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This announcement is for informational purposes only and is not an offer to sell or the solicitation of an offer to buy securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. Neither this announcement nor any copy hereof may be taken into or distributed in the United States. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration. No public offer of securities is to be made by the Company in the United States.



Wynn Macau, Limited
永利澳門有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1128 and Debt Stock Codes: 5279, 5280, 40102, 40259, 40357)

**US\$750,000,000 5.625% SENIOR NOTES DUE 2028
(TO BE CONSOLIDATED AND FORM A SINGLE SERIES WITH
THE US\$600,000,000 5.625% SENIOR NOTES DUE 2028
ISSUED ON 26 AUGUST 2020)
(DEBT STOCK CODE: 40357)**

PUBLICATION OF OFFERING MEMORANDUM

Reference is made to the announcements of Wynn Macau, Limited (the “**Company**”) dated 14 December 2020, 16 December 2020 and 22 December 2020 in respect of the offering and issuance of the Additional Notes (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

* For identification purposes only.

This announcement is issued pursuant to Rule 37.39A of the Listing Rules. Please refer to the offering memorandum dated 15 December 2020 (the “**Offering Memorandum**”) appended herein in relation to the issuance of the Additional Notes. The Offering Memorandum is published in English only. No Chinese version of the Offering Memorandum has been published.

Notice to Hong Kong investors: the Company confirms that the Additional Notes are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange on that basis. Accordingly, the Company confirms that the Additional Notes are not appropriate as an investment for retail investors in Hong Kong or elsewhere. Investors should carefully consider the risks involved.

The Offering Memorandum does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Memorandum must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Memorandum.

By Order of the Board
Wynn Macau, Limited
Dr. Allan Zeman
Chairman

Hong Kong, 23 December 2020

As at the date of this announcement, the Board comprises Matthew O. Maddox and Ian Michael Coughlan (as Executive Directors); Linda Chen (as Executive Director and Vice Chairman); Craig S. Billings (as Non-Executive Director); Allan Zeman (as Independent Non-Executive Director and Chairman); and Jeffrey Kin-fung Lam, Bruce Rockowitz, Nicholas Sallnow-Smith and Leah Dawn Xiaowei Ye (as Independent Non-Executive Directors).

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached offering memorandum. In accessing the attached offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers (“QIBs”) (within the meaning of Rule 144A under the United States Securities Act of 1933, as amended (the “Securities Act”), or (2) non-U.S. persons outside the United States (as defined under Regulation S under the Securities Act); provided that any investor resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC and any relevant implementing measure in each Member State of the European Economic Area). By accepting this e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons outside the United States and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States (and if you are resident in a Member State of the European Economic Area, you are a qualified investor) and (2) you consent to delivery of such offering memorandum by electronic transmission. This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Initial Purchasers nor any person who controls any Initial Purchaser nor Wynn Macau, Limited nor any director, officer, employer, employee or agent of theirs or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

The attached offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not nor are you authorized to deliver this offering memorandum to any other person. You will not transmit the attached offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers.

Restrictions: Nothing on this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Company in such jurisdiction. Recipients of this offering memorandum who intend to subscribe for or purchase securities are reminded that any subscription or purchase may only be made on the basis of the information contained in this offering memorandum.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

PRIIPs Regulation / Prohibition of Sales to EEA and UK Retail Investors: The Additional Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Additional Notes or otherwise making them available to retail investors in the EEA and the UK has been prepared and therefore offering or selling the Additional Notes or otherwise making them available to any retail investor in the EEA and the UK may be unlawful under the PRIIPs Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act (“SFA”): The securities being offered hereby are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The attached offering memorandum has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Initial Purchasers, any person who controls any Initial Purchaser, the Company, nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING MEMORANDUM



(Incorporated in the Cayman Islands with limited liability)
(HKSE Stock Code 股份代號: 1128)

US\$750,000,000 5.625% Senior Notes due 2028

(to be consolidated and form a single series with the US\$600,000,000 5.625% Senior Notes due 2028)

Issue Price: 103.000% plus accrued interest from August 26, 2020, to but not including the issue date of the Additional Notes

Wynn Macau, Limited (the "Company") is offering US\$750,000,000 5.625% Senior Notes due 2028 (the "Additional Notes"). The Additional Notes offered hereby will be issued under the indenture, dated August 26, 2020 (the "Indenture"), pursuant to which the Company issued US\$600,000,000 aggregate principal amount of 5.625% Senior Notes due 2028 (the "Original Notes" and together with the Additional Notes, the "Notes"). The Additional Notes will constitute additional notes under the Indenture, will be issued on the same terms and conditions (other than the issue date and the issue price) and will be consolidated with, and form the same series as, the Original Notes; provided that the Additional Notes sold pursuant to Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act") will be fungible with the Original Notes currently held through the Regulation S Notes (as defined herein) after the 40th day following the date of delivery of such Additional Notes. The Additional Notes sold pursuant to Rule 144A under the Securities Act will be fungible with the Original Notes held in the Rule 144A Notes (as defined herein) from the settlement date of the Additional Notes. The Additional Notes will share CUSIP numbers and ISIN numbers with the Original Notes; provided, however, that the Additional Notes sold pursuant to Regulation S under the Securities Act will have temporary CUSIP and ISIN numbers during the 40 days following the delivery of such Additional Notes. The Company will pay interest on the Notes semi-annually in arrears on February 26 and August 26 of each year, beginning on February 26, 2021. The Notes will mature on August 26, 2028.

At its option, the Company may redeem the Notes, in whole or in part, at any time prior to August 26, 2023, at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed and (b) a "make-whole" amount described elsewhere in this offering memorandum, plus in either case accrued and unpaid interest to, but not including, the redemption date. Prior to August 26, 2023, we may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings. On or after August 26, 2023, the Company may redeem the Notes, in whole or in part, at a premium declining ratably to zero, plus accrued and unpaid interest to, but not including, the redemption date. In addition, the Company may redeem the Notes in whole, but not in part, at any time at a price equal to their principal amount plus accrued interest, in the event of certain changes in withholding tax laws. The Company may also redeem Notes if any gaming authority requires holders of Notes to be licensed, qualified or found suitable under applicable law and such holder is not so licensed or qualified or is found unsuitable. In the event of a change of control triggering event or a special put option triggering event (which relates to certain events regarding our gaming license), the Company will be required to offer to repurchase the Notes at 101% and 100%, respectively, of the principal amount, plus accrued and unpaid interest to but not including the repurchase date.

The Notes will be general unsecured obligations of the Company and will rank equally in right of payment with all of its existing and future senior unsecured indebtedness and will rank senior in right of payment to all of the Company's existing and future subordinated indebtedness and any related guarantees thereon, if any. The Notes will be effectively subordinated in right of payment to all of the Company's existing and future secured indebtedness (to the extent of the value of the collateral securing such indebtedness), and will be structurally subordinated to all of the liabilities of the Company's subsidiaries. None of the Company's subsidiaries will guarantee the Notes.

Application will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Additional Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "Professional Investors") only. A confirmation of eligibility for listing of the Additional Notes has been received from the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only.

Notice to Hong Kong Investors: the Company confirms that the Additional Notes are intended for purchase by the Professional Investors only and are expected to be listed on the Stock Exchange on that basis. Accordingly, the Company confirms that the Additional Notes are not appropriate as an investment for retail investors in Hong Kong or elsewhere. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Company or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

See "Risk Factors" beginning on page 30 for a discussion of certain risks that you should consider in connection with an investment in the Additional Notes.

The Additional Notes have not been registered under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, and are being offered and sold only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers as defined under Rule 144A are hereby notified that sellers of the Additional Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Additional Notes are not transferable except in accordance with the restrictions described under "Transfer Restrictions."

The initial purchasers of the Additional Notes expect to deliver the Additional Notes to purchasers on or about December 22, 2020, solely in book-entry form through the facilities of Cede & Co. as nominee of The Depository Trust Company.

Sole Global Coordinator and Left Lead Bookrunner

Deutsche Bank

Joint Bookrunners

Goldman Sachs
& Co. LLC

Banco Nacional
Ultramarino, S.A.

