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## **GALAXY ENTERTAINMENT GROUP LIMITED**

**銀河娛樂集團有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 27)**

### **ADOPTION OF SHARE AWARD SCHEME**

The Board is pleased to announce that it has approved the adoption of the Share Award Scheme on 4 August 2014 as part of a long term incentive arrangement to attract and retain the Qualifying Grantees for the benefits of GEG and its subsidiaries. The Board may, from time to time, at their absolute discretion select any Qualifying Grantee for participation in the Share Award Scheme and determine the terms and conditions of the Awards and the number of Shares to be awarded. Pursuant to the Share Award Scheme, existing Shares may be acquired by the Trustee at the cost of GEG and/or new Shares may be allotted and issued to the Trustee under general mandates granted or to be granted by the Shareholders at general meetings from time to time. Such Shares will be held in trust for the Award Holders until the vesting criteria and conditions have been satisfied. Vested Shares will be transferred at no cost to the Award Holders or sold by the Trustee with the net proceeds to be remitted to the Award Holders.

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

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

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

The Board is pleased to announce that it has approved the adoption of the Share Award Scheme on 4 August 2014. The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. A summary of the principal terms of the Share Award Scheme is set out below.

## **Purpose**

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

## **Administration**

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

## **Duration**

Subject to early termination by the Board, the Share Award Scheme will be valid and effective for a period commencing from the adoption of the Share Award Scheme until the expiry of the Share Option Scheme, being 21 June 2021.

## **Maximum Limit**

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

In addition to the above and prior to the approval of a refreshment of the mandate limit under the Share Award Scheme, the aggregate of (a) the total number of Awarded Shares underlying the Awards to be granted under the Share Award Scheme; and (b) the total number of Shares which may be issued upon exercise of all options granted and to be granted under any share option scheme(s) of GEG (including the Share Option Scheme) after the adoption of the Share Option Scheme must not in aggregate exceed the mandate limit under the Share Option Scheme, being 413,678,806 Shares. Awards lapsed in accordance with the terms of the Share Award Scheme will not be counted for the purpose of calculating such initial mandate limit.

If GEG refreshes the mandate limit under the Share Option Scheme, the aggregate of (a) the total number of Awarded Shares underlying the Awards to be granted under the Share Award Scheme following such refreshment; and (b) the total number of Shares which may be issued upon exercise of all options to be granted under any share option scheme(s) of GEG (including the Share Option Scheme) under the limit as refreshed must not exceed the limit as refreshed under the Share Option Scheme. Awarded Shares underlying the Awards granted previously under the Share Award Scheme (including those have not been vested and those cancelled and lapsed in accordance with the Share Award Scheme or the Share Award Agreement) prior to the refreshment of the mandate limit under the Share Option Scheme will not be counted for the purpose of calculating the limit as refreshed.

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

## **Operation of the Share Award Scheme**

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

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

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

### **Restrictions**

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

### **Issue of new Awarded Shares**

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

### **Awards to connected persons**

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

## **Rights of Award Holders before Vesting**

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

## **Vesting of Awards**

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

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

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

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

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

## **Lapse of Awards**

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

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

- (v) the Award Holder fails to return duly executed transfer documents required by the Trustee for the relevant Awarded Shares within the stipulated period.

## **Termination**

The Share Award Scheme shall terminate on the earlier of (i) the expiry of the Share Award Scheme, or (ii) such date of early termination as determined by the Board.

Upon termination, all Awarded Shares shall become vested on the Award Holders on such date of termination save in respect of the events that the Awards are automatically lapsed.

## **Definitions**

"affiliate"	means any company which is (a) a holding company of GEG; or (b) a subsidiary of a holding company of GEG; or (c) a subsidiary of GEG; or (d) a controlling shareholder of GEG; or (e) a company controlled by a controlling shareholder of GEG; or (f) a company controlled by GEG; or (g) an associated company of a holding company of GEG; or (h) an associated company of GEG;
"associate"	has the meaning ascribed to the expression under the Listing Rules;
"Award"	an award of Shares by the Board or by the Trustee to a Qualifying Grantee pursuant to the Share Award Scheme;
"Award Holder"	means any Qualifying Grantee who accepts an offer of the grant of an Award in accordance with the terms of the Share Award Scheme or (where the context so permits) the legal personal representatives of such Qualifying Grantee;
"Awarded Shares"	in respect of an Award Holder, such number of Shares determined by the Board and purchased by the Trustee out of cash paid by GEG to the Trustee and/or allotted and issued by GEG to the Trustee, or such number of Returned Shares awarded by the Trustee pursuant to the Share Award Scheme Rules;
"Board"	means the board of directors of GEG and for the purpose of the Share Award Scheme, the Board shall include a duly authorised committee or person(s) of the Board;
"Cause"	in relation to a Qualifying Grantee means his being guilty of serious misconduct, or having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with his creditors generally, or having been convicted of any criminal offence involving his integrity or honesty;
"Companies Ordinance"	means the Companies Ordinance, Chapter 622 of the Laws of Hong Kong;

"Eligible Employee"	means any person who has contracted to be employed (on a full-time or part-time basis) by GEG or any affiliate pending commencement of employment and shall include any person who will be a senior executive or director (whether executive or non-executive) of GEG or any affiliate;
"Employee"	means any person employed (on a full-time or part-time basis) by GEG or any affiliate and any person who is a senior executive or director (whether executive or non-executive) of GEG or any affiliate. An Award Holder shall not cease to be an Employee in the case of (a) any leave of absence approved by GEG or the relevant affiliate; or (b) transfers between GEG and any affiliates or any successor;
"GEG"	means Galaxy Entertainment Group Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
"holding company"	has the same meaning as in section 13 of the Companies Ordinance;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
"Qualifying Grantee"	means (i) any Employee or any Eligible Employee; or any consultant, agent, representative or adviser of GEG or any affiliate; or (ii) any person who provides goods or services to GEG or any affiliate; or (iii) any customer or contractor of GEG or any affiliate; or (iv) any business ally or joint venture partners of GEG or any affiliate; or (v) any trustee of any trust established for the benefit of Employees;
"Returned Shares"	such Awarded Shares which are unvested and/or forfeited in accordance with the terms of the Share Award Scheme (whether as a result of a lapse of Awards or otherwise), or any fractional share arising out of consolidation of Shares or otherwise, or such Shares being deemed to be Returned Shares;
"Shares"	means shares with no nominal value of GEG;
"Share Award Agreement"	means the offer and acceptance letter between GEG and the Award Holder evidencing the terms and conditions of an individual Award as referred to in the Share Award Scheme Rules. Each Share Award Agreement is subject to the terms and conditions of the Share Award Scheme;
"Share Award Scheme"	means the Share Award Scheme 2014 adopted by the Board on 4 August 2014, as amended from time to time;

"Share Award Scheme Rules"	the rules relating to the Share Award Scheme, as amended from time to time;
"Share Option Scheme"	the Share Option Scheme adopted by GEG on 22 June 2011 (as amended from time to time);
"Shareholders"	holders of the Shares of GEG;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"subsidiary"	has the same meaning as in section 15 of the Companies Ordinance;
"Trustee"	the trustee to be appointed by GEG for the purpose of the Share Award Scheme, an independent third party not connected with any of the director, chief executives or substantial shareholders of GEG or any of its subsidiaries or their respective associates; and
"Vesting Date"	the date or each such date on which the Awarded Shares are to vest.

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

Hong Kong, 4 August 2014

*As at the date of this announcement, the executive Directors of GEG are Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Joseph Chee Ying Keung and Ms. Paddy Tang Lui Wai Yu; the non-executive Director of GEG is Mr. Anthony Thomas Christopher Carter; and the independent non-executive Directors of GEG are Mr. James Ross Ancell, Dr. William Yip Shue Lam and Professor Patrick Wong Lung Tak.*

Website: [www.galaxyentertainment.com](http://www.galaxyentertainment.com)