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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**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 2022.

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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 AWARD SCHEME AND ADOPTION OF NEW SHARE OPTION SCHEME, SUSPENSION OF 2021 SHARE AWARD SCHEME AND TERMINATION OF 2021 SHARE OPTION SCHEME AND NOTICE OF 2023 ANNUAL GENERAL MEETING**

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A notice convening the 2023 Annual General Meeting of Galaxy Entertainment Group Limited to be held at Island Ballroom, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Monday, 22 May 2023 at 3:00 p.m. is set out on pages 39 to 43 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 Saturday, 20 May 2023 or not less than 48 hours before the time appointed for holding any adjourned meeting (as the case may be). 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 evolving COVID-19 pandemic situation in Hong Kong, the Company will implement certain preventive and control measures at the meeting venue of the 2023 Annual General Meeting to reduce the risk of the attendees from cross infection including provision of a limited number of face masks which will be reserved by the Company for voluntary use by attendees, and any precautionary measures where appropriate or in accordance with prevailing guidelines published by the Government and regulatory authorities.**

**Shareholders are encouraged to consider appointing the chairman of the 2023 Annual General Meeting as their proxy to vote on the resolutions instead of attending the 2023 Annual General Meeting in person.**

**Subject to the public health requirements or guidelines of the Government and/or regulatory authorities, the Company may announce further updates on the 2023 Annual General Meeting arrangements on the Company's website ([www.galaxyentertainment.com](http://www.galaxyentertainment.com)) as and when appropriate.**

If Shareholders have any questions relating to the 2023 Annual General Meeting, please contact the Company's registrar, Computershare Hong Kong Investor Services Limited, as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong  
Tel: (852) 2862 8555  
Fax: (852) 2865 0990  
Website: [www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)

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## DEFINITIONS

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

“2021 Share Award Scheme”	the share award scheme adopted on 13 May 2021, details of which were set out in the Company’s announcement dated 13 May 2021, as amended from time to time
“2021 Share Option Scheme”	the share option scheme adopted on 13 May 2021, details of which were set out in the Company’s circular dated 30 March 2021, as amended from time to time
“2023 Annual General Meeting”	the annual general meeting of the Company to be held at Island Ballroom, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Monday, 22 May 2023 at 3:00 p.m.
“Annual Report”	the annual report of the Company for the year ended 31 December 2022
“Article(s)”	article(s) of the Articles of Association
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate”	the meaning ascribed thereto in the Listing Rules
“Award”	an award of Shares pursuant to the New Share Award Scheme
“Awarded Shares”	Shares awarded pursuant to the New Share Award Scheme
“Board”	the board of Directors (as constituted from time to time)
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Buy-back Code”	the Hong Kong Code on Share Buy-backs issued by the Securities and Futures Commission in Hong Kong
“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
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Dr. Lui”	Dr. Lui Che Woo, an executive Director and the Chairman of the Company
“Eligible Participants”	any persons belonging to the class of Related Entity Participants, Service Providers or Employee Participants
“Employee Participant”	the meaning ascribed thereto in Appendix III: Part A
“Government”	the Government of the HKSAR
“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
“INED”	an independent non-executive director of the Company
“Latest Practicable Date”	14 April 2023, 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 Schemes”	the New Share Award Scheme and the New Share Option Scheme
“New Share Award Scheme”	the new share award scheme proposed to be adopted by the Company as described in this circular, in replacement of the 2021 Share Award Scheme
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company as described in this circular, in replacement of the 2021 Share Option Scheme
“Options”	options to subscribe new Shares granted pursuant to the New Share Option Scheme
“Related Entity Participant”	any director, chief executive of or person employed (on a full-time or part-time basis) by any of the holding companies, fellow subsidiaries or associated companies of the Company;
“Remuneration Committee”	the remuneration committee of the Board
“Securities and Futures Ordinance”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

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## DEFINITIONS

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“Service Provider”	<p>any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to any consultant, independent contractor or adviser:</p> <ul style="list-style-type: none"><li>(i) where the continuity and frequency of their services are akin to those of employees; or</li><li>(ii) after stepping down from an employment or director position with the Group,</li></ul> <p>excluding (for the avoidance of doubt):</p> <ul style="list-style-type: none"><li>(i) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions,</li><li>(ii) professional service providers (including but not limited to auditors or valuers) who provide assurance, or are required to perform their services with impartiality and objectivity</li></ul>
“Share Incentive Scheme”	<p>any scheme adopted or to be adopted by the Company involving the award or issue of new Shares by the Company pursuant to Chapter 17 of the Listing Rules, including the New Share Award Scheme and the New Share Option Scheme</p>
“Share(s)”	<p>share(s) in the capital of the Company</p>
“Shareholder(s)”	<p>holder(s) of the Share(s)</p>
“Stock Exchange”	<p>The Stock Exchange of Hong Kong Limited</p>
“Takeovers Code”	<p>the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong</p>
“Trust”	<p>the discretionary family trust established by Dr. Lui as settlor</p>
“%”	<p>per cent.</p>

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

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LETTER FROM THE BOARD

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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 Director:*

Dr. Charles Cheung Wai Bun, *JP*

*Independent non-executive Directors:*

Mr. James Ross Ancell  
Dr. William Yip Shue Lam, *LLD*  
Professor Patrick Wong Lung Tak, *BBS, JP*  
Mr. Michael Victor Mecca

20 April 2023

*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 AWARD SCHEME AND  
ADOPTION OF NEW SHARE OPTION SCHEME,  
SUSPENSION OF 2021 SHARE AWARD SCHEME AND  
TERMINATION OF 2021 SHARE OPTION SCHEME  
AND  
NOTICE OF 2023 ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the 2023 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 number of issued Shares and to issue and allot new Shares not exceeding 20% of the number of Shares in issue as at the date of passing of such resolutions; and (iii) the adoption of the New Share Award Scheme and the New Share Option Scheme and suspension of the 2021 Share Award Scheme and termination of the 2021 Share Option Scheme.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 106(A), Mr. Joseph Chee Ying Keung, Dr. William Yip Shue Lam (“**Dr. Yip**”) and Professor Patrick Wong Lung Tak (“**Professor Wong**”) will retire by rotation at the 2023 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 to re-elect 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.

In particular, the following factors were amongst those considered and discussed by the Nomination Committee at a meeting to consider whether it should recommend the re-election of Dr. Yip and/or Professor Wong as INEDs:

- (a) Both Dr. Yip and Professor Wong meet the independence requirements under Listing Rule 3.13;
- (b) They are not involved in the day-to-day management or business of the Company nor did either perform any executive role or management function in the Group which would impact their independent judgment;
- (c) They have actively participated in all Board and Committee meetings as well as the general meetings. Both Dr. Yip and Professor Wong have confirmed that they are able to devote sufficient time to perform their duties as INEDs;
- (d) They give impartial advice and exercise independent judgment on matters discussed at the meetings, and provide valuable and constructive contributions to the executive Directors;
- (e) Their broad experience, business and entrepreneur perspectives and professional qualifications and their external commitments together with their in-depth knowledge of the business of the Company contribute to the concept of diversity and promote the effectiveness of the Board as a whole;
- (f) Although they have served on the Board for more than nine years, there is no evidence that their independence has been affected by their respective tenure with the Company nor is service alone relevant to independence; and
- (g) Dr. Yip holds common directorships with other directors, Dr. Yip, Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung and Mrs. Paddy Tang Lui Wai Yu who all serve on the boards of the Company and K. Wah International Holdings Limited. Given that Dr. Yip plays an INED role and holds less than 1% of the number of issued shares in each of these 2 companies, the Company considers that such common directorships would not undermine his independence with respect to his directorship with the Company.

The Nomination Committee proposed the recommendation on re-election of both Dr. Yip and Professor Wong as INEDs to the Board for discussion and consideration. The Board concurred with the Nomination Committee’s recommendations and agreed that both Dr. Yip and Professor Wong remain independent notwithstanding their tenure with the Company.

As both Dr. Yip and Professor Wong have served the Board for more than nine years, their re-elections will be subject to separate resolutions to be approved by the Shareholders. Subject to the approval of their respective re-election by the Shareholders at the 2023 Annual General Meeting, Dr. Yip and Professor Wong will continue to act as INEDs of the Company.

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## LETTER FROM THE BOARD

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

### GENERAL MANDATES TO BUY-BACK SHARES AND ISSUE SHARES

At the annual general meeting of the Company held on 12 May 2022, ordinary resolutions were passed granting general mandates for the Directors to buy-back Shares not exceeding 10% of the number of issued Shares as at that date (“**Existing Buy-back Mandate**”) and to issue and allot new Shares not exceeding 20% of the 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 2023 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 2023 Annual General Meeting, a new general mandate for the Directors to buy-back Shares not exceeding 10% of the 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 number of Shares in issue as at the date of passing of such resolutions as respectively set out in Resolution 7.1 (“**New Buy-back Mandate**”) and in Resolutions 7.2 and 7.3 (“**New Share Issue Mandate**”) in the notice of the 2023 Annual General Meeting will be proposed. Resolution 7.3 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 7.1, 7.2 and 7.3 are all passed and the mandates sought therein are all granted by the Shareholders at the 2023 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 7.1 to be proposed at the 2023 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 2023 Annual General Meeting), the maximum number of Shares that can be allotted and issued by the Company is 873,815,061.