Bank of China
Macau Branch

Bank of Communications
Macau

BNP PARIBAS

BOC International

BofA Securities

DBS Bank Ltd.

ICBC (Macau)

J.P. Morgan

Scotiabank

SMBC Nikko

United Overseas
Bank

The date of this offering memorandum is December 15, 2020.

* For identification purpose only

TABLE OF CONTENTS

	<u>Page</u>
Summary	1
Recent Developments	3
The Offering	19
Summary Financial Information	24
Risk Factors	30
Use of Proceeds	57
Capitalization and Indebtedness	58
Management's Discussion and Analysis of Financial Condition and Results of Operations	59
Business	86
Regulation	96
Board of Directors and Senior Management	99
Principal Shareholders' and Directors' Interest	108
Related Party Transactions	110
Description of Other Material Indebtedness	114
Description of the Notes	118
Taxation	148
Plan of Distribution	153
Transfer Restrictions	159
Legal Matters	163
Independent Accountants	163
Index to Consolidated Financial Statements of Wynn Macau, Limited	F-1

NOTICE TO INVESTORS

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Additional Notes. Such transactions may include stabilizing and the purchase of Additional Notes to cover short positions. These activities may stabilize, maintain or otherwise affect the market price of the Additional Notes. As a result, the price of the Additional Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of such persons and not for or on behalf of the Company. For a description of these activities, see “Plan of Distribution.”

This offering memorandum includes particulars given in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) for the purpose of giving information with regard to the Company. The Company accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Additional Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Additional Notes described in this offering memorandum. Deutsche Bank AG, Singapore Branch, Goldman Sachs & Co. LLC, Banco Nacional Ultramarino, S.A., Bank of China Limited, Macau Branch, Bank of Communications Co., Ltd. Macau Branch, BNP Paribas, BOCI Asia Limited, BofA Securities, Inc., DBS Bank Ltd., Industrial and Commercial Bank of China (Macau) Limited, J.P. Morgan Securities plc, Scotia Capital (USA) Inc., SMBC Nikko Securities America, Inc. and United Overseas Bank Limited, Hong Kong Branch (incorporated in Singapore with limited liability) (collectively, the “Initial Purchasers”) and the Company reserve the right to withdraw this offering at any time before closing, to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of the Additional Notes offered by this offering memorandum. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Additional Notes.

Notwithstanding anything in this offering memorandum to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the United States federal income tax treatment and tax structure of this offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. For this purpose, “tax structure” is limited to facts relevant to the United States federal income tax treatment of this offering.

We have prepared this offering memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing

in the Additional Notes. By purchasing the Additional Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section headed “Transfer Restrictions” herein.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Initial Purchasers or any of their affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. The Initial Purchasers have not independently verified any of such information and assume no responsibility for such information and assume no responsibility for its accuracy or completeness.

Prospective investors in the Additional Notes should rely only on the information contained in this offering memorandum. Neither we nor the Initial Purchasers have authorized the provision of information different from that contained in this offering memorandum, to give any information or to make any representation not contained in or not consistent with this offering memorandum or any other information supplied in connection with the offering of the Additional Notes and, if given or made, such information or representation must not be relied upon as having been authorized by us or any of the Initial Purchasers. The information contained in this offering memorandum is accurate in all material respects only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or of any sale of the Additional Notes. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has not been a change in our affairs and those of each of our respective subsidiaries or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof. The Initial Purchasers expressly do not undertake to review our financial condition or affairs during the life of the Additional Notes or to advise any investor in the Additional Notes of any information coming to their attention.

Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with any investigation of the accuracy of such information or its investment decision and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the Additional Notes (other than as contained herein and information given by our duly authorized officers and employees in connection with investors’ examination of the Company and the terms of the offering of the Additional Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

The Company is not, and the Initial Purchasers are not, making an offer to sell the Additional Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the Additional Notes may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Additional Notes and distribution of this offering memorandum, see the sections headed “Transfer Restrictions” and “Plan of Distribution” below.

This offering memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Additional Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Additional Notes.

PRIIPs Regulation / Prohibition of Sales to EEA and UK Retail Investors: The Additional Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Additional Notes or otherwise making them available to retail investors in the EEA and the UK has been prepared and therefore offering or selling the Additional Notes or otherwise making them available to any retail investor in the EEA and the UK may be unlawful under the PRIIPs Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act (“SFA”): In connection with Section 309B of the Securities and Futures Act and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the Securities and Futures Act), that the Additional Notes are (A) prescribed capital markets products (as defined in the CMP Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

CERTAIN CONVENTIONS AND CURRENCY PRESENTATION

Market data and certain industry forecasts and statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Initial Purchasers or our or their respective directors and advisors, and neither we, the Initial Purchasers nor our or their respective directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

In this offering memorandum, the terms “we,” “us,” “our,” “the Company” and “the Group” refer to Wynn Macau, Limited and its consolidated subsidiaries, unless otherwise indicated or the context otherwise requires. In this offering memorandum, references to “China,” “mainland China” and “PRC” refer to the People’s Republic of China, excluding Hong Kong, Macau and Taiwan; “HK\$” and “Hong Kong dollars” refer to the legal currency of Hong Kong; “Hong Kong” refers to the Hong Kong Special Administrative Region of the PRC; “Macau” refers to the Macau Special Administrative Region of the PRC; “Macau patacas” and “MOP” refer to the legal currency of Macau; “Renminbi” and “RMB” refer to the legal currency of China and “US\$” and “U.S. dollars” refer to the legal currency of the United States.

We record and publish our financial statements in Hong Kong dollars. Unless otherwise stated in this offering memorandum, all translations between Hong Kong dollars and U.S. dollars for figures were made at the rate of HK\$7.7501 to US\$1.00, which was the noon buying rate as certified for customs purposes by the Federal Reserve Bank of New York for cable transfers for Hong Kong dollars on June 30, 2020. The noon buying rate as certified for customs purposes by the Federal Reserve Bank of New York for Hong Kong dollars to US dollars was HK\$7.7505 to US\$1.00 as of December 4, 2020. The Macau pataca is pegged to the Hong Kong dollar at a rate of HK\$1.00 = MOP1.03. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Hong Kong dollar amounts referred to herein have been, could have been or could be converted into U.S. dollars or Macau patacas, or vice versa, or that the Macau pataca amounts referred to herein have been, could have been or could be converted into U.S. dollars or Hong Kong dollars, or vice versa, at any particular rate or at all on such date or any other date.

In this offering memorandum, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Totals of columns or rows in tables may not equal the sum of the individual items, and actual numbers may differ from those contained in this offering memorandum due to rounding.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), which differ in certain respects from generally accepted accounting principles in the United States (“U.S. GAAP”) and in certain other countries. We have made no attempt to describe or quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of us, the terms of the Notes and the financial information we present herein. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS and accounting principles generally accepted in other countries, including the United States, and how those differences might affect the financial information presented herein.

This offering memorandum contains non-IFRS financial measures and ratios that are not required by, or presented in accordance with, IFRS, including Adjusted EBITDA. We present non-IFRS financial measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance, and as a basis for valuation, of gaming companies. The non-IFRS financial measures may not be comparable to other similarly titled measures of other companies, since they are not uniformly defined, and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results reported under IFRS. Non-IFRS financial measures and ratios are not measurements of our performance under IFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles.

CAYMAN ISLANDS DATA PROTECTION

The Company has certain duties under the Data Protection Act, 2017 of the Cayman Islands (the “DPA”) based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Additional Notes and the associated interactions with the Company and its affiliates and/or delegates, or by virtue of providing the Company with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Company and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Company shall act as a data controller in respect of this personal data and its affiliates and/or delegates, may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Additional Notes, the holders of the Additional Notes (the “Noteholders”) shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Additional Notes.

Oversight of the DPA is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPA by the Company could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

Privacy Notice

Introduction

The purpose of this notice is to provide Noteholders with information on the Company's use of their personal data in accordance with the DPA.

In the following discussion, "Company" refers to the Company and its affiliates and/or delegates, except where the context requires otherwise.

