefit scheme contributions and share option value amounted to HK\$7,795,000. 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 had interests in 1,200,321 Shares and underlying Shares under Part XV of the Securities and Futures Ordinance, comprising 686,000 Shares and share options entitling him to subscribe for 514,321 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 and save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of Shareholders in connection with his proposed re-election.

Mr. James Ross Ansell, aged 67, has been an independent non-executive Director of the Company since April 2004. Mr. Ansell is the Chairman of the Audit Committee and a member of the Corporate Governance Committee of the Company. Apart from this, he does not hold any positions with the Company or any of its subsidiaries.

Mr. Ansell holds a Bachelor's degree in Management Studies from University of Waikato in New Zealand. He is a Fellow of Chartered Accountants Australia and New Zealand and has over 35 years of broad experience in building materials and construction sectors, waste management and recycling business gained from multinational corporations. He is currently the Chairman of Churngold Construction Holdings Limited in the UK, a leading specialist groundworks subcontractor carrying out groundworks and road surfacing, with a separate remediation business, cleaning up sites contaminated by previous industrial activity. Mr. Ansell was a non-executive director of MJ Gleeson PLC, a housebuilder and regeneration company listed on the London Stock Exchange, from December 2014 to June 2020.

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

APPENDIX I RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. Ancell was a non-executive director of Sedgemoor Group Limited between 26 January 2005 and 17 July 2007, and of its two subsidiaries, Sedgemoor College Limited and Sedgemoor Administration Services Limited, between 26 January 2005 and 6 December 2006. These companies were incorporated in England and involved in the residential childcare business. On 26 September 2007, an Administrator was appointed over each of the companies in respect of their liquidation, which involved claims by creditors for a total amount of approximately £18.2 million (about HK\$215.5 million). Liquidation of all the three companies had been completed by 16 September 2008.

Mr. Ancell'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 for acting as a member of the Board, the Chairman of the Audit Committee and a member of Corporate Governance Committee (all of which will be proposed by the Board for approval by the Shareholders at the subsequent year's annual general meeting) and discretionary share options. He did not receive any Director's fee during the year as disclosed in the Annual Report. 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. Ancell had interests in 300,000 Shares under Part XV of the Securities and Futures Ordinance. Save as disclosed herein, Mr. Ancell 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. Ancell'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 and save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of Shareholders in connection with his proposed re-election.

APPENDIX II EXPLANATORY STATEMENT ON BUY-BACK OF SHARES

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 2021 Annual General Meeting in relation to the New Buy-back Mandate.

ISSUED SHARES

As at the Latest Practicable Date, the issued Shares comprised 4,352,164,567 Shares. As at the same date, there were outstanding share options granted under the Existing Share Option Scheme to subscribe for 42,881,109 Shares and 2,531,840 Awarded Shares underlying the awards granted under the Share Award Scheme. The Awarded Shares may be satisfied by way of issue of new Shares or purchase of old Shares from the stock market.

Subject to the passing of the resolution granting the proposed mandate to buy-back Shares and on the basis that no further Shares are issued (whether generally or pursuant to the exercise of the outstanding share options or awards) or bought back before the 2021 Annual General Meeting, the Company would be allowed to buy-back a maximum of 435,216,456 Shares during the period from the 2021 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 any applicable law of Hong Kong; or (iii) the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR BUY-BACKS

The Directors believe that it is in the best interests of the Company and Shareholders to seek a general authority from the Shareholders to enable the Company to buy-back Shares on the Stock Exchange. Such buy-backs 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 buy-back will benefit the Company and Shareholders.

The Directors have no present intention to buy-back any Shares and they would only exercise the power to buy-back in circumstances where they consider that the buy-back would be in the best interests of the Company and in circumstances where they consider that the Shares can be bought back on terms favourable to the Company. On the basis of the consolidated financial position of the Company as at 31 December 2020, 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 buy-back 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 buy-back 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.