At the Latest Practicable Date, 4,369,075,308 Shares were in issue. The maximum number of Shares that could be issued under the proposed New Share Issue Mandate was 873,815,061 and the maximum number of Shares that could be bought-back under the New Buy-back Mandate was 436,907,530. The Company has no intention or plan to grant further share options or award shares under the 2021 Share Option Scheme and/or the 2021 Share Award Scheme prior to the 2023 Annual General Meeting.

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 Eligible Participants under the New Share Option Scheme or to grant any Awards to the Eligible Participants under the New Share Award Scheme.

### AMENDMENTS TO LISTING RULES RELATING TO SHARE SCHEMES

With effect from 1 January 2023, Chapter 17 of the Listing Rules, which was formerly applicable to share option schemes only, was amended to cover share award schemes also involving the issue of new Shares and amendments were introduced to the Listing Rules requirements which apply to both share option and share award schemes. Key changes include:



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## LETTER FROM THE BOARD

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Participants – under the revised Chapter 17, those who can participate in schemes under Chapter 17 include:

- “employee participants”: Directors and employees of the listed company or any of its subsidiaries,
- “related entity participants”: Directors and employees of the holding companies, fellow subsidiaries, or associated companies of the listed company, and
- “service providers”: Persons who provide services to the listed group on a continuing or recurring basis in its ordinary and usual course of business that are in the interests of the long-term growth of the listed group. If it wishes to include service providers a company is required to set a sublimit for grants to service providers within the mandate limit of the scheme.

Minimum vesting period – Chapter 17 sets a minimum vesting period of not less than 12 months for options or awards, but options or awards granted to employee participants may be subject to a shorter vesting period under specific circumstances.

There are various other changes to Chapter 17 that would entail substantial revisions of the 2021 Share Award Scheme and of the 2021 Share Option Scheme. For simplicity, the Company therefore proposes to adopt the New Share Award Scheme and the New Share Option Scheme, suspend grants under the 2021 Share Award Scheme and terminate the 2021 Share Option Scheme. Suspension of the 2021 Share Award Scheme and termination of the 2021 Share Option Scheme will not affect any rights or obligations under either scheme existing on the date of suspension or termination.

At the Latest Practicable Date, 13,499,574 options granted under a share option scheme adopted in 2011 that has since terminated, and 20,258,546 options granted under the 2021 Share Option Scheme, remained outstanding and will continue to be valid and exercisable during their prescribed exercise periods in accordance with the relevant schemes, and 6,141,223 awards of shares under the 2021 Share Award Scheme remained unvested and will continue to be valid in accordance with the 2021 Share Award Scheme.

At the Latest Practicable Date, the aggregate maximum number of Shares over which options can be granted or which can be awarded under the 2021 Share Option Scheme and/or under the 2021 Share Award Scheme was 400,637,501. The Company has no intention or plan to grant further share options or award shares under the 2021 Share Option Scheme and/or the 2021 Share Award Scheme prior to the 2023 Annual General Meeting.

### **NEW SHARE AWARD SCHEME AND NEW SHARE OPTION SCHEME**

The purposes of the two New Schemes are:

- (a) to attract and retain the best quality personnel for the development of the Company’s businesses;
- (b) to provide additional incentives to Eligible Participants; and
- (c) to promote the long term financial success of the Company by aligning the interests of Eligible Participants who are granted Awarded Shares and/or Options to those of Shareholders.

The New Share Award Scheme provides for the award of Awarded Shares to Eligible Participants, who are not required to pay for those Shares either on grant or on vesting of the award.

The New Share Option Scheme provides for the granting to Eligible Participants of Options to subscribe for New Shares at prices fixed at the date of grant and payable on exercise of the Option.

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## LETTER FROM THE BOARD

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The terms of the New Schemes allow the Company, where it considers appropriate, to specify a minimum holding period and performance targets which must be achieved before Awards or Options can be vested or exercised by a grantee. Similarly, whilst there is a general rule under the New Schemes that the Vesting Period (as defined in Appendix III: Part A) shall not be less than 12 months, the New Schemes have nonetheless retained flexibility by setting out exceptional circumstances where there may be shorter Vesting Periods for Employee Participants. These include winding up of the Company, a general offer for the Company and the entering into of a compromise by the Company which is considered fair and in keeping with the minimum vesting period required under Chapter 17 of the Listing Rules as all these events are outside the control of Award and Option holders. The Board is of the view that this is in line with the market practice and is appropriate and aligns with the purposes of the New Schemes.

The New Schemes provide clawback mechanisms where the Company would be able to clawback the Awards or Options. The Company believes that the mechanisms of the New Schemes will provide it with flexibility in setting the terms and conditions of grants which are the most appropriate taking into account the individual circumstances of the relevant Eligible Participants and therefore facilitate the Company's aim to offer meaningful incentives to attract, retain and motivate talented employees and business partners and help it achieve its performance goals in business operations and other long-term performance targets set by the Group and to provide them with an incentive to work for the interest of the Group, and hence align with the purpose of the New Schemes.

The Company has taken the opportunity in both the New Share Award Scheme and the New Share Option Scheme to provide for possible grants to Service Providers and for possible performance targets.

### **Conditions to adoption**

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

- (a) the passing of a resolution by the Shareholders to approve and adopt the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting for the listing of, and permission to deal in, the Shares falling to be allotted and issued pursuant to the exercise of the Options in accordance with the terms and conditions of the New Share Option Scheme.

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

- (a) the passing of a resolution by the Shareholders to approve and adopt the New Share Award Scheme; and
- (b) the Listing Committee of the Stock Exchange granting for the listing of, and permission to deal with the Shares that may be allotted and issued by the Company in connection with Awards, in accordance with the terms and conditions of the New Share Award Scheme.

### **Eligible Participants – INEDs**

The Eligible Participants in both New Schemes include INEDs. As at the Latest Practicable Date, the Company had no specific plan or intention to grant any Option or Award to any INED under the New Schemes but having considered that:

- (i) equity-based remuneration is an important means of ensuring alignment between the interests of Shareholders and Board members, including INEDs;
- (ii) it is common to include INEDs as eligible persons in Share Incentive Schemes; and

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## LETTER FROM THE BOARD

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- (iii) INEDs may provide important contributions to the Group's development and business, for example by helping it maintain a sound corporate governance framework and internal control systems;

the Board believes the inclusion of INEDs as Eligible Participants and the flexibility to grant Awards and Options to the INEDs in addition to or in lieu of cash-based incentives will allow the Company to keep its remuneration package competitive in order to attract and retain talent.

The Company is of the view that the independence and impartiality of the INEDs will not be impaired by any potential grant of Options and/or Awards under the New Schemes for reasons that include:

- (i) the INEDs are required to comply with the independence requirements in Rule 3.13 of the Listing Rules;
- (ii) approval by independent Shareholders will be required if any Option or Award to be granted to INEDs or any of their respective associates would result in the total number of Shares issued and to be issued upon exercise of all the Options and Awards (under the New Schemes and any other Share Incentive Schemes) granted and to be granted to such person in the period of 12 months up to and including the date of the grant representing in aggregate over 0.1% of the Shares in issue; and
- (iii) when considering any grants of Options and/or Awards to INEDs the Board will be mindful of paragraph E.1.9 of the Corporate Governance Code in Appendix 14 to the Listing Rules, which recommends that issuers should generally not grant equity-based remuneration with performance-related elements to INEDs.

### **Eligible Participants – Related Entity Participants and Service Providers**

The Eligible Participants in both New Schemes also include Related Entity Participants and Service Providers who can contribute to the long-term growth of the Group by providing advice or consulting services on areas within the current business scope, or contemplated businesses, of the Group, particularly on projects requiring specialised skills and knowledge that is not within the Group, on maintenance, and other services that it is not effective to keep in-house.

As at the Latest Practicable Date, the Company had no specific plan or intention to grant any Option or Award to any Related Entity Participants and Service Providers under the New Schemes but having considered that:

- (i) equity-based incentives are a means of building alignment between the interests of Shareholders and Related Entity Participants and Service Providers all of which can benefit from the long-term growth of the Company;
- (ii) the flexibility to make grants to non-employees of the Group gives it another way of attracting Service Providers to provide services on favourable terms and of obtaining the benefits of advice and help from Related Entity Participants;
- (iii) the perception of the INEDs and other Directors is that it is a norm in the industries in which the Group operates to include Related Entity Participants and Service Providers as eligible persons in Share Incentive Schemes and also that the inclusion is in line with the business needs of the Company in that it will help it to attract and retain the assistance of best quality providers of services for the development of the Company's businesses, in line with the purposes of the New Schemes; and
- (iv) Related Entity Participants and Service Providers may provide important contributions to the Group's development and business, for example by providing it with access to expertise and contacts not readily available to it and give the Group the opportunity to reward and

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## LETTER FROM THE BOARD

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collaborate with persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group (but are unwilling or unable to become its employees, or whose services will not be required on a long-term basis), which is in line with the purpose of the New Schemes;

the Directors including the INEDs believe the inclusion of Related Entity Participants and Service Providers as Eligible Participants and the flexibility to grant Awards and Options to them aligns with the purpose of the New Schemes.

The Company has not granted awards or options to Service Providers or Related Entity Participants under the 2021 Share Option Scheme or the 2021 Share Award Scheme. It operates in highly competitive industries with others competing with it to attract and retain the services not only of employees and directors but also the best Service Providers and others, which may include Related Entity Participants, who can provide benefits, often seeking to build long-term relationships with them.

The Group operates in two key segments: (i) gaming and entertainment; and (ii) construction materials. Its businesses all require specialised services and specialised skills, frequently on an ad hoc or project basis, but also on a recurrent basis, that are not readily available amongst employees of the Group and which it is not able to keep available amongst employees and it may not be economically prudent to attempt to do so. The Group and its competitors seek to attract and retain the goodwill and services of providers of these services and skills by offering them the chance to participate in Share Incentive Schemes.

It is important to the Group, especially in its gaming and entertainment business, to be at the forefront of the industry, to attract more and high-spending customers. As knowledge grows, science and technology advance and consumer tastes change it is in practice near impossible for the Group's employees to maintain specialised knowledge of these advances and changes and how the Group can profit from them. External providers with many clients in similar industries and the knowledge that they gain as a result can do that. It is not cost-effective and may not even be possible for the Group to employ permanently the staff necessary to collate and analyse the relevant information and maintain up-to-date expertise, for a one-off campaign.

Even on a daily basis services are required by the Group, such as maintenance of equipment which requires only occasional work or emergency breakdown assistance, but there is insufficient work required for it to be done in-house cost effectively or to maintain the necessary skills.

These services are therefore better outsourced to Service Providers and/or Related Entity Participants that have the necessary skills and knowledge. These may include amongst many other things, sophisticated gaming and customer relationship management systems, advertising and marketing techniques, security of all kinds, public relations, investment banking and business consultancy and others. Relationships with Service Providers and Related Entity Participants can be acquired and/or enhanced by Options and Awards.

The terms of any grant to Related Entity Participants and Service Providers including any performance targets and vesting requirements will be determined to ensure they align with the purpose of the New Schemes.

In determining the basis and criteria of eligibility of Related Entity Participants, the Board may take into account the experience of the Related Entity Participants in the Group's business, the actual degree of involvement in and/or cooperation with the Group and/or the amount of support, assistance, guidance, advice, efforts and contributions the Related Entity Participants gave or are likely to give or make towards the success of the Group in the future.

The Board may take into account the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship Service Providers have established with the Group, the individual performance of relevant Service Providers, the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business

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## LETTER FROM THE BOARD

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dealings could be readily replaced by third parties), track record in the quality of services provided to the Group and the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Provider and/or the amount of support, assistance, guidance, advice, efforts and contributions the Service Provider gave or is likely to give or make towards the success of the Group in the future.

### **Shorter Vesting Periods**

There is a general rule under the New Schemes that the Vesting Period shall not be less than 12 months but the New Schemes have retained flexibility by setting out exceptional circumstances where there may be shorter Vesting Periods, for Employee Participants only. Appendix III sets out more information about that. The Board and the Remuneration Committee consider those short vesting circumstances to be appropriate and align with the purposes of the New Schemes because with the flexibility of having a shorter vesting period, the Group will be in a better position to attract and retain the best quality personnel for the development of the Company's businesses whilst at the same time providing them with further incentives to achieve the goals of the Group, and, thereby, to achieve the purposes of the New Schemes.

### **Performance Targets**

The New Schemes will provide for performance targets but will not prescribe specific performance targets that must be met before an Award vests or an Option can be exercised. Instead, the New Schemes will give the Board discretion to impose performance targets in respect of exercise or vesting of Options and Awards. The Directors consider that it is not always appropriate to impose performance targets, particularly where the purpose of a grant of Options or Awards is to remunerate or compensate employees, and that is not practicable to set out a generic set of performance targets in the New Schemes, as different Eligible Participants may play different roles and contribute in different ways to the Group. It is beneficial to the Company to retain flexibility to determine in what circumstances and to what extent performance targets are appropriate.

In addition to the considerations mentioned above and in Appendix III, in deciding whether a grant of Options or Awards should be made, and if made should be subject to Performance Targets (as defined in Appendix III: Part A), the Board will have regard to the purpose of the relevant New Schemes and will make reference to factors including but not limited to, sales performance (including but not limited to revenue, visitors), operating performance (including but not limited to operation efficiency in terms of cost control), financial performance (including but not limited to profits, cash flow, earnings, the Company's market capitalisation, return on equity) of the Group, corporate sustainability parameters (including but not limited to timeliness and accuracy in handling customer feedback, team work capabilities, adherence to corporate culture) and discipline and responsibility (including but not limited to punctuality, integrity, honesty or compliance with internal procedures).

The Board will determine any performance targets applicable to each grant of Options or Awards on a case-by-case basis. The Company will consider any past contributions of a participant to make an assessment of the potential future value that the relevant Eligible Participant may bring to the Group. The assessment may involve a consideration and appraisal of the relevant Eligible Participant's expected contribution with reference to the relevant Eligible Participant's duties (including but not limited to whether the Eligible Participant is in a management role or a support role), position within the Group (so that it will be considered whether overall Group level targets or specific performance indicators should be adopted) and other features including geographical location, corporate culture and business strategy focus. An appraisal of Eligible Participants will be made before the grant of Options and/or Awards, with a view to ensuring that grants are on a fair and reasonable basis and in the interest of the Company and its Shareholders as a whole. The management may propose performance targets (if any) of each relevant Eligible Participant in each proposed grant of Options and/or Awards to the Board or the Remuneration Committee for consideration, which will then assess the reasonableness and suitability of such performance targets.

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## LETTER FROM THE BOARD

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### Clawback

Each of the New Schemes also provides for a clawback mechanism setting out the circumstances in which the Company may clawback Awards or Options if so provided in the relevant Option or Award. Further details are set out in Appendix III.

The Directors believe that these provisions, as well as such other terms as may be determined by the Board, will serve to enhance the value of the Company as well as to achieve the purpose of the New Schemes.

### Administration

The Board will be responsible for administering the New Schemes, with full authority to delegate and authorise sub-delegation. A trustee selected by the Board will be appointed for the purposes of the New Share Award Scheme. No director will be that trustee or have a direct or indirect interest in the trustee.

### Limit

The total number of Shares which may be issued in respect of all Options and/or Awards and awards to be granted under any other Share Incentive Schemes must not in aggregate exceed 10% of the total number of Shares in issue at the date of approval by Shareholders (“**Mandate Limit**”) unless the Company obtains a fresh approval from Shareholders to renew the 10% limit.

The aggregate maximum number of Shares (“**Service Provider Sub-limit**”) which may be issued in respect of all Options and/or Awards and awards to be granted to the Service Providers under any other Share Incentive Schemes must not in aggregate exceed 43,690,753 Shares, representing 1% of the total number of Shares expected to be in issue at the date of approval by the Shareholders on the assumption below.

As at the Latest Practicable Date, there were 4,369,075,308 Shares in issue. Assuming that no further Shares are allotted, issued or repurchased prior to the date of approval by Shareholders the total number of Shares which may be issued in respect of Awards, or upon exercise of all Options, that may be granted under the New Schemes is 436,907,530, representing 10% of the total number of Shares in issue as at the date of approval.

### Service Provider Sub-limit

The Directors constantly seek opportunities to expand the business of the Group. To assist with the Group’s expansion and in determining the Service Provider Sub-limit, the Directors consider that it is important to ensure that the New Schemes are attractive and provide sufficient incentives to Service Providers to work with the Group. Accordingly, the Directors (including the INEDs) consider that the Service Provider Sub-limit is appropriate and reasonable taking into account:

- (i) the expansion plans and business needs of the Group;
- (ii) the Group’s hiring practices and organisational structure;
- (iii) increases and potential increases in the Group’s revenue or profits attributable to the Service Providers;
- (iv) the nature and requirement of the gaming and entertainment, construction materials and corporate and treasury management operations that form the Group’s business segments;
- (v) the role and extent of involvement of the relevant Service Provider in the Group’s business; and

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## LETTER FROM THE BOARD

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- (vi) the potential dilution of shareholdings as a result of grants of Options or Awards to Service Providers is negligible.

The Service Provider Sub-limit is intended to provide the Group with flexibility in providing equity incentives to reward and incentivise Service Providers, who can provide valuable expertise and services to the Group, which is in line with the purpose of the New Schemes.

### **Compliance**

The New Share Award Scheme is compliant with the current requirements of the Listing Rules. A summary of the principal terms is set out in Appendix III Part B.

The New Share Option Scheme is compliant with the current requirements of the Listing Rules. A summary of the principal terms is set out in Appendix III Part C.

### **APPLICATIONS FOR LISTING**

Applications will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares that may be issued under or in connection with the New Share Award Scheme and/or the New Share Option Scheme.

### **NOTICE OF 2023 ANNUAL GENERAL MEETING**

Notice of the 2023 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 Saturday, 20 May 2023 or not less than 48 hours before the time appointed for holding any adjourned meeting (as the case may be). 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 2023 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 2023 Annual General Meeting.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of each of the proposed New Share Award Scheme and the proposed 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 and available on websites of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.galaxyentertainment.com](http://www.galaxyentertainment.com) from the date of this circular up to and including the date of the 2023 Annual General Meeting and will also be available at the 2023 Annual General Meeting.

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## LETTER FROM THE BOARD

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### 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 grant of the New Buy-back Mandate and the New Share Issue Mandate, adoption of the New Share Award Scheme, adoption of the New Share Option Scheme and suspension of the 2021 Share Award Scheme and termination of the 2021 Share Option Scheme 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 2023 Annual General Meeting.

### 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*



*The details of the retiring Directors proposed for re-election at the 2023 Annual General Meeting are set out below:*

**Mr. Joseph Chee Ying Keung**, aged 65, 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 Honorary Fellow 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 member of the Standing Committee of the 12th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference and has been re-elected as member of the Standing Committee of the 13th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference in January 2023. 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. 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 was a board member of Pneumoconiosis Compensation Fund Board from 2010 to 2017 and served as an advisor of the board from 2018 to 2021. 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.

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 and discretionary share awards. His total emoluments received during the year as disclosed in the Annual Report including Director's fee, salary, allowance and benefit in kind, discretionary bonuses, retirement benefit scheme contributions and share option and share award values amounted to HK\$7,980,000. 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 1,521,051 Shares and underlying Shares under Part XV of the Securities and Futures Ordinance, comprising 730,321 Shares and share options entitling him to subscribe for 691,000 Shares and share awards entitling him to 99,730 Shares at nil cost. 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.

**Dr. William Yip Shue Lam, LLD**, aged 85, has been an independent non-executive Director of the Company since December 2004. Dr. Yip is a member of the Audit Committee as well as the Chairman of the Nomination Committee and the Remuneration Committee of the Company.

Dr. Yip holds a Bachelor of Arts degree and an honorary Doctor of Laws degree from the Concordia University, Canada. He is the founder and the chairman of Canada Land Limited ("**Canada Land**") since 1972. Canada Land engaged in real estate development and tourist attraction business, listed in 1994 on the Australian Stock Exchange and was privatized in May 2013. Dr. Yip remains as the chairman of the company. Dr. Yip is also an independent non-executive director of K. Wah International Holdings Limited. Dr. Yip was also the chairman of Cantravel Limited, Guangzhou since 1996, became a director in October 2013 and elected the chairman in December 2019 again. Dr. Yip has been active in public services and has been appointed as an Honorary Standing Committee Member of The Chinese General Chamber of Commerce (November 2012 – October 2022) and the President of Concordia University Hong Kong Foundation Limited and chairman of Board of Governors, Canadian University Association in Hong Kong. He had been the President (1998 – 2000) and currently the member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong, and the Fellow Member of The Hong Kong Institute of Directors. In addition, Dr. Yip has been elected a Guangzhou Municipal Honorable Citizen.

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

Dr. Yip's service contract provides for a term of three years and he will be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. His emoluments comprise an annual Director's fee for acting as a member of the Board, a member of the Audit Committee and the Chairman of each of the Remuneration Committee and Nomination Committee (all of which will be proposed by the Board for approval by the Shareholders at the subsequent year's annual general meeting). His total emoluments received for the Director's fee during the year as disclosed in the Annual Report amounted to HK\$780,000. 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, Dr. Yip has interests in 250,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed herein, Dr. Yip has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

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

**Professor Patrick Wong Lung Tak**, *BBS, JP*, aged 75, has been an independent non-executive Director of the Company since August 2008. Professor Wong is a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Company.

Professor Wong is a Certified Public Accountant (Practising) in Hong Kong and the Managing Practising Director of Patrick Wong CPA Limited. He has over 50 years' experience in the accountancy profession. Professor Wong holds a Doctor of Philosophy in Business degree, was awarded a Badge of Honour by the Queen of England in 1993 and was appointed a Justice of the Peace in 1998. He was also awarded a Bronze Bauhinia Star by the Government of the HKSAR in 2010. Professor Wong is an independent non-executive director of C C Land Holdings Limited, Water Oasis Group Limited and Winox Holdings Limited, all are listed on the Hong Kong Stock Exchange. Professor Wong was formerly an independent non-executive director of BAIC Motor Corporation Limited from December 2014 to March 2021, Li Bao Ge Group Limited from June 2016 to December 2021 and Sino Oil and Gas Holdings Limited from August 2010 to November 2022, all are listed on the Stock Exchange.

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

Professor Wong'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, a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and 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). His total emoluments received for the Director's fee during the year as disclosed in the Annual Report amounted to HK\$815,000. 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, Professor Wong 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 Professor Wong's proposed re-election, there is no information that is required to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules. Save as disclosed herein, the Board is not aware of any other matters that need to be brought to the attention of Shareholders in connection with his proposed re-election.

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## **APPENDIX II EXPLANATORY STATEMENT ON BUY-BACK OF SHARES**

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*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 2023 Annual General Meeting in relation to the New Buy-back Mandate.*

### **ISSUED SHARES**

As at the Latest Practicable Date, the issued Shares comprised 4,369,075,308 Shares. As at the same date, there were outstanding share options granted under the Company's 2011 and 2021 Share Option Schemes to subscribe for 33,758,120 Shares and 6,141,223 awarded shares underlying the awards granted under the 2021 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 2023 Annual General Meeting, the Company would be allowed to buy-back a maximum of 436,907,530 Shares during the period from the 2023 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 2022, 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.

### **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.

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## APPENDIX II EXPLANATORY STATEMENT ON BUY-BACK OF SHARES

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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 2,381,984,050 issued Shares, representing approximately 54.52% 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 60.58% 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.

### 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:

<b>Month</b>	<b>Highest (HK\$)</b>	<b>Lowest (HK\$)</b>
<b>2022</b>		
April	48.20	42.55
May	46.70	38.70
June	48.00	38.55
July	48.05	44.10
August	48.30	43.00
September	48.70	40.85
October	49.75	33.55
November	48.30	35.00
December	54.35	47.55
<b>2023</b>		
January	56.45	50.35
February	56.75	50.85
March	55.20	49.60
April (up to the Latest Practicable Date)	56.30	52.95

### 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 summarises principal terms of the New Share Award Scheme and the New Share Option Scheme. It is not exhaustive and does not form part of the New Share Award Scheme or the New Share Option Scheme and does not affect the interpretation of the rules or application of the of the New Share Award Scheme or the New Share Option Scheme.

#### **PART A: DEFINITIONS**

In this Appendix, in addition to terms defined elsewhere in this circular:

- “Adoption Date” in respect of a Scheme, means the date on which the Scheme becomes unconditional;
- “Award Agreement” in respect of an Eligible Participant means the contract that arises on acceptance by that person of an Offer of an Award;
- “Award Holder” means any Eligible Participant who accepts an Offer in accordance with the terms of the Scheme and includes (where the context so permits) the Personal Representatives and a related trust or company of the Eligible Participant to which the Award is granted or transferred;
- “Cause” in relation to an Eligible Participant 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;
- “Clawback Event” means any of the following events:
- a) the Option Holder or Award Holder, as the context may require, being guilty of fraud or persistent or serious misconduct;
  - b) if an Offer or the exercise of any Option or Award is linked to any Performance Targets and the Board are of the opinion that there are circumstances that show or lead to any of the prescribed Performance Targets (or compliance with them) were or will be assessed or calculated in a materially inaccurate manner;
  - c) any other event implicitly or explicitly characterised in the Option Agreement or Award Agreement as a Clawback Event;
- “Commencement Date” in respect of any particular Option or Award, means the date on which that Option or Award is deemed to have been granted under the relevant Scheme (which is the date on which the relevant Offer is made regardless of the date of acceptance, as required by the Listing Rules);
- “control” means control for the purposes of the Takeovers Code;

“Employee”	means any person employed (on a full-time or part-time basis) by the Company or by any of its subsidiaries;
“Employee Participant”	means any Employee or chief executive officer, executive or non executive director (including INEDs) of the Company or any subsidiary of it and any person who has contracted to be employed (on a full-time or part-time basis) by the Company or any of its subsidiaries but whose employment has not commenced and any person to whom the Board wishes to offer Option or Awards as an inducement to become an executive or director of the Company or any of its subsidiaries;
“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;
“immediate family members”	has the meaning ascribed thereto in the Listing Rules;
“Incentive Grant”	means a grant of Shares or rights to acquire Shares under any Share Incentive Scheme, whether by way of option or award;
“Mandate Limit”	means the Initial Mandate Limit or the Refreshed Mandate Limit (as the case may be);
“Offer”	in part B of this Appendix means an offer to grant an Award, and in part C of this Appendix means an offer to grant an Option;
“Option Agreement”	in respect of an Eligible Participant means the contract that arises on acceptance by the relevant person of an Offer of an Option;
“Option Holder”	means any Eligible Participant who accepts an Offer in accordance with the terms of the Scheme and includes (where the context so permits) the Personal Representatives of such Eligible Participant and the related trust or company of that Eligible Participant to which the Option is granted or transferred;
“Option Period”	means, in respect of any particular Option, such period during which the Option may be exercised in accordance with the Scheme as the Board may specify in the relevant Option Agreement, save that such period shall not expire later than 10 years from the Commencement Date;

“Performance Targets”	means performance measures, which may be financial or otherwise, including but not limited to completion of specified projects or any other way of assessing performance (whether or not ejusdem generis with any of the foregoing) related to the individual Eligible Participant or the Group as a whole or to the Company, subsidiary, division, department, region, function or business unit of the Group or the relevant Related Entity Participant or the relevant Service Provider, and assessed either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparison group, in each case as specified by the Board (or, as the case may be, the Remuneration Committee) in their sole discretion;
“Personal Representatives”	means the person or persons who, in accordance with the laws of succession applicable in respect of the death of a grantee (being an individual), is or are entitled to the Award granted to such grantee or to exercise the Option granted to such grantee (to the extent not already exercised) as the context may require;
“Related Entity Participant”	means any director, chief executive of or person employed (on a full-time or part-time basis) by any of the holding companies, fellow subsidiaries or associated companies of the Company;
“related trust or company”	means, in relation to an Eligible Participant who is an individual, trusts solely for the benefit of the Eligible Participant or his immediate family members, and companies controlled by the Eligible Participant or his immediate family members;
“Scheme”	in part B of this Appendix means the New Share Award Scheme, and in part C of this Appendix means the New Share Option Scheme;
“Senior Manager”	means a senior manager disclosed as such in the Company’s annual report pursuant to paragraph 12 of Appendix 16 to the Listing Rules;
“Short Vesting Circumstances”	means one or more of the following: <ul style="list-style-type: none"><li>(i) where the relevant Employee Participant is due to retire in less than 12 months from the Commencement Date;</li><li>(ii) where the Award or Option is intended to “make-whole” to replace the share awards or options forfeited by the relevant Employee Participant on leaving another employer. The Vesting Period may reflect the remainder of the vesting period on the forfeited awards or options that was left to run, which may be less than 12 months;</li></ul>



- (iii) where the Award or Option is held by an Award or Option Holder (or in the case of an Award or Option Holder which is a related trust or company of an Employee Participant, the relevant Employee Participant) whose employment is terminated due to death or disability or occurrence of any event that is not in the control of that Award or Option Holder (or in the case of an Award or Option Holder which is a related trust or company of an Employee Participant, the relevant Employee Participant) (whether or not ejusdem generis with death or disability);
- (iv) where the Award or Option has Performance Target-based vesting criteria and not time-based vesting criteria;
- (v) where Awards or Options are granted in batches during a year for administrative and compliance reasons and they should have been granted earlier but had to wait for a subsequent batch to reflect the time from which the Award or Option would have been granted;
- (vi) where the Award or Option has a mixed or accelerated vesting schedule such as where it may vest evenly over a period of 12 months; and
- (vii) where the Vesting Period of the Award or Option plus the period (if any) for which the relevant Eligible Participant is required to hold the relevant Shares after vesting or exercise, as the case may be, in 12 months or more;

“Subscription Price”	means the price per Share at which an Option Holder may subscribe for Shares on the exercise of his Option;
“subsidiary”	has the meaning ascribed thereto in the Listing Rules;
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules;
“Vesting Date”	in relation to any Awarded Shares means the date or each such date on which such Awarded Shares are to vest and, in relation to any Option, means the earliest date on which that Option (or a tranche thereof) may be exercised pursuant to the terms of such Option; and
“Vesting Period”	in relation to any Award or Option, means the period from the Commencement Date and ending on the Vesting Date (both dates inclusive).

#### **PART B: SUMMARY OF SHARE AWARD SCHEME**

##### **Purpose and Life of the Scheme**

The purpose of the Scheme is:

- (a) to attract and retain the best quality personnel for the development of the Company’s businesses;

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## APPENDIX III SUMMARY OF PRINCIPAL TERMS OF NEW SCHEMES

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- (b) to provide additional incentives to Eligible Participants; and
- (c) to promote the long term financial success of the Company by aligning the interests of Award Holders to those of Shareholders.

The life of the Scheme will be 10 years from the date it is adopted.

### Administration

The Scheme will be subject to the administration of the Board (with full power to delegate and to authorise full or partial sub-delegation). The Board's powers include the authority, in its discretion:

- (a) to select Eligible Participants to whom Awards may be offered;
- (b) to determine, the time of the offer of Awards and the number of Shares comprised in each Award;
- (c) to determine the terms and conditions of any Award based on such factors as the Board, in its sole discretion, shall determine. Such terms and conditions may include, but are not limited to:
  - (i) the Vesting Date, which shall not be less than 12 months from the Commencement Date unless (in the case of Employee Participants) one of the Short Vesting Circumstances applies;
  - (ii) Performance Targets and other vesting criteria, if any, that must be achieved before the Award vests; and/or
  - (iii) a provision that the relevant Award (to the extent not then vested) may be cancelled in whole or in part, or the Vesting Date therefor extended, on the occurrence of a specified Clawback Event;

### Performance Targets

Subject to the other terms and conditions of the Scheme:

- (i) in respect of any Employee Participant who is a director of the Company or a Senior Manager, the Remuneration Committee may; or
- (ii) in respect of any other Eligible Participant (including an Employee Participant who is not a director of the Company or a Senior Manager), the Board may

establish Performance Targets subject to which the Awards to be granted to the relevant Eligible Participant will vest in whole or in part as described on page 11 of this circular. The Board may after the grant of any Award which is subject to Performance Targets make adjustments to those Performance Targets before the Vesting Date which the Board considers fair and reasonable if there is a change in circumstances, provided that any such adjustments shall be less onerous than the original Performance Targets.

### Eligible Participants

The persons to whom Offers may be made are:

- (a) any Employee Participant;
- (b) any Related Entity Participant; and

- (c) any Service Provider who provides advisory services, consultancy services and/or other professional services to the Group on areas relating to the Group's principal business activities in operation in casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials in Hong Kong, Macau and Mainland China and investment holding, or other areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group, for example, offering specific industry advice on the Group's business and financial or commercial strategy.

For each category of Service Providers, the factors to be taken into account by the Board may include but are not limited to:

- (a) the individual performance of the relevant Service Provider,
- (b) the length of business relationship with the Group,
- (c) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties),
- (d) track record in the quality of services provided to and/or cooperation with the Group and the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers.

In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

The making of an Offer to any director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be subject to approval by the INEDs of the Company (excluding any INED who or whose associate is the proposed grantee).

Further details about Service Providers and Related Entity Participants and reasons for their inclusion are set out on pages 9 to 11 of this circular.

### **Grant of Awards**

No Offer shall be capable of or open for acceptance after the expiry of 10 years from the Adoption Date.

An Offer may only be made on a Business Day and may not be made at any time when dealings by directors of the Company are prohibited under the Takeovers Code or the Listing Rules or any applicable laws.

The Board may grant Awards with different Vesting Dates and may at its discretion impose additional terms and conditions.

An Offer shall have been accepted when the duplicate letter comprising acceptance of the Offer duly signed by the relevant Eligible Participant is received by the Company. HK\$1.00 is payable to the Company on acceptance of an Offer.

**Offers made to a director, chief executive or substantial shareholder of the Company or any of their respective associates**

Any Offer proposed to be made to a director, chief executive or substantial shareholder of the Company or any of their respective associates, must comply with the requirements of Rule 17.04 of the Listing Rules which is to the effect that:

any grant to a Director, chief executive or substantial shareholder or any of their respective associates, must be approved by the INEDs (excluding any INED who is the grantee); and

where any grant of Awards:

- (excluding grant of Options) to a director (other than an INED) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the Scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue; or
- to an INED or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any Options and Awards lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of Shares in issue,

such further grant must be approved by Shareholders in general meeting and the grantee, his/her associates and all core connected persons, as defined in the Listing Rules, of the Company must abstain from voting in favour at such general meeting.

**Transferability of Awards**

An Award shall be personal to the Award Holder and shall not be assignable or transferable except that where

- (i) the Board gives consent in writing and
- (ii) the Stock Exchange gives any express waiver,

the Award held by a grantee may at the request of the grantee be transferred to a related trust or company.

**Rights attaching to Awards and Awarded Shares**

No Award Holder shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award, unless and until the Awarded Shares underlying the Award are actually transferred to the Award Holder. Unless otherwise specified by the Board in its discretion in the Award Agreement, an Award Holder shall not have any rights to the income derived from any Awarded Shares underlying an Award.

Any Awarded Shares transferred to an Award Holder in respect of vesting of any Award shall rank *pari passu* in all respects with, and shall have the same voting, dividend and other rights (including those rights arising on the liquidation of the Company) as the fully paid Shares in issue on the date on which those Awarded Shares are transferred.

**CESSATION OF SERVICE OR EMPLOYMENT AND OTHER EVENTS****Death**

If an Award Holder not being an Employee Participant dies prior to a Vesting Date, the Award shall immediately lapse and all the Awarded Shares underlying such Award shall not vest on the relevant Vesting Date. If an Award Holder being an Employee Participant (or in the case of an Award Holder which is a related trust or company of an Employee Participant, the relevant Employee Participant) dies prior to a Vesting Date, all the Awarded Shares of the Award Holder shall be deemed to vest in such amounts and on the day immediately prior to the death or such date or period as is specified in the Award Agreement and in accordance with the terms of the Award Agreement or otherwise allowed by the Board (but in no event later than the expiration of the vesting schedule of such Award as set forth in the Award Agreement).

**Retirement, physical or mental disability of an Employee Participant or termination resulting from employer ceasing to be a subsidiary**

An Award Agreement of an Employee Participant may contain terms as to vesting and/or termination of any Award if an Award Holder becomes physically or mentally disabled or retires or ceases to be an Employee as a result of his employer ceasing to be a subsidiary of the Company.

In the absence of provisions otherwise in the Award Agreement, a number of Awarded Shares (if unvested) calculated by reference to days of service after the date of the Award amongst other things shall vest on the day the Employee Participant retires, suffers the physical or mental disability or ceases to be an Employee as a result of his employer ceasing to be a subsidiary (or such other day as the Board shall decide but in no event later than the expiration of the vesting schedule of such Award set forth in the Award Agreement).

An Employee shall be taken to have retired on his 60<sup>th</sup> birthday unless otherwise agreed.

**Termination for Cause**

If an Award Holder (or in the case of an Award Holder which is a related trust or company of an Eligible Participant, the relevant Eligible Participant) ceases to be an Eligible Participant for Cause the Award shall immediately lapse.

A determination of the Board to the effect that the Award Holder or relevant Eligible Participant has or has not ceased to be an Eligible Participant for Cause shall be conclusive.

**Termination other than for death, retirement, disability or termination resulting from employer ceasing to be a subsidiary or Cause**

If an Award Holder (or in the case of an Award Holder which is a related trust or company of an Eligible Participant, the relevant Eligible Participant) ceases to be an Eligible Participant other than by reason of death, retirement, physical or mental disability or termination resulting from employer ceasing to be a subsidiary or Cause, then, in the case of an Employee Participant only unless otherwise provided for the purpose of this paragraph in the Award Agreement, at any time prior to a Vesting Date, the Award shall immediately lapse and all the Awarded Shares underlying such Award shall not vest on the relevant Vesting Date. In the case of other Eligible Participants, the Award shall immediately lapse and all the Awarded Shares underlying such Award shall not vest on the relevant Vesting Date.

**General offer**

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 date of the offer is or

becomes or is declared unconditional in all respects shall be deemed the Vesting Date in the case of an Employee Participant, and all other Awards shall lapse on that date and all the Awarded Shares underlying such lapsed Awards shall not vest on the relevant Vesting Date.

#### **Compromise or arrangement**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with or its takeover by any other company prior to a Vesting Date, the Company shall give notice to the Award Holders on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and upon such compromise or arrangement being sanctioned by the court and becoming effective. All Awards that have not been vested shall immediately vest on such effective date and such date shall be deemed the Vesting Date in the case of an Employee Participant, and all other Awards shall lapse on that date and all the Awarded Shares underlying such lapsed Awards shall not vest on the relevant Vesting Date.

#### **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 prior to a Vesting Date, the Company shall on the same date as or soon after it despatches such notice give notice thereof to all Award Holders (together with a notice of the existence of the provisions of this Clause) and in the case of an Employee Participant, unless and to the extent the Board may otherwise determine either generally or on a case-by-case basis the Awards shall immediately lapse. All other Awards shall lapse on that date and all the Awarded Shares underlying such Awards shall not vest on the relevant Vesting Date.

#### **Lapse/Cancellation of Award**

Subject to the discretion of the Board to amend the Vesting Date as referred to herein and without prejudice to the authority of the Board to provide for additional situations where an Award shall lapse in whole or in part in any Award Agreement, an Award shall lapse automatically (to the extent not already vested) on the date on which the Board by reason of a breach of restrictions on transfer or the occurrence of a Clawback Event specified in the Award Agreement, or the failure to meet a Performance Target to which the Award is subject, determines that the Award is cancelled (in whole or in part) and the Awarded Shares underlying such Award, or the relevant part thereof, shall not vest on the relevant Vesting Date but shall become returned shares for the purposes of the Scheme, unless the Board determines otherwise. Where the Company cancels Awards granted to an Eligible Participant, and makes a new grant to the same Eligible Participant, such new grant may only be made if the Scheme has sufficient available Scheme Mandate Limit approved by shareholders. The Awards cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).

#### **Limits on number of Shares available under the Scheme**

##### ***Mandate Limit***

Prior to the approval of a Refreshed Mandate Limit, the total number of Shares which may be issued upon exercise of all Awards and other Incentive Grants granted or which may be granted under the Scheme and any other Share Incentive Schemes must not in aggregate exceed 10% of the aggregate number of Shares in issue as at the Adoption Date which is expected to be 436,907,530 Shares (the “**Initial Mandate Limit**”). Awards and other Incentive Grants lapsed in accordance with the terms of the Scheme or any other Share Incentive Schemes will not be counted for the purpose of calculating the 10% limit.

***Service Provider Sublimit***

The total number of Shares that may be issued in respect of all Awards and other Incentive Grants granted or which may be granted to Service Providers under the Scheme and any other Share Incentive Schemes (“**Service Provider Sublimit**”) shall be subject to a sublimit which is expected to be 43,690,753 Shares, being 10% of the number of Shares in the Mandate Limit.

***Refreshment***

The Company may seek approval of Shareholders to a refreshed Mandate Limit and, where appropriate, the Service Provider Sublimit (the “**Refreshed Mandate Limit**”), provided that:

- (i) the total number of Shares which may be allotted and issued upon exercise of all Awards and other Incentive Grants granted or which may be granted under the Scheme and any other Share Incentive Scheme must not exceed 10% of the Shares in issue as at the date of approval of the Refreshed Mandate Limit, and for the purpose of calculating the refreshed Mandate Limit (and the Service Provider Sublimit), Awards and other Incentive Grants lapsed in accordance with the terms of the Scheme and any other Share Incentive Scheme will not be regarded as utilised; and
- (ii) no proposal for a Refreshed Mandate Limit shall be made except in compliance with Rule 17.03C of the Listing Rules within three years from the date of Shareholders’ approval of the then-latest refreshment (or, as the case may be, Adoption Date).

***Grant to specifically-identified Eligible Participants***

The Company may seek separate approval by its Shareholders in general meeting for granting Awards beyond the Mandate Limit provided the Awards in excess of the limit are granted only to Eligible Participants specifically identified by the Company.

***Limit for each Eligible Participant***

The total number of Shares issued and to be issued upon exercise of Awards and other Incentive Grants (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 Awards to an Eligible Participant which would result in the Shares issued and to be issued in respect of all Awards and other Incentive Grants granted to such person under the Scheme and any other Share Incentive Scheme (excluding any Awards and other Incentive Grants lapsed in accordance with the terms of the relevant Share Incentive Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue must be separately approved by Shareholders in the manner set out in Rule 17.03D of the Listing Rules. The number and terms of Awards to be granted must be fixed before Shareholders’ approval.

***Grant to Directors (other than INEDs) or chief executive***

Unless specifically approved by the Shareholders in general meeting, no Award may be granted to any Directors (other than INEDs) or chief executive of the Company, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all Awards already granted (excluding Awards that have lapsed) to such person under the Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of Shares in issue.

The approval at such general meeting shall be voted on by the Shareholders of the Company in the manner set out in Rule 17.04(4) of the Listing Rules.

***Grant to substantial shareholders and INEDs***

Unless specifically approved by the Shareholders in general meeting, no Award may be granted to any substantial shareholder or INED of the Company, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all Awards and other Incentive Grants already granted or to be granted (excluding Awards and other Incentive Grants that have lapsed) to such person under the Scheme and any Share Incentive Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of Shares in issue.

The approval at such general meeting shall be voted on by the Shareholders of the Company in the manner set out in Rule 17.04(4) of the Listing Rules.

***Adjustment to maximum number***

The maximum number of Shares will be adjusted, in such manner as the Auditor shall certify to be appropriate, in the event of any alteration in the capital structure of the Company whether by way of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital.

**Reorganisation of Capital Structure**

In the event the Company undertakes an open offer or similar offer of new securities in respect of any Shares which are held by the Trustee under the Scheme, the Trustee shall not apply for any new Shares in that offer.

In the event of a rights issue, the Trustee shall sell all the nil-paid rights allotted to it and the net proceeds of sale shall be held as income of the trust fund of the Trust. In the event the Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not exercise any of the subscription rights attached to the bonus warrants and shall sell the bonus warrants issued to it and the net proceeds of sale of such bonus warrants shall be held as income of the Trust.

In the event the Company undertakes a scrip dividend scheme or makes a scrip alternative available in respect of a particular dividend, the Trustee shall elect to receive cash.

In the event the Company undertakes a conversion of Shares into a larger number, any fractional share arising out of such conversion in respect of the Awarded Shares of an Award Holder shall not be transferred to the relevant Award Holder on the relevant Vesting Date.

In the event of any other non-cash and non-scrip distribution made by the Company in respect of Shares held upon the Trust, the Trustee shall dispose of the rights to receive, or the assets received, in such distribution and the net sale proceeds thereof shall be deemed income of the Trust.

**Alteration of the Scheme/Awards**

The Scheme may be altered in any respect by the Board except that the provisions of the Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Award Holders or prospective Award Holders except with the prior sanction of a resolution of the Company in general meeting.

Any alterations to the terms and conditions of the Scheme which are of a material nature or any change to the terms of Awards already granted must be approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be) if the initial grant of the relevant Awards was approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be). The amended terms of the Scheme must 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 Scheme shall be subject to approval by the Shareholders of the Company.

Subject to the Listing Rules and the terms of the Scheme the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an Award Agreement on compassionate or any other grounds.

### **Termination**

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

## **PART C: SUMMARY OF SHARE OPTION SCHEME**

### **Purpose and Life of the Scheme**

The purpose of the Scheme is:

- (a) to attract and retain the best quality personnel for the development of the Company's businesses;
- (b) to provide additional incentives to Eligible Participants; and
- (c) to promote the long term financial success of the Company by aligning the interests of Option Holders to those of Shareholders.

The life of the Scheme will be 10 years from the date it is adopted.

### **Administration**

The Scheme will be subject to the administration of the Board (with full power to delegate and to authorise full or partial sub-delegation). The Board's powers include the authority, in its discretion:

- (a) to select Eligible Participants to whom Options may be offered;
- (b) to determine, the time of the offer of Options and the number of Shares comprised in each Option;
- (c) to determine the terms and conditions of any Option based on such factors as the Board, in its sole discretion, shall determine. Such terms and conditions may include, but are not limited to:
  - (i) the Subscription Price;
  - (ii) the period within which the Shares must be taken up under the Option, which must not be more than 10 years from the Commencement Date;
  - (iii) the minimum period, if any, for which an Option must be held before it can vest which shall not be less than 12 months unless (in the case of Employee Participants) one of the Short Vesting Circumstances applies;
  - (iv) Performance Targets, if any, that must be achieved before the Option can be exercised; and/or
  - (v) a provision that the relevant Option may be cancelled in whole or in part, or the Vesting Date therefor extended, on the occurrence of a specified Clawback Event.

**Performance Targets**

Subject to the other terms and conditions of the Scheme:

- (i) in respect of any Employee Participant who is a director of the Company or a Senior Manager, the Remuneration Committee may; or
- (ii) in respect of any other Eligible Participant (including an Employee Participant who is not a director of the Company or a Senior Manager), the Board may

establish Performance Targets subject to which the Options to be granted to the relevant Eligible Participant may be exercised either in whole or in part as described on page 11 of this circular.

The Board may after the grant of any Option which is subject to Performance Targets make adjustments to those Performance Targets during an Option Period which the Board considers fair and reasonable if there is a change in circumstances, provided that any such adjustments shall be less onerous than the original Performance Targets.

**Eligible Participants**

The persons to whom Offers may be made are:

- (a) any Employee Participant;
- (b) any Related Entity Participant; and
- (c) any Service Provider who provides advisory services, consultancy services and/or other professional services to the Group on areas relating to the Group's principal business activities in operation in casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials in Hong Kong, Macau and Mainland China and investment holding, or other areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group, for example, offering specific industry advice on the Group's business and financial or commercial strategy.

For each category of Service Providers, the factors to be taken into account by the Board may include but are not limited to:

- (a) the individual performance of the relevant Service Provider,
- (b) the length of business relationship with the Group,
- (c) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties),
- (d) track record in the quality of services provided to and/or cooperation with the Group and the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers.

In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

The making of an Offer to any director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be subject to approval by the INEDs of the Company (excluding any INED who or whose associate is the proposed grantee).

Further details about Service Providers and Related Entity Participants and reasons for their including them are set out on pages 9 to 11 of this circular.

### **Grant of Options**

No Offer shall be capable of or open for acceptance after the expiry of 10 years from the Adoption Date.

An Offer may only be made on a Business Day and may not be made at any time when dealings by directors of the Company are prohibited under the Takeovers Code or the Listing Rules or any applicable laws.

The Board may grant Options in respect of which the Subscription Price is fixed at different prices for certain periods during the Option Period and may at its discretion impose additional terms and conditions.

An Offer shall have been accepted when the duplicate letter comprising acceptance of the Offer duly signed by the relevant Eligible Participant is received by the Company. HK\$1.00 is payable to the Company on acceptance of an Offer.

### **Offers made to a director, chief executive or substantial shareholder of the Company or any of their respective associates**

Any Offer proposed to be made to a director, chief executive or substantial shareholder of the Company or any of their respective associates, must comply with the requirements of Rule 17.04 of the Listing Rules which is to the effect that:

any grant to a Director, chief executive or substantial shareholder or any of their respective associates, must be approved by the INEDs (excluding any INED who is the grantee); and

where any grant of Options to an INED or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant must be approved by Shareholders in general meeting and the grantee, his/her associates and all core connected persons, as defined in the Listing Rules, of the Company must abstain from voting in favour at such general meeting.

### **Subscription Price**

The Subscription Price of an Option shall be such price (or prices) as the Board may determine at the time of grant of the relevant Option but shall not be less than the higher of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Commencement Date; and (b) 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 Commencement Date.

### **Transferability of Options**

An Option shall be personal to the Option Holder and shall not be assignable or transferable except that where:

- (i) the Board gives consent in writing and

(ii) the Stock Exchange gives any express waiver,

the Option held by a grantee may at the request of the grantee be transferred to a related trust or company.

#### **Rights attaching to Options and allotted Shares**

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank pari passu with the fully paid Shares (including on a liquidation) in issue on the day they are allotted including as to voting, dividend transfer and other rights.

No such rights attach to any Options.

#### **CESSATION OF SERVICE OR EMPLOYMENT AND OTHER EVENTS**

##### **Death**

If an Option Holder that is an Eligible Participant other than an Employee Participant (or in the case of an Option Holder which is a related trust or company of such an Eligible Participant, the relevant Eligible Participant) dies and is not vested as to his entire Option, then the Options in the unvested portion shall immediately lapse.

If an Option Holder that is an Employee Participant (or in the case of an Option Holder which is a related trust or company of an Employee Participant, the relevant Employee Participant) 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 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 as mentioned below, either generally or on a case-by-case basis) following the relevant Employee Participant's death. The Option may be exercised within that period by the Personal Representatives of the Employee Participant or (in the case of an Option Holder which is a related trust or company of an Employee Participant, the relevant Employee Participant) the Option Holder.

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

##### **Retirement, physical or mental disability of an Employee Participant or termination resulting from employer ceasing to be a subsidiary**

In the case of an Eligible Participant other than an Employee Participant, if the Option Holder becomes physically or mentally disabled or retires or ceases to be an Employee as a result of his employer ceasing to be a subsidiary of the Company and is not vested as to his entire Option, then the Options in the unvested portion shall immediately lapse.

In the case of an Employee Participant, an Option Agreement may contain terms as to exercise and/or termination of any Option if the Option Holder becomes physically or mentally disabled or, retires or ceases to be an Employee as a result of his employer ceasing to be a subsidiary of the Company.

In the absence of provisions otherwise in the Option Agreement, the Option (if vested) shall remain exercisable for 2 months (or such longer period as the Board shall decide) following an Employee Participant's retirement, physical or mental disability or ceasing to be an Employee as a result of his employer ceasing to be a subsidiary and may be exercised within that period by the Personal Representatives of the Option Holder or where applicable a related trust or company of that Option Holder. If the Option is

not then fully vested, the Option Holder shall be entitled nevertheless to exercise within 2 months (or such longer period as the Board shall decide) following the relevant event any unvested portion of the Option calculated by reference to days of service after the date of the Option amongst other things.

If the Option or the relevant part thereof is not so exercised within the time specified above, the Option shall lapse.

An Employee shall be taken to have retired on his 60<sup>th</sup> birthday unless otherwise agreed.

#### **Termination for Cause**

If an Option Holder (or in the case of an Option Holder which is a related trust or company of an Eligible Participant, the relevant Eligible Participant) ceases to be an Eligible Participant for Cause the Option shall immediately lapse.

A determination of the Board to the effect that the Option Holder or relevant Eligible Participant has or has not ceased to be an Eligible Participant for Cause shall be conclusive.

#### **Termination other than for death, retirement, disability or termination resulting from employer ceasing to be a subsidiary or Cause**

If an Option Holder (or in the case of an Option Holder which is a related trust or company of an Eligible Participant, the relevant Eligible Participant) ceases to be an Eligible Participant other than by reason of death, retirement, physical or mental disability or termination resulting from employer ceasing to be a subsidiary or Cause, then, unless otherwise provided for the purpose 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 relevant Option Holder being an Employee Participant is not vested as to his entire Option, then, unless otherwise provided in the Option Agreement or allowed by the Board, the unvested portion of the Option shall lapse. If, on the date of termination, the relevant Option Holder is not an Employee Participant and is not vested as to his entire Option, then the Options 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.

#### **General offer**

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, each Option Holder that is an Employee Participant (or his Personal Representatives) but no other Eligible Participant 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.

#### **Compromise or arrangement**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with or its takeover by any other company, the Company shall give notice to the Option Holders on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon each Option Holder that is an Employee Participant (or his Personal Representatives) but no other Eligible Participant 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. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Scheme.

### **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 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 and thereupon, each Option Holder that is an Employee Participant (or his or her Personal Representatives) but no other Eligible Participant 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 to the extent the Board may otherwise determine either generally or on a case-by-case basis, 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.

### **Lapse/Cancellation of Option**

Subject to the discretion of the Board to extend the Option Period an Option shall lapse automatically (to the extent not already exercised and subject as mentioned in (c) below) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in Cessation Of Service Or Employment And Other Events above; and
- (c) the date on which the Board by reason of a breach of restrictions on transfer or the occurrence of a Clawback Event specified in the Option Agreement, or the failure to meet a Performance Target to which the Option is subject, determines that the Option is cancelled (in whole or in part).

Options granted but not exercised or lapsed in accordance with the terms of the Scheme may be cancelled by the Company with the approval of the Option Holder. Where the Company cancels Options granted to an Eligible Participant, and makes a new grant to the same Eligible Participant, such new grant may only be made if the Scheme has sufficient available Scheme Mandate Limit approved by shareholders. The Options cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).

### **Limits on number of Shares available under the Scheme**

#### ***Mandate Limit***

Prior to the approval of a Refreshed Mandate Limit, the total number of Shares which may be issued upon exercise of all Options and other Incentive Grants granted or which may be granted under the Scheme and any other Share Incentive Schemes must not in aggregate exceed 10% of the aggregate number of Shares in issue as at the Adoption Date which is expected to be 436,907,530 Shares (the “**Initial Mandate Limit**”). Options and other Incentive Grants lapsed in accordance with the terms of the Scheme or any other Share Incentive Schemes will not be counted for the purpose of calculating the 10% limit.

#### ***Service Provider Sublimit***

The total number of Shares that may be issued in respect of all Options and other Incentive Grants granted or which may be granted to Service Providers under the Scheme and any other Share Incentive Schemes (“**Service Provider Sublimit**”) shall be subject to a sublimit which is expected to be 43,690,753 Shares, being 10% of the number of Shares in the Mandate Limit.

***Refreshment***

The Company may seek approval of Shareholders to a refreshed Mandate Limit and, where appropriate, the Service Provider Sublimit (the “**Refreshed Mandate Limit**”), provided that:

- (i) the total number of Shares which may be allotted and issued upon exercise of all Options and other Incentive Grants granted or which may be granted under the Scheme and any other Share Incentive Scheme must not exceed 10% of the Shares in issue as at the date of approval of the Refreshed Mandate Limit, and for the purpose of calculating the refreshed Mandate Limit (and the Service Provider Sublimit), Options and other Incentive Grants lapsed in accordance with the terms of the Scheme and any other Share Incentive Scheme will not be regarded as utilised;
- (ii) no proposal for a Refreshed Mandate Limit shall be made except in compliance with Rule 17.03C of the Listing Rules within three years from the date of Shareholders’ approval of the then-latest refreshment (or, as the case may be, Adoption Date).

***Grant to specifically-identified Eligible Participants***

The Company may 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 Eligible Participants specifically identified by the Company.

***Limit for each Eligible Participant***

The total number of Shares issued and to be issued upon exercise of Options and other Incentive Grants (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 an Eligible Participant which would result in the Shares issued and to be issued in respect of all Options and other Incentive Grants granted to such person under the Scheme and any other Share Incentive Scheme (excluding any Options and other Incentive Grants lapsed in accordance with the terms of the relevant Share Incentive Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue must be separately approved by Shareholders in the manner set out in Rule 17.03D of the Listing Rules. The number and terms of Options to be granted must be fixed before Shareholders’ approval.

***Grant to substantial shareholders and INEDs***

Unless specifically approved by the Shareholders in general meeting, no Option may be granted to any substantial shareholder or INED 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 and other Incentive Grants already granted or to be granted (excluding Options and other Incentive Grants that have lapsed) to such person under the Scheme and any Share Incentive Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of Shares in issue.

The approval at such general meeting shall be voted on by the Shareholders of the Company in the manner set out in Rule 17.04(4) of the Listing Rules.

***Adjustment to maximum number***

The maximum number of Shares will be adjusted, in such manner as the Auditor shall certify to be appropriate, in the event of any alteration in the capital structure of the Company whether by way of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital.

**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 issue, open offer, rights issue, sub-division or consolidation 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; and/or (b) the Subscription Price; and/or (c) the maximum number of Shares subject to the Scheme, as the Auditor shall certify in writing to the Board to be in its opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required). Any such 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 will be consistent with any guidance issued by the Stock Exchange.

**Alteration of the Scheme/Options**

The Scheme may be altered in any respect by the Board except that the provisions of the Scheme relating to the matters set out 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.

Any alterations to the terms and conditions of the Scheme which are of a material nature or any change to the terms of Options already granted must be approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be) if the initial grant of the relevant Options was approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be). The amended terms of the Scheme must 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 Scheme shall be subject to approval by the Shareholders of the Company.

Subject to the Listing Rules and the terms of the 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.

**Termination**

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Scheme and in such event no further Options will be offered after the Scheme is terminated but in all other respects the provisions of the 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 2023 ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 2023 annual general meeting of shareholders of Galaxy Entertainment Group Limited (the “**Company**”) will be held at Island Ballroom, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Monday, 22 May 2023 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 2022;
2. To re-elect Mr. Joseph Chee Ying Keung as a Director;
3. To re-elect Dr. William Yip Shue Lam as a Director;
4. To re-elect Professor Patrick Wong Lung Tak as a Director;
5. To fix the Directors’ remuneration;
6. To re-appoint the Auditor and authorise the Directors to fix the Auditor’s remuneration;
7. As special business, to consider and, if thought fit, pass the following Resolutions as Ordinary Resolutions:

7.1 “**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.”

7.2 **“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 13 May 2021 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).”

7.3 “**THAT** conditional upon the passing of the Resolutions numbered 7.1 and 7.2 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 7.2 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 7.1, 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).”

8. “**THAT**:

- (a) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, all shares which may fall to be allotted and issued in connection with the share award scheme, the terms of which are set out in the document marked “A” produced to the meeting and for the purpose of identification signed by the Chairman (the “**New Share Award Scheme**”), the New Share Award Scheme be and is hereby approved and adopted; and the Directors be and are hereby authorised to select and appoint a trustee thereof and to grant awards thereunder and to allot and issue shares pursuant to the New

Share Award Scheme and take all such steps as may be necessary or they may consider desirable to implement or in connection with the New Share Award Scheme;

- (b) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, all shares which may fall to be allotted and issued in connection with the share option scheme, the terms of which are set out in the document marked “B” produced to the meeting and for the purpose of identification signed by the Chairman (the “**New Share Option Scheme**”), the New Share Option Scheme be and is hereby approved and adopted; and the Directors be and are hereby authorised to grant options thereunder and to allot and issue shares pursuant to the New Share Option Scheme and take all such steps as may be necessary or they may consider desirable to implement or in connection with the New Share Option Scheme; and
  - (c) the total number of shares which may be awarded by the Company or made the subject of options for the purpose of the New Share Award Scheme and the New Share Option Scheme (including those which may be awarded to Service Providers shall not exceed 10% in aggregate of the total number of issued shares as at the date of the passing of this resolution.”
9. “**THAT** conditional upon the passing of the Resolution numbered 8 in the notice of this meeting, the total number of shares which may be awarded to all Service Providers pursuant to the New Share Award Scheme and the New Share Option Scheme (all as defined in such Resolution) shall not exceed 1% in aggregate of the total number of issued shares as at the date of the passing of this resolution and the approvals above shall be limited accordingly.”
10. “**THAT**:
- (a) conditional upon, and with effect from the Adoption Date (defined therein) of, the New Share Award Scheme (as defined in the Resolution numbered 8 in the notice of this meeting), the grant of awards under the 2021 Share Award Scheme adopted by the Company on 13 May 2021 shall be suspended (but it shall otherwise remain in full force and effect), without prejudice to any accrued rights and obligations thereunder; and
  - (b) conditional upon, and with effect from the Adoption Date (defined therein) of, the New Share Option Scheme (as defined in the Resolution numbered 8 in the notice of this meeting), the 2021 Share Option Scheme adopted by the Company on 13 May 2021 is hereby terminated without prejudice to any accrued rights and obligations thereunder.”

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

Hong Kong, 20 April 2023

*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/her at the 2023 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 20 April 2023 (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 Saturday, 20 May 2023 or not less than 48 hours before the time appointed for holding any adjourned meeting (as the case may be). 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 Tuesday, 16 May 2023 to Monday, 22 May 2023, 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 2023 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 Monday, 15 May 2023.
4. Concerning agenda items 2, 3, and 4 above, Mr. Joseph Chee Ying Keung, Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak 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 7.1 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 7.2 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 8 above, a summary of principal terms of the New Share Award Scheme and a 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 12:00 noon on the date of the 2023 Annual General Meeting, the meeting will be postponed or adjourned. The Company will post an announcement on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.galaxyentertainment.com](http://www.galaxyentertainment.com)) to notify shareholders of the date, time and venue of the rescheduled meeting.
9. 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.