Investor Data

By virtue of making an investment in the Company and a Noteholder's associated interactions with the Company (including any subscription (whether past, present or future), including the recording of electronic communications or phone calls where applicable) or by virtue of a Noteholder otherwise providing the Company with personal information on individuals connected with the Noteholder as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the Noteholder will provide the Company with certain personal information which constitutes personal data within the meaning of the DPA ("Investor Data"). The Company may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a Noteholder and/or any individuals connected with a Noteholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the Noteholder's investment activity.

In the Company's use of Investor Data, the Company will be characterized as a "data controller" for the purposes of the DPA. The Company's affiliates and delegates may act as "data processors" for the purposes of the DPA.

Who this Affects

If a Noteholder is a natural person, this will affect such Noteholder directly. If a Noteholder is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Company with Investor Data on individuals connected to such Noteholder for any reason in relation to such Noteholder's investment with the Company, this will be relevant for those individuals and such Noteholder should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How the Company May Use a Noteholder's Personal Data

The Company, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

(i) where this is necessary for the performance of the Company's rights and obligations under any subscription agreements or purchase agreements;

(ii) where this is necessary for compliance with a legal and regulatory obligation to which the Company is subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or

(iii) where this is necessary for the purposes of the Company's legitimate interests and such interests are not overridden by the Noteholder's interests, fundamental rights or freedoms.

Should the Company wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires a Noteholder's consent), the Company will contact the applicable Noteholders.

Why the Company May Transfer a Noteholder's Personal Data

In certain circumstances the Company and/or its authorized affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a Noteholder's interest in the Company with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Company anticipates disclosing Investor Data to others who provide services to the Company and their respective affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area), who will process a Noteholder's personal data on the Company's behalf.

The Data Protection Measures the Company Takes

Any transfer of Investor Data by the Company or its duly authorized affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

The Company and its duly authorized affiliates and/or delegates shall apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

The Company shall notify a Noteholder of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such Noteholder or those data subjects to whom the relevant Investor Data relates.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this offering memorandum. These forward-looking statements include statements relating to our projections, business strategy and development activities, as well as other capital spending, financing sources, the effects of regulation (including gaming and tax regulations), expectations concerning future operations, margins, profitability and competition.

Any statements contained in this offering memorandum that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, in some cases you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “would,” “could,” “believe,” “expect,” “anticipate,” “intend,” “propose,” “plan,” “continue” or the negative of these terms or other comparable terminology. Such forward-looking information involves important risks and uncertainties. These risks and uncertainties include:

- the duration and severity of the COVID-19 Pandemic (as defined in the “Definitions” section of this offering memorandum), the adverse effects of the COVID-19 Pandemic, including government-mandated property closures, travel restrictions or social distancing or quarantine measures, the macroeconomic conditions during and after the COVID-19 Pandemic, including potential higher unemployment rates, declines in income levels and loss of personal wealth resulting from the COVID-19 Pandemic and their impact on consumer behavior related to discretionary spending and traveling;
- extensive regulation of our business and the cost of compliance or failure to comply with applicable laws and regulations;
- our ability to maintain our gaming licenses and concessions;
- our dependence on two resorts in Macau for all of our cash flow and our subsidiaries’ ability to pay us dividends and distributions;
- pending or future legal proceedings, regulatory or enforcement actions or probity investigations;
- our dependence on key employees;
- general global political and economic conditions that may impact levels of travel, leisure and consumer spending, including those resulting from travel restrictions or difficulties, and anti-corruption campaigns;
- restrictions or conditions on visitation (caused by the COVID-19 Pandemic or otherwise) to Macau;
- the impact on the travel and leisure industry from factors such as an outbreak of an infectious disease, such as the COVID-19 Pandemic, public incidents of violence, riots, demonstrations, extreme weather patterns or natural disasters, military conflicts, civil unrest and any future security alerts and/or terrorist attacks in Macau and nearby regions;
- the risks associated with Macau’s gaming regulatory framework;
- our ability to maintain our customer relationships and collect and enforce gaming receivables;
- our relationships with Macau gaming promoters;
- competition in the casino/hotel and resort industries and actions taken by our competitors, including new development and construction activities of competitors;
- factors affecting the development and success of new gaming and resort properties (including limited labor resources, government labor, smoking, gaming and environmental regulations and policies, transportation infrastructure in Macau, cost increases and our ability to secure necessary permits and approvals);
- construction risks (including disputes with and defaults by contractors and subcontractors; construction, equipment or staffing problems; shortages of materials or skilled labor; environment, health and safety issues; and unanticipated cost increases);
- legalization and growth of gaming in other jurisdictions;

- any violations by us or our affiliates of any applicable anti-money laundering laws or anti-corruption laws;
- changes in gaming laws or regulations;
- continued compliance with all provisions in our debt agreements;
- conditions precedent to funding under our credit facilities;
- leverage and debt service (including sensitivity to fluctuations in interest rates);
- cybersecurity risk; including cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees, or employees of third-party vendors;
- data privacy risk, including reputational harm from mishandling private data and penalties for non-compliance with data collection and privacy laws;
- our ability to protect our intellectual property rights;
- our current and future insurance coverage levels;
- our ability to extend or renew our gaming concession beyond its current expiration date in 2022; and
- other factors described under “Risk Factors.”

Furthermore, these forward-looking statements merely reflect our current view with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements due to a number of factors, including factors disclosed under “Risk Factors” and elsewhere in this offering memorandum.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this offering memorandum, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this offering memorandum might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this offering memorandum are qualified by reference to this cautionary statement.

ADDITIONAL INFORMATION

If you have received this offering memorandum, you acknowledge that you have been afforded an opportunity to request from us, to review, and have received, all information considered by you to be necessary to consider whether or not to purchase the Additional Notes offered hereby. In addition, copies of our annual reports and interim reports may be downloaded free of charge from our website (<http://en.wynnmacaulimited.com>), and we will provide to you, without charge, upon your written or oral request, a copy of the Indenture.

Our directors confirm that, except as stated in this offering memorandum, since June 30, 2020 (being the date on which the latest consolidated financial information of the Group was prepared) and up to the date of this offering memorandum, there had been no material adverse change in the financial or trading position of the Group that would materially affect the information shown in our consolidated financial statements included in this offering memorandum.

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Additional Notes, we are required to furnish upon request of a holder of Additional Notes and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if at the time of such request we are neither a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands as an exempted company with limited liability. Some of our directors and officers and the experts named herein reside outside the United States (principally in Hong Kong and Macau). All or a substantial portion of our assets and such persons' assets are located outside the United States (principally in Macau). As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons, or to enforce against us or such persons judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Maples and Calder (Hong Kong) LLP has further advised us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty; and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

DEFINITIONS

In this offering memorandum, unless otherwise indicated or the context otherwise requires, the following terms shall have the meanings set out below.

“2021 Notes”	the US\$600,000,000 aggregate amount of 5.25% senior notes due 2021 issued by the Company on October 16, 2013 and the additional US\$750,000,000 aggregate amount of 5.25% senior notes due 2021 issued by the Company on March 20, 2014, which were consolidated to form one single series of notes. The 2021 Notes were redeemed in full by the Company on October 20, 2017
“2024 Notes”	the US\$600,000,000 aggregate amount of 4.875% senior notes due 2024 issued by the Company on September 20, 2017
“2026 Notes”	the US\$750,000,000 aggregate amount of 5.500% senior notes due 2026 issued by the Company on June 19, 2020 (the “Original 2026 Notes”) and the additional US\$250,000,000 aggregate amount of senior notes issued on August 26, 2020 (the “Additional 2026 Notes”), which were consolidated to form one single series of notes
“2027 Notes”	the US\$750,000,000 aggregate amount of 5.500% senior notes due 2027 issued by the Company on September 20, 2017
“2029 Notes”	the US\$1,000,000,000 aggregate amount of 5.125% senior notes due 2029 issued by the Company on December 17, 2019
“Concession Agreement”	the Concession Contract for the Operation of Games of Chance or Other Games in Casinos in the Macau Special Administrative Region entered into between WRM and the Macau government on June 24, 2002, as revised in 2006
“COVID-19 Pandemic”	an outbreak of a respiratory illness caused by a new strain of coronavirus (the “COVID-19”) that was identified in January 2020. The disease has since spread rapidly across the world, causing the World Health Organization to declare the outbreak a pandemic on March 12, 2020
“DICJ”	the Direção de Inspeção e Coordenação de Jogos (the Gaming Inspection and Coordination Bureau) of the Secretariat for Economy and Finance of the Macau government
“Galaxy”	Galaxy Casino, S.A., one of the six gaming operators in Macau and one of the three concessionaires
“Indenture”	the indenture dated August 26, 2020, pursuant to which the Company issued the Original Notes and will issue the Additional Notes
“Macau Operations”	the integrated Wynn Palace and Wynn Macau and Encore at Wynn Macau
“Notes”	the Original Notes and the Additional Notes