APPENDIX II EXPLANATORY STATEMENT ON BUY-BACK OF SHARES

FUNDING OF BUY-BACKS

Buy-backs made pursuant to the proposed mandate to buy-back 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 buy-back 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 Buy-back 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 close associates and companies controlled by them controlled a total of 2,370,587,829 issued Shares, representing approximately 54.47% of the issued Shares.

Based on the above shareholding interests, in the event that the power to buy-back Shares pursuant to the New Buy-back Mandate is exercised in full, and taking no account of the exercise of outstanding share options or awards, the interests of the Trust, Lui Family Members and their respective close associates and companies controlled by them would be increased to approximately 60.52% of the issued Shares. 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.

APPENDIX II EXPLANATORY STATEMENT ON BUY-BACK OF SHARES

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\$)
2020		
March	53.00	37.00
April	52.80	39.55
May	55.85	47.80
June	57.00	50.25
July	56.50	49.65
August	63.70	51.55
September	63.40	51.45
October	55.25	50.00
November	65.00	51.50
December	64.00	56.00
2021		
January	62.50	56.65
February	80.30	58.25
March (up to the Latest Practicable Date)	79.00	67.65

BUY-BACK OF SHARES

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

GENERAL

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

No core 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 buy-backs of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the New Buy-back Mandate to buy-back Shares in accordance with the Listing Rules and the applicable laws of Hong Kong.

This Appendix summarizes the principal terms of the New Share Option Scheme but does not form part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme.

(a) Purpose

The purpose of the New Share Option 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 Qualifying Grantees; 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 Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an Option to any Qualifying Grantees and any of their respective Related Trusts or Companies as the Board may in its absolute discretion select.

(c) Administration

The New Share Option Scheme is subject to the administration of the Board. The Board's administrative powers include but are not limited to the authority, in its discretion:

- (i) to select Qualifying Grantees to whom Options may be offered under the New Share Option Scheme;
- (ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the offer of Options;
- (iii) to determine the number of Shares comprised in each Option granted under the New Share Option Scheme;
- (iv) to approve forms of Option Agreement either generally or on a case-by-case basis;
- (v) to determine the terms and conditions, not inconsistent with terms of the New Share Option 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 subscription 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 of other targets, if any, that must be achieved before the Option can be exercised;
- a requirement that prior notification must be 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 Share Option Scheme.

- (vi) to construe and interpret the terms of the New Share Option Scheme and Options granted pursuant to the New Share Option Scheme;
- (vii) to prescribe, amend and rescind rules and regulations relating to the New Share Option 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, or any particular type of Qualifying Grantee; and
- (viii) subject to the requirements of the Listing Rules, to agree with the relevant Option Holder variations of 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 Share Option Scheme).

(d) Grant of Options

On and subject to the terms of the New Share Option 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

A grant of Options may not be made after inside information has come to the attention of the Company until (and including) the trading day after it has announced the information. In particular, no Options 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 in accordance with the Listing Rules) for the approval of the Company's results for any annual, semi-annual, quarterly or other interim period (whether or not required under the Listing Rules); and

- (ii) the deadline for the Company to publish an announcement of the results for any annual, semi-annual, quarterly or other interim period (whether or not required under the Listing Rules),

and ending on the date of actual publication of such results announcement.

The Directors may not make any offer to grant any Option to a participant during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Companies prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(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 (or prices if the Board so determines) 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 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; or (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.

(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 relevant Option Agreement, save that such period shall not expire later than 10 years from the date of grant of the relevant Option.

(i) Rights personal to grantee

An Option shall be personal to the Option Holder 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. Notwithstanding the foregoing, where the Option Holder is a Related Trust or Company of the Qualifying Grantee, the Option shall be deemed to have been transferred if the Option Holder ceases to be a Related Trust or Company of the Qualifying Grantee other than by reason of the death.

(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 for the time being in force and will rank pari passu with the 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, either generally or on a case-by-case basis) following the relevant Qualifying Grantee's death. The Option may be exercised within that period by the personal representatives of the Qualifying Grantee or (in the case of an Option Holder which is a Related Trust or Company of a Qualifying Grantee, the relevant Qualifying Grantee) the Option Holder. 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 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 ceasing to be 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 or by the Option Holder (in the case of an Option Holder which is a Related Trust or Company of a 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 other age as the Board may determine from time to time either generally or on a case-by-case basis.

(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 imputing dishonesty, 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 in 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) Rights 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 acting in concert for the purposes of the Takeovers Code with the offeror), and the offer is or 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 is made (if unconditional) or becomes or is declared unconditional.

(p) Rights on compromise or arrangement

If a compromise or an arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with or its takeover by 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 an 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 Share Option 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 give notice thereof to all Option Holders (together with a notice of the existence of the provisions of the New Option 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 by reason of a breach of paragraph (i), determines that the Option is cancelled.

(s) Cancellation of Option

Options granted but not exercised or lapsed may be cancelled by the Company with the approval of the Participant. Where the Company cancels Options and offers to issue new ones to

the same Qualifying Grantee, the issue of such new Options may only be made under the New Share Option 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 Share Option 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 Share Option Scheme and any other schemes of the Company must not exceed 30% of the aggregate number of 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 Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the aggregate number of Shares in issue as at the date of adoption, being 435,216,456 Shares (“Mandate Limit”) (based on 4,352,164,567 issued Shares as at the Latest Practicable Date and assuming there is no change in the issued shares of the Company prior to the date of adoption). Options lapsed in accordance with the terms of the New Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

If the Company conducts a share consolidation or subdivision after the 10% limit has been approved by the Shareholders in general meeting, the maximum number of Shares that may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other schemes of the Company under the 10% limit as a percentage of the total number of issued Shares immediately before and after such consolidation or subdivision shall be the same.

(iii) Refreshing of Mandate Limit

The Company may by ordinary resolutions 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 aggregate number of 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. The date of board meeting for proposing such further grant shall be taken as the date of grant for such grant.

(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 aggregate number of 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 close associates (or his associate if the Participant is connected person of the Company under 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 shall be taken as the date of grant for such grant.

(u) Grant of Options 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, 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 Share Option 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 Shares 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 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 shall be taken as the date of grant for such grant.

(v) Effects of reorganisation of capital structure

In the event of any alteration in the capital structure of the Company whilst any Option may become or remains exercisable, whether by way of a capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, conversion of shares into a larger or smaller number of shares or reduction of capital, such corresponding alterations (if any) shall be made to (a) the number 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 Share Option Scheme, as the auditor 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 increase the proportion of the issued Shares for which any Option Holder is entitled to subscribe pursuant to the Options held by him; and (iii) due consideration shall be given to the Listing Rules and any guidance issued by the Stock Exchange on such alterations. 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 shall give an 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, shall 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 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) Alterations to the New Share Option Scheme

The New Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Share Option 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 Share Option 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 Share Option Scheme. The amended terms of the New Share Option 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 Share Option Scheme shall be approved by the Shareholders. Subject to the Listing Rules and the terms of the New Share Option 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 Share Option Scheme

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



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 OF 2021 ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 2021 annual general meeting of shareholders of Galaxy Entertainment Group Limited (the “Company”) will be held at Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 13 May 2021 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and reports of the Directors and Auditor for the year ended 31 December 2020;
2. To re-elect retiring Directors;
3. To re-appoint the Auditor and authorise the Directors to fix the Auditor’s remuneration;
4. As a 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 number of shares of the Company 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 Buy-backs pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate number of the issued shares of the Company as 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 any applicable law of Hong Kong or the Company’s Articles of Association 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.”

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, to grant rights to subscribe for, or convert any security into, additional shares in the capital of the Company (including the issue of any securities convertible into shares, issue of any shares pursuant to the Share Award Scheme adopted by the Company on 4 August 2014 or grant options, warrants or similar rights to subscribe for any shares) and to make or grant offers, agreements and options which would or 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 number of shares of the Company 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) any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue of shares, or rights or options (and the exercise thereof) to acquire shares in the capital 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 number of the issued shares of the Company as at the date of the passing of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Company into larger or smaller number of shares); and (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the number of shares bought back by the Company subsequent to the passing of this Resolution (up to a maximum of 10% of the issued shares of the Company as at the date of passing this Resolution) (subject to adjustment in the case of any conversion of any or all of the shares of the Company into larger or smaller number of shares), 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 any applicable law of Hong Kong or the Company’s Articles of Association 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 in the share capital of the Company or an offer or issue of warrants or options or similar instruments to subscribe for, or of securities convertible into, shares in the share capital of the Company open for a period fixed by the Directors of the Company to holders of shares of the Company (or, where appropriate, to holders of other securities of the Company entitled to the offer) or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities) or class thereof (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 applicable to the Company).”

- 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 a number representing the aggregate number of shares of the Company that have been bought back by the Company under the authority granted by the Resolution numbered 4.1, provided that such number shall not exceed 10% of the aggregate number of the issued shares of the Company as at the date of the passing of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of the Company into larger or smaller number of shares).”
5. As special business, to consider and, if thought fit, pass the following Resolution as an 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 which may fall to be issued pursuant to the share option scheme (a copy of which is produced to the meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) (the “New Share Option Scheme”), the New Share Option Scheme be and is hereby adopted and the Directors of the Company be and are hereby authorised to grant options thereunder and to allot, issue and deal with the shares issuable pursuant to the exercise of any option granted thereunder and to take such steps and to such acts and to enter into such transactions, arrangements and agreements as may be necessary or they may consider expedient in order to give full effect to the New Share Option Scheme.”

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

Hong Kong, 30 March 2021

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him at the 2021 annual general meeting 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 with the circular dated 30 March 2021 (the “Circular”). To be valid, the proxy forms must be deposited at the registered office of the Company (marked for the attention of the Company Secretary) not later than 3:00 p.m. on Tuesday, 11 May 2021. A shareholder may appoint separate proxies to represent respectively the number of the shares held by such shareholder that is specified in the proxy form.

3. The register of members of the Company will be closed from Monday, 10 May 2021 to Thursday, 13 May 2021, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the 2021 annual general meeting, all share certificates with completed transfer documents must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 7 May 2021.
4. Concerning agenda item 2 above, Mr. Francis Lui Yiu Tung, Mr. Joseph Chee Ying Keung and Mr. James Ross Ancell will retire by rotation at the meeting and, being eligible, have offered themselves for re-election. Details of these retiring Directors are set out in Appendix I to the Circular.
5. 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 buy-back shares 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 Buy-backs. An explanatory statement to provide relevant information in respect of the proposed granting of the buy-back mandate to the Directors is set out in Appendix II to the Circular.
6. 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.
7. Concerning agenda item 5 above, summary of principal terms of the New Share Option Scheme is set out in Appendix III to the Circular.
8. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or after 11:30 a.m. on the date of the 2021 annual general meeting, the meeting will be postponed or adjourned. The Company will post an announcement on the HKEXnews website (www.hkexnews.hk) and the Company's website (www.galaxyentertainment.com) to notify shareholders of the date, time and venue of the rescheduled meeting.
9. Considering the outbreak of COVID-19, the Company will implement the following preventive and control measures at the meeting venue of the 2021 annual general meeting, including, without limitation, (a) compulsory temperature checks for all attendees; (b) compulsory wearing of surgical face masks by all attendees prior to admission to the meeting venue and throughout the 2021 annual general meeting; (c) maintenance of proper distance between seats; (d) refreshment and coffee/tea will not be provided/served; and (e) attendees who are subject to quarantine prescribed by the HKSAR Government and/or exhibiting flu-like symptoms may be denied entry into the meeting venue. Should anyone seeking to attend the meeting decline to submit these requirements or any house rules imposed by the Company or be found to be suffering from a body temperature of over 37 degrees Celsius or otherwise unwell, the Company reserves the right to refuse such person's admission to the meeting. The Company reminds the attendees that they should carefully consider the risk of attending the 2021 annual general meeting taking into account of their own personal circumstances.

The Company will keep monitoring the evolution of the COVID-19 outbreak and may implement additional measures as and when appropriate.
10. In any event of any inconsistency between the English and the Chinese versions of this notice and the related form of proxy, the English version shall prevail.