“Original Notes”	the US\$600,000,000 aggregate principal amount of 5.625% senior notes due 2028 issued by the Company on August 26, 2020
“Melco”	Melco Resorts (Macau) Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires
“MGM Macau”	MGM Grand Paradise Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires
“SJM”	Sociedade de Jogos de Macau, S.A., one of the six gaming operators in Macau and one of the three concessionaires
“Venetian Macau”	Venetian Macau, S.A., one of the six gaming operators in Macau and one of the three sub-concessionaires
“WMLF”	WML Finance I Limited, a limited liability company incorporated under the laws of the Cayman Islands and an indirect wholly-owned subsidiary of the Company
“WMLF Revolving Credit Facility”	the HK\$1.55 billion (US\$199.8 million) revolving credit facility extended to WMLF on July 18, 2016, the principal amount of which was subsequently increased to HK\$3.87 billion (US\$499.4 million) on October 25, 2016, which matured in July 2018. There was no outstanding borrowings on the maturity day
“Worldwide Wynn”	Worldwide Wynn, LLC, a company formed under the laws of the State of Nevada, United States and a wholly-owned subsidiary of WRL
“WRL” or “Wynn Resorts”	Wynn Resorts, Limited, a company formed under the laws of the State of Nevada, United States and our controlling shareholder
“WRL Group”	WRL and its subsidiaries (other than us)
“WRM”	Wynn Resorts (Macau) S.A., a company incorporated under the laws of Macau and a subsidiary of the Company; references in this offering memorandum to WRM being a wholly owned subsidiary of the Company should be construed as being subject to a 10% social and voting interest and MOP1.00 economic interest held by Ms. Linda Chen, a Macau resident
“WRM Shareholder Dividend Tax Agreement”	collectively, the agreements, entered into during August 2016, for a term of five years between WRM and the Macau Special Administrative Region, that provide for an annual payment to the Macau Special Administrative Region of MOP12.8 million in years 2016 through 2020 in lieu of Complementary Tax otherwise due by WRM shareholders on dividend distributions to them from gaming profits earned in those years
“Wynn Design & Development”	Wynn Design & Development, LLC, a company formed under the laws of the State of Nevada, United States and a wholly-owned subsidiary of Wynn Resorts, Limited

“Wynn International Marketing, Ltd.” or WIML”	Wynn International Marketing, Ltd., a company incorporated under the laws of the Isle of Man and a wholly-owned subsidiary of WRL
“Wynn Macau”	a casino hotel resort located in Macau, owned and operated directly by WRM, which opened on September 6, 2006, and unless otherwise stated in this offering memorandum, includes Encore at Wynn Macau
“Wynn Macau Credit Facilities”	together, (i) the HK\$17.88 billion (equivalent) fully-funded senior term loan facility (the “Wynn Macau Term Loan”) and (ii) the HK\$5.82 billion (equivalent) senior revolving credit facilities extended to WRM on September 30, 2015 as subsequently amended from time to time and refinanced on December 21, 2018 (the “Wynn Macau Revolver”)
“Wynn Palace”	an integrated resort and casino in the Cotai area of Macau, which is operated by WRM and opened on August 22, 2016
“Wynn Resorts Holdings, LLC”	Wynn Resorts Holdings, LLC, a company formed under the laws of the State of Nevada, United States and a wholly owned subsidiary of WRL

GLOSSARY

This glossary contains definitions of certain technical terms used in this offering memorandum as they relate to us. Some of these definitions may not correspond to standard industry definitions.

“Average Daily Rate” or “ADR”	the amount calculated by dividing total room revenues, including complimentary (less service charges, if any), by total rooms occupied
“chip(s)”	a token; usually in the form of plastic disc(s) or plaque(s) issued by a casino to customers in exchange for cash or credit, which must be used (in lieu of cash) to place bets on gaming tables
“gaming promoters”	individuals or companies licensed by and registered with the DICJ to promote games of fortune and chance or other casino games to customers, through the arrangement of certain services, including transportation, accommodation, dining and entertainment, whose activity is regulated by Macau Administrative Regulation no. 6/2002
“gross gaming revenue” or “gross gaming win”	the total win generated by all casino gaming activities combined, calculated before deduction of commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues)
“In-house VIP Program”	an internal marketing program wherein we directly market our casino resorts to gaming clients, including to high-end or premium players in the greater Asia region. These players are invited to qualify for a variety of gaming rebate programs whereby they earn cash commissions and room, food and beverage and other complimentary allowances based on their turnover level. We often extend credit to these players based upon our knowledge of the players, their financial background and payment history
“occupancy”	occupancy is the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available in the applicable year. Available hotel rooms exclude those rooms out of service for renovation during the applicable year
“poker rake”	the portion of cash wagered by customers in our poker rooms that is retained by the casino as a service fee, after adjustment for progressive accruals, but before the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis. Poker tables are not included in our measure of average number of table games
“promotional allowance”	the retail value of rooms, food and beverage and retail and other services furnished to guests (typically VIP clients) without charge
“REVPAR”	revenue per available room which is calculated by dividing total room revenues, including complimentary (less service charges, if any), by total rooms available

“Rolling Chip”	physically identifiable chip that is used to track VIP wagering volume for purposes of calculating commissions and other allowances payable to gaming promoters and our Macau Operations’ individual VIP players
“slot machine win”	the amount of handle (representing the total amount wagered) that is retained and recorded as casino revenues. Slot machine win is after adjustment for progressive accruals, but before the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis
“table drop”	the amount of cash deposited in a gaming table’s drop box that serves as a repository for cash, plus cash chips purchased at the casino cage
“table games win”	the amount of table drop or turnover that is retained and recorded as casino revenues. Table games win is before commissions and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis
“table games win percentage”	amount of table games win divided by the amount of table drop and/or turnover
“turnover”	the sum of all losing Rolling Chip wagers within the VIP program
“VIP player”	client, customer or player who participates in our Macau Operations’ In-house VIP Program or in the VIP program of any of our gaming promoters
“VIP table games turnover”	turnover resulting from VIP table games only

SUMMARY

This summary does not contain all the information that may be important to you in deciding whether to invest in the Additional Notes. You should read this entire offering memorandum, including the section entitled “Risk Factors” and the financial statements and related notes thereto, before making an investment decision.

We are a leading developer, owner and operator of two integrated destination casino gaming and entertainment resort facilities. We focus exclusively on the largest gaming market in the world—Macau. WRM, our indirect wholly owned subsidiary, owns and operates Wynn Palace, Wynn Macau and Encore at Wynn Macau and is one of the six concessionaires or subconcessionaires currently authorized to own and operate casinos in Macau. Wynn Macau opened to the public in September 2006 and Encore at Wynn Macau, an expansion of Wynn Macau that added an integrated resort and casino, opened in April 2010. We opened Wynn Palace, an integrated resort and casino in the Cotai area of Macau, on August 22, 2016.

We are widely recognized for the exceptional quality of our casino and guest facilities, service and atmosphere. Wynn Macau is a proud recipient of multiple Forbes Five-Star awards and the only resort worldwide with eight Five-Star awards on the 2020 Forbes Travel Guide Star Rating list. Wynn Macau and The Spa at Wynn Macau are the only resort and spa in Macau to receive 12 consecutive Forbes Five-Star awards, from 2009 to 2020. Both Encore at Wynn Macau and The Spa at Encore are also proud recipients of eight consecutive Forbes Five-Star awards. Golden Flower, Wing Lei and Mizumi at Wynn Macau were also honored with two Michelin Stars. Wynn Palace, The Spa at Wynn Palace, Sushi Mizumi, Mizumi at Wynn Palace, Wing Lei Palace, SW Steakhouse and Sichuan Moon received Forbes Five-Star awards in 2020. In addition, Sichuan Moon and Wing Lei Palace were honored as Asia’s 50 Best Restaurants in 2020. Sichuan Moon was also honored with two Michelin Stars.

We believe our brand name, high quality offerings, focus on service and attention to detail allow us to penetrate the premium segments of the gaming market more effectively than other operators. For the year ended December 31, 2019, our total operating revenues were HK\$36,161.7 million (US\$4,666.0 million), and our net profit was HK\$5,056.7 million (US\$652.5 million). Our operation has been materially adversely affected by the COVID-19 Pandemic. For the six months ended June 30, 2020, our total operating revenues were HK\$3,965.6 million (US\$511.7 million), compared to HK\$19,028.7 million for the same period in 2019, and we recorded net loss of HK\$3,918.5 million (US\$505.6 million), compared to net profit of HK\$2,816.1 million for the same period in 2019.

WRM’s gaming concession will expire on June 26, 2022. Unless the term of our Concession Agreement is extended or renewed or we receive a new gaming concession or other right to operate gaming business at our resorts in Macau, subject to any separate agreement with the Macau government, all of our gaming operations, casino area and related equipment in Macau will be automatically transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations at the end of our Concession Agreement. The Macau government has publicly commented that it is studying the process by which concessions and subconcessions may be renewed, extended or issued. Effective from June 2017, the Macau government may redeem our Concession Agreement by providing us at least one year’s prior notice. In the event that the Macau government exercises this redemption right, we are entitled to compensation or indemnity based on the amount of revenue generated during the tax year prior to the redemption multiplied by the remaining years under our concession. We cannot assure you that we will be able to renew or extend WRM’s gaming concession on terms favorable to us or at all.

Competitive Strengths

We benefit from a number of competitive strengths, including the following:

- Successful premium business model,
- Strong cash flow generation,
- Location in the world's largest gaming market,
- Strong international client base and proven marketing capability,
- Significant growth potential,
- Being a "Model Citizen" of the Greater Bay Area, and
- Strong management team with successful track record.

See "Business—Competitive Strengths."

Our Strategies

We aim to create value by continuing to pursue our management's well established strategy of identifying opportunities for, and pursuing with the greatest attention to detail, the design, development and operation of luxury casino resorts in Macau. Our principal strategies are set forth below.

- Capitalize on the international reputation of the "WYNN" brand, and
- Expand our client network and cultivate client relationships.

See "Business—Our Strategies."

RECENT DEVELOPMENTS

Recent Developments Related to COVID-19

In January 2020, an outbreak of COVID-19 was identified and has since spread around the world. As a result, our casino operations in Macau were closed for a 15-day period in February 2020 and resumed on a reduced basis on February 20, 2020. On March 20, 2020 our casino operations were fully restored; however, certain COVID-19 specific protective measures, such as limiting the number of seats per table game, increasing the spacing between active slot machines and visitor entry checks and requirements involving temperature checkpoints, mask wearing, health declarations and proof of negative COVID-19 test results remain in effect at the present time.

Visitation to Macau and gross gaming revenues in Macau have significantly decreased since the outbreak of COVID-19. Total visitation from mainland China to Macau decreased by 85.9% in the nine months ended September 30, 2020, compared to the same period in 2019 according to Macau's Statistics and Census Service. According to the DICJ, gross gaming revenues in Macau declined by 82.5% in the nine months ended September 30, 2020 and by 72.5% in October 2020, compared to the same periods in 2019.

The decrease in gross gaming revenue in Macau is closely correlated to the decrease in visitation to Macau, driven by the strong deterrent effect of the COVID-19 Pandemic on travel and social activities, the suspension or reduced availability of the Individual Visit Scheme (the "IVS"), group tour scheme and other travel visas for visitors, quarantine measures in Macau and elsewhere, travel and entry restrictions and conditions in Macau, the PRC, Hong Kong and Taiwan involving COVID-19 testing, among other things, and the suspension or reduced accessibility of transportation to and from Macau. At present, bans on entry or enhanced quarantine requirements remain in place for people attempting to enter Macau, depending on various conditions such as the usual visa requirements, their COVID-19 test results, purpose of visit, recent travel history and/or other conditions as applicable. Quarantine requirements for those traveling between Hong Kong and Macau have been announced to remain effective until at least March 31, 2021.

While many aspects of these travel restrictions and conditions continue to adversely impact visitations to Macau, beginning in June 2020 certain restrictions and conditions have eased to allow for visitation to Macau as certain regions recover from the COVID-19 Pandemic. Quarantine-free travel, subject to COVID-19 safeguards such as testing and the usual visa requirements, was reintroduced between Macau and an increasing number of areas and cities within the PRC in progressive phases from June to August 2020, commencing with an area in Guangdong Province, which is adjacent to Macau, and expanding to additional areas and major cities within Guangdong Province, followed by most other areas of the PRC. On September 23, 2020, mainland China authorities fully resumed the IVS exit visa program, which permits individual PRC citizens from nearly 50 PRC cities to travel to Macau for tourism purposes.

Notwithstanding these developments, certain border control, travel-related restrictions and conditions, including quarantine and medical observation measures, stringent health declarations, COVID-19 testing and other procedures remain in place, and all visitors need to test negative for COVID-19 before entering Macau.

Given the evolving conditions created by and in response to the COVID-19 Pandemic, we are currently unable to determine when travel-related restrictions and conditions will be further lifted. Measures that have been lifted or are expected to be lifted may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau. See "Risk Factors—Risks Related to Our Business—The initial outbreak of COVID-19 and subsequent COVID-19 Pandemic have had and will likely continue to have an adverse effect on our business, operations, financial condition and operating results, and the ability of our subsidiaries to pay dividends and distributions."

Results of Wynn Resorts' Macau Operations for the Three Months and Nine Months Ended September 30, 2020

We present below the results of Wynn Resorts' Macau operations as extracted from Wynn Resorts' quarterly report for the three months and nine months ended September 30, 2020 (the "Wynn Resorts Quarterly Report"), as filed by Wynn Resorts with the SEC. While Wynn Resorts' Macau operations ("Wynn Resorts' Macau Operations") consist only of the Company's operations, prospective investors should note that the selected financial information of Wynn Resorts presented in this section has been prepared in accordance with U.S. GAAP, which differs from the IFRS that we use to prepare and present our financial information contained in the rest of this offering memorandum. As such, the financial information from the Wynn Resorts Quarterly Report is not directly comparable to the financial results the Company discloses. In addition, Wynn Resorts' reporting currency is U.S. dollars while the Company's functional and presentation currency is Hong Kong dollars. No representation is made that the U.S. dollar amounts presented below with respect to Wynn Resorts' Macau Operations could be converted into Hong Kong dollars at any particular rate.

We make no representation as to the appropriateness, accuracy, completeness or reliability of the information disclosed in the Wynn Resorts Quarterly Report. In addition, financial information published by Wynn Resorts may differ from our financial information due to the differences between IFRS and U.S. GAAP, difference in scope of businesses and elimination of intercompany transactions, among other factors.

Financial results for the three months ended September 30, 2020 compared to the three months ended September 30, 2019.

Operating revenues

The following table presents operating revenues of Wynn Resorts' Macau Operations:

	<u>Three Months Ended September 30,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2020</u>		
	<u>(U.S. dollars in thousands)</u>			<u>%</u>
Macau Operations:				
Wynn Palace	598,171	15,701	(582,470)	(97.4)
Wynn Macau	474,281	51,368	(422,913)	(89.2)
Total Macau Operations	<u>1,072,452</u>	<u>67,069</u>	<u>(1,005,383)</u>	<u>(93.7)</u>

Casino revenues

Casino revenues at Wynn Resorts' Macau Operations decreased primarily due to the adverse effects of the COVID-19 Pandemic, including widespread travel restrictions and capacity limitations.

The table below sets forth the casino revenues and associated key operating measures at Wynn Resorts' Macau Operations:

	<u>Three Months Ended September 30,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2020</u>		
	(U.S. dollars in thousands, except for win per unit per day and number of tables and slot machines and percentages)			
Macau Operations:				
Wynn Palace:				
Total casino revenues	497,657	12,301	(485,356)	(97.5)
VIP:				
Average number of table games	108	102	(6)	(5.6)
VIP turnover	10,517,685	311,676	(10,206,009)	(97.0)
VIP table games win	335,277	3,244	(332,033)	(99.0)
VIP win as a % of turnover	3.19%	1.04%	(2.15)	
Table games win per unit per day	33,595	347	(33,248)	(99.0)
Mass market:				
Average number of table games	216	223	7	3.2
Table drop	1,298,827	86,347	(1,212,480)	(93.4)
Table games win	324,177	19,015	(305,162)	(94.1)
Table games win %	25.0%	22.0%	(3.0)	
Table games win per unit per day	16,346	929	(15,417)	(94.3)
Average number of slot machines	1,087	569	(518)	(47.7)
Slot machine handle	973,676	78,580	(895,096)	(91.9)
Slot machine win	47,289	3,995	(43,294)	(91.6)
Slot machine win per unit per day	473	76	(397)	(83.9)
Wynn Macau:				
Total casino revenues	408,820	27,154	(381,666)	(93.4)
VIP:				
Average number of table games	104	91	(13)	(12.5)
VIP turnover	8,024,990	498,519	(7,526,471)	(93.8)
VIP table games win	221,097	19,679	(201,418)	(91.1)
VIP win as a % of turnover	2.76%	3.95%	1.19	
Table games win per unit per day	23,036	2,351	(20,685)	(89.8)
Mass market:				
Average number of table games	205	240	35	17.1
Table drop	1,319,405	133,006	(1,186,399)	(89.9)
Table games win	272,511	24,898	(247,613)	(90.9)
Table games win %	20.7%	18.7%	(2.0)	
Table games win per unit per day	14,440	1,128	(13,312)	(92.2)
Average number of slot machines	786	472	(314)	(39.9)
Slot machine handle	999,985	87,988	(911,997)	(91.2)
Slot machine win	46,981	3,072	(43,909)	(93.5)
Slot machine win per unit per day	649	71	(578)	(89.1)
Poker rake	4,703	—	(4,703)	(100.0)

Non-casino revenues

The table below sets forth room revenues and associated key operating measures at Wynn Resorts' Macau Operations:

	<u>Three Months Ended September 30,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2020</u>		
(U.S. dollars, except for percentages)				
Macau Operations:				
Wynn Palace:				
Total room revenues (in thousands)	44,884	4,506	(40,378)	(90.0)
Occupancy	97.2%	11.6%	(85.6)	
ADR	273	225	(48)	(17.6)
REVPAR	265	26	(239)	(90.2)
Wynn Macau:				
Total room revenues (in thousands)	26,740	4,938	(21,802)	(81.5)
Occupancy	99.4%	16.6%	(82.8)	
ADR	283	291	8	2.8
REVPAR	281	48	(233)	(82.9)

Room revenues for Wynn Resorts' Macau Operations decreased primarily due to lower occupancy at Wynn Palace and Wynn Macau resulting from the adverse effects of the COVID-19 Pandemic.

The table below sets forth food and beverage revenues and entertainment, retail and other revenues at Wynn Resorts' Macau Operations:

	<u>Three Months Ended September 30,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2020</u>		
(U.S. dollars in thousands)				
Macau Operations:				
Wynn Palace:				
Food and beverage revenues	30,256	6,856	(23,400)	(77.3)
Entertainment, retail and other revenues	25,374	(7,962)	(33,336)	(131.4)
Wynn Macau:				
Food and beverage revenues	19,584	5,606	(13,978)	(71.4)
Entertainment, retail and other revenues	19,137	13,670	(5,467)	(28.6)

Food and beverage revenues for Wynn Resorts' Macau Operations decreased primarily due to decreased covers at our restaurants as a result of the adverse effects of the COVID-19 Pandemic.

Entertainment, retail and other revenues for Wynn Resorts' Macau Operations decreased primarily due to a decrease in visitation to Wynn Resorts' Macau Operations resulting from the adverse effects of the COVID-19 Pandemic. The rent concessions provided to tenants at Wynn Resorts' Macau Operations also contributed to the decrease.

Operating expenses

Casino expenses for Wynn Resorts' Macau Operations decreased by US\$301.0 million and US\$221.2 million at Wynn Palace and Wynn Macau, respectively. These decreases were primarily due to reductions in gaming tax expense commensurate with the declines in casino revenues at each property resulting from the effects of the COVID-19 Pandemic.

Room expenses for Wynn Resorts' Macau Operations decreased by US\$7.8 million and US\$3.4 million at Wynn Palace and Wynn Macau, respectively. The decreases were primarily a result of lower operating costs related to the declines in occupancy at Wynn Resorts' Macau Operations resulting from the effects of the COVID-19 Pandemic.

Food and beverage expenses for Wynn Resorts' Macau Operations decreased by US\$17.4 million and US\$9.1 million at Wynn Palace and Wynn Macau, respectively. The decreases were primarily a result of lower operating costs related to the declines in food and beverage revenues at each property resulting from the effects of the COVID-19 Pandemic.

Entertainment, retail and other expenses for Wynn Resorts' Macau Operations decreased by US\$2.7 million and US\$1.7 million at Wynn Palace and Wynn Macau, respectively. The decreases were primarily a result of lower operating costs related to the declines in entertainment, retail and other revenues at each property resulting from the effects of the COVID-19 Pandemic.

General and administrative expenses for Wynn Resorts' Macau Operations decreased primarily due to decreases of US\$21.1 million and US\$13.3 million at Wynn Palace and Wynn Macau, respectively. These decreases were primarily attributable to decreased payroll, operating costs, and general and administrative expenses as a result of the COVID-19 Pandemic.

Provision for credit losses for Wynn Resorts' Macau Operations increased primarily due to an increase of US\$8.1 million at Wynn Palace. The increase was primarily due to the impact of historical collection patterns and expectations of current and future collection trends in light of the COVID-19 Pandemic, as well as the specific review of customer accounts, on the estimated credit loss for the respective periods.

Other non-operating income and expenses

Wynn Resorts incurred a foreign currency remeasurement gain of US\$0.4 million and a loss of US\$8.7 million for the three months ended September 30, 2020 and 2019, respectively. The impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from Wynn Resorts' Macau-related entities drove the variability between periods.

Wynn Resorts recorded a US\$3.1 million loss on extinguishment of debt for the three months ended September 30, 2020 related to the partial prepayment of the Wynn Macau Term Loan.

Net income (loss) attributable to noncontrolling interests

Wynn Resorts' net loss attributable to noncontrolling interests was US\$73.4 million for the three months ended September 30, 2020, compared to net income of US\$30.4 million for the same period of 2019. These amounts are primarily related to the noncontrolling interests' share of net income (loss) from the Company.

Financial results for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019.

Operating revenues

The following table presents operating revenues of Wynn Resorts' Macau Operations:

	<u>Nine Months Ended September 30,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2020</u>		
	(U.S. dollars in thousands)			%
Macau Operations:				
Wynn Palace	1,953,709	283,932	(1,669,777)	(85.5)
Wynn Macau	1,544,646	292,745	(1,251,901)	(81.0)
Total Macau Operations	<u>3,498,355</u>	<u>576,677</u>	<u>(2,921,678)</u>	<u>(83.5)</u>

Casino revenues

Casino revenues for Wynn Resorts' Macau Operations decreased primarily due to the adverse effects of the COVID-19 Pandemic, including the closure of the casino operations in Macau for a 15-day period in February 2020 and their subsequent reopening on a reduced basis.

The table below sets forth the casino revenues and associated key operating measures at Wynn Resorts' Macau Operations:

	<u>Nine Months Ended September 30,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2020</u>		
	(U.S. dollars in thousands, except for win per unit per day and number of tables and slot machines and percentages)			
Macau Operations:				
Wynn Palace:				
Total casino revenues	1,649,377	208,449	(1,440,928)	(87.4)
VIP:				
Average number of table games	111	97	(14)	(12.6)
VIP turnover	36,533,594	6,823,955	(29,709,639)	(81.3)
VIP table games win	1,232,870	113,007	(1,119,863)	(90.8)
VIP win as a % of turnover	3.37%	1.66%	(1.71)	
Table games win per unit per day	40,868	4,458	(36,410)	(89.1)
Mass market:				
Average number of table games	213	209	(4)	(1.9)
Table drop	3,869,904	583,599	(3,286,305)	(84.9)
Table games win	936,497	156,897	(779,600)	(83.2)
Table games win %	24.2%	26.9%	2.7	
Table games win per unit per day	16,071	2,889	(13,182)	(82.0)
Average number of slot machines	1,092	586	(506)	(46.3)
Slot machine handle	2,886,566	542,708	(2,343,858)	(81.2)
Slot machine win	142,257	24,796	(117,461)	(82.6)
Slot machine win per unit per day	477	163	(314)	(65.8)
Wynn Macau:				
Total casino revenues	1,340,266	213,758	(1,126,508)	(84.1)
VIP:				
Average number of table games	109	88	(21)	(19.3)
VIP turnover	27,494,650	4,069,809	(23,424,841)	(85.2)
VIP table games win	822,204	130,143	(692,061)	(84.2)
VIP win as a % of turnover	2.99%	3.20%	0.21	
Table games win per unit per day	27,634	5,692	(21,942)	(79.4)
Mass market:				
Average number of table games	205	219	14	6.8
Table drop	4,018,533	752,058	(3,266,475)	(81.3)
Table games win	816,180	146,231	(669,949)	(82.1)
Table games win %	20.3%	19.4%	(0.9)	
Table games win per unit per day	14,551	2,564	(11,987)	(82.4)
Average number of slot machines	813	509	(304)	(37.4)
Slot machine handle	2,720,137	516,537	(2,203,600)	(81.0)
Slot machine win	127,690	18,993	(108,697)	(85.1)
Slot machine win per unit per day	575	144	(431)	(75.0)
Poker rake	15,130	2,083	(13,047)	(86.2)

Non-casino revenues

The table below sets forth room revenues and associated key operating measures at Wynn Resorts' Macau Operations:

	<u>Nine Months Ended September 30,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2020</u>		
(U.S. dollars, except for percentages)				
Macau Operations:				
Wynn Palace:				
Total room revenues (in thousands)	131,382	26,647	(104,735)	(79.7)
Occupancy	97.3%	19.3%	(78.0)	
ADR	270	283	13	4.8
REVPAR	262	54	(208)	(79.4)
Wynn Macau:				
Total room revenues (in thousands)	82,071	23,480	(58,591)	(71.4)
Occupancy	99.2%	24.4%	(74.8)	
ADR	285	316	31	10.9
REVPAR	282	77	(205)	(72.7)

Room revenues for Wynn Resorts' Macau Operations decreased primarily due to lower occupancy resulting from the adverse effects of the COVID-19 Pandemic.

The table below sets forth food and beverage revenues and entertainment, retail and other revenues at Wynn Resorts' Macau Operations:

	<u>Nine Months Ended September 30,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2020</u>		
(U.S. dollars in thousands)				
Macau Operations:				
Wynn Palace:				
Food and beverage revenues	87,691	24,385	(63,306)	(72.2)
Entertainment, retail and other revenues	85,259	24,451	(60,808)	(71.3)
Wynn Macau:				
Food and beverage revenues	60,688	18,821	(41,867)	(69.0)
Entertainment, retail and other revenues	61,621	36,686	(24,935)	(40.5)

Food and beverage revenues for Wynn Resorts' Macau Operations decreased primarily due to decreased covers at the restaurants as a result of the adverse effects of the COVID-19 Pandemic.

Entertainment, retail and other revenues for Wynn Resorts' Macau Operations decreased primarily due to a decrease in visitation to Wynn Resorts' Macau Operations resulting from the adverse effects of the COVID-19 Pandemic. The rent concessions provided to tenants at Wynn Resorts' Macau Operations also contributed to the decrease.

Operating Expenses

Casino expenses for Wynn Resorts' Macau Operations decreased US\$848.5 million and US\$628.9 million at Wynn Palace and Wynn Macau, respectively. These decreases were primarily due to reductions in gaming tax

expense commensurate with the declines in casino revenues at each property resulting from the effects of the COVID-19 Pandemic.

Room expenses for Wynn Resorts' Macau Operations decreased US\$17.3 million and US\$6.0 million at Wynn Palace and Wynn Macau, respectively. The decreases were primarily a result of lower operating costs related to the declines in occupancy at Wynn Resorts' Macau Operations resulting from the effects of the COVID-19 Pandemic.

Food and beverage expenses for Wynn Resorts' Macau Operations decreased US\$41.8 million and US\$19.3 million at Wynn Palace and Wynn Macau, respectively. The decreases were primarily a result of lower operating costs related to the declines in food and beverage revenues at each property resulting from the effects of the COVID-19 Pandemic.

Entertainment, retail and other expenses for Wynn Resorts' Macau Operations decreased US\$12.6 million and US\$6.3 million at Wynn Palace and Wynn Macau, respectively. The decreases were primarily a result of lower operating costs related to the declines in entertainment, retail and other revenues at each property resulting from the effects of the COVID-19 Pandemic.

General and administrative expenses for Wynn Resorts' Macau Operations decreased primarily due to decreases of US\$40.0 million and US\$20.9 million at Wynn Palace and Wynn Macau, respectively. These decreases were primarily attributable to the effects of the COVID-19 Pandemic.

Provision for credit losses for Wynn Resorts' Macau Operations increased US\$21.9 million and US\$6.8 million at Wynn Palace and Wynn Macau, respectively. The increases were primarily due to the impact of historical collection patterns and expectations of current and future collection trends in light of the COVID-19 Pandemic, as well as the specific review of customer accounts, on our estimated credit loss for the respective periods.

Property charges and other expenses for Wynn Resorts' Macau Operations for the nine months ended September 30, 2020 consisted primarily of asset disposals and abandonments of US\$23.4 million at Wynn Palace.

Other non-operating income and expenses

Wynn Resorts incurred a foreign currency remeasurement gain of US\$13.0 million and a loss of US\$3.3 million for the nine months ended September 30, 2020 and 2019, respectively. The impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from Wynn Resorts' Macau-related entities drove the variability between periods.

Wynn Resorts recorded a US\$4.6 million loss on extinguishment of debt for the nine months ended September 30, 2020 primarily related to the partial prepayment of the Wynn Macau Term Loan.

Net income (loss) attributable to noncontrolling interests

Wynn Resorts' net loss attributable to noncontrolling interests was US\$218.9 million for the nine months ended September 30, 2020, compared to net income of US\$132.9 million for the same period of 2019. These amounts are primarily related to the noncontrolling interests' share of net income (loss) from the Company.

Adjusted Property EBITDA

Wynn Resorts uses Adjusted Property EBITDA to manage the operating results of its segments. Adjusted Property EBITDA is net income (loss) before interest, income taxes, depreciation and amortization, pre-opening expenses, property charges and other, management and license fees, corporate expenses and other (including intercompany golf course and water rights leases), stock-based compensation, change in derivatives fair value, loss on extinguishment of debt, and other non-operating income and expenses. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDA as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors, as well as a basis for determining certain incentive compensation. Wynn Resorts also presents Adjusted Property EBITDA because it is used by some investors to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDA as a supplement to GAAP. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including Wynn Resorts, have historically excluded from their EBITDA calculations preopening expenses, property charges, corporate expenses and stock-based compensation, that do not relate to the management of specific casino properties. However, Adjusted Property EBITDA should not be considered as an alternative to operating income as an indicator of Wynn Resorts' performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike net income, Adjusted Property EBITDA does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. Wynn Resorts has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, income taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, Wynn Resorts' calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

The following table summarizes Adjusted Property EBITDA for Wynn Resorts' Macau Operations.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019	2020	Increase/ (Decrease)	Percent Change	2019	2020	Increase/ (Decrease)	Percent Change
	(U.S. dollars in thousands)				(U.S. dollars in thousands)			
Macau Operations:								
Wynn Palace	162,167	(77,647)	(239,814)	(147.9)	551,918	(178,379)	(730,297)	(132.3)
Wynn Macau	138,989	(34,457)	(173,446)	(124.8)	478,751	(97,895)	(576,646)	(120.4)
Total Macau Operations	301,156	(112,104)	(413,260)	(137.2)	1,030,669	(276,274)	(1,306,943)	(126.8)

Adjusted Property EBITDA at Wynn Palace decreased by US\$239.8 million and US\$730.3 million for the three and nine months ended September 30, 2020, respectively, primarily due to a decline in operating revenues precipitated by the adverse effects of the COVID-19 Pandemic during the three and nine months ended September 30, 2020, which include the closure of Wynn Resorts' casino operations in Macau for a 15-day period in February 2020 and their subsequent reopening on a reduced basis.

Adjusted Property EBITDA at Wynn Macau decreased by US\$173.4 million and US\$576.6 million for the three and nine months ended September 30, 2020, respectively, primarily due to a decline in operating revenues precipitated by the adverse effects of the COVID-19 Pandemic during the three and nine months ended September 30, 2020, which include the closure of Wynn Resorts' casino operations in Macau for a 15-day period in February 2020 and their subsequent reopening on a reduced basis.

The following table summarizes Adjusted Property EBITDA and the reconciliation of operating income (loss) to Adjusted Property EBITDA of Wynn Resorts' Macau Operations for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2020	2019	2020
	(U.S. dollars in thousands)			
Operating income (loss)	156,098	(216,030)	597,604	(629,660)
Pre-opening expenses	525	378	525	993
Depreciation and amortization	90,256	90,780	268,618	274,121
Property charges and others	4,405	1,042	6,578	26,671
Management and license fees ⁽¹⁾	39,376	4,500	128,859	26,588
Corporate expenses and other	6,754	1,591	17,031	11,195
Stock-based compensation	3,742	5,635	11,454	13,818
Adjusted Property EBITDA⁽¹⁾	<u>301,156</u>	<u>(112,104)</u>	<u>1,030,669</u>	<u>(276,274)</u>

Note:

- (1) Adjusted Property EBITDA of Wynn Resorts' Macau Operations is not directly comparable with the Adjusted EBITDA of the Company. Adjusted Property EBITDA of Wynn Resorts' Macau Operations is calculated using Wynn Resorts' financial information, which is prepared in accordance with U.S. GAAP, whereas Adjusted EBITDA of the Company is calculated using the Company's financial information, which is prepared in accordance with IFRS. In addition, adjusted EBITDA of the Company is calculated net of management and license fees and certain other expenses. For a quantitative reconciliation of Adjusted EBITDA of the Company to its most directly comparable IFRS measurement, operating profit, for 2017, 2018 and 2019 and the first six months of 2019 and 2020, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Adjusted EBITDA."

Adjusted Property EBITDA for the twelve months ended September 30, 2020 of Wynn Resorts' Macau Operations was US\$71.4 million. This number is calculated as Adjusted Property EBITDA for the year ended December 31, 2019 of Wynn Resorts' Macau Operations in the amount of US\$1,378.4 million, minus Adjusted Property EBITDA for the nine months ended September 30, 2019 of Wynn Resorts' Macau Operations in the amount of US\$1,030.7 million, plus Adjusted Property EBITDA for nine months ended September 30, 2020 of Wynn Resorts' Macau Operations in the amount of US\$(276.3) million.

The following table summarizes Adjusted Property EBITDA and the reconciliation of operating income (loss) to Adjusted Property EBITDA of Wynn Resorts' Macau Operations for the periods indicated.

	Year ended December 31,	Nine Months Ended September 30,		Twelve months ended September 30,
	2019	2019	2020	2020
	(U.S. dollars in thousands)			
Operating income (loss)	805,521	597,604	(629,660)	(421,743)
Pre-opening expenses	2,224	525	993	2,692
Depreciation and amortization	359,671	268,618	274,121	365,174
Property charges and others	5,883	6,578	26,671	25,976
Management and license fees ⁽¹⁾	168,187	128,859	26,588	65,916
Corporate expenses and other	22,121	17,031	11,195	16,285
Stock-based compensation	14,765	11,454	13,818	17,129
Adjusted Property EBITDA⁽¹⁾	<u>1,378,372</u>	<u>1,030,669</u>	<u>(276,274)</u>	<u>71,429</u>

Note:

- (1) Adjusted Property EBITDA of Wynn Resorts' Macau Operations is not directly comparable with the Adjusted EBITDA of the Company. Adjusted Property EBITDA of Wynn Resorts' Macau Operations is calculated using Wynn Resorts' financial information, which is prepared in accordance with U.S. GAAP, whereas Adjusted EBITDA of the Company is calculated using the Company's financial information, which is prepared in accordance with IFRS. In addition, adjusted EBITDA of the Company is calculated net of management and license fees and certain other expenses. For a quantitative reconciliation of Adjusted EBITDA of the Company to its most directly comparable IFRS measurement, operating profit, for 2017, 2018 and 2019 and the first six months of 2019 and 2020, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Adjusted EBITDA."

Liquidity and Capital Resources

Operating Activities

During the nine months ended September 30, 2020, the decrease in net cash provided by operations of Wynn Resorts' Macau Operations was primarily due to the adverse effects of the COVID-19 Pandemic on the results of the operations. During the nine months ended September 30, 2019, the increase in net cash provided by operations was primarily driven by changes in our working capital accounts.

Investing Activities

In light of the unprecedented COVID-19 Pandemic and Wynn Resorts' focus on safeguarding the Wynn Resorts' operations and the well-being of the employees, Wynn Resorts expects to temporarily postpone major project capital expenditures for the remainder of fiscal year 2020. Wynn Resorts will be continuously monitoring the situation and conditions in the markets in which it operates, and will resume such project capital expenditures when conditions have stabilized.

During the nine months ended September 30, 2020, Wynn Resorts' Macau Operations incurred capital expenditures of US\$38.5 million and US\$42.1 million at Wynn Palace and Wynn Macau, respectively, primarily related to maintenance capital expenditures.

During the nine months ended September 30, 2019, Wynn Resorts' Macau Operations incurred capital expenditures of US\$104.1 million at Wynn Macau, primarily related to room remodel and Lakeside Casino renovation, and US\$47.2 million at Wynn Palace primarily related to maintenance capital expenditures.

Financing Activities

During the nine months ended September 30, 2020, the Company issued US\$1.0 billion aggregate principal amount of 5 1/2% Senior Notes due 2026, issued US\$600.0 million aggregate principal amount of 5 5/8% Senior Notes due 2028, borrowed US\$400.0 million, net of amounts repaid, under the Wynn Macau Revolver, and paid US\$1.0 billion of outstanding principal owed under the Wynn Macau Term Loan.

During the nine months ended September 30, 2019 WRM repaid US\$174.7 million, net of amounts borrowed, on the Wynn Macau Revolver.

Capital Resources

The following table summarizes the unrestricted cash and cash equivalents and available revolver borrowing capacity of Wynn Resorts' Macau Operations as of September 30, 2020:

	<u>Total Cash and Cash Equivalents</u>	<u>Revolver Borrowing Capacity</u>
	(U.S. dollars in thousands)	
Wynn Resorts (Macau) S.A. and subsidiaries	633,388	—
Wynn Macau, Limited and subsidiaries ⁽¹⁾	1,647,826	—

Note:

(1) Excluding WRM and subsidiaries.

WRM and subsidiaries. WRM generates cash from Wynn Resorts' Macau Operations and utilizes its revolver to fund short term working capital requirements as needed. Wynn Resorts expect to use this cash to service the existing Wynn Macau Credit Facilities, make distributions to the Company, and fund working capital and capital expenditure requirements at Wynn Resorts' Macau Operations.

The Wynn Macau Credit Facilities contain customary negative and financial covenants, including, but not limited to, leverage ratio and interest coverage ratio tests (as defined in the Wynn Macau Credit Facilities) that could restrict its ability to make distributions to the Company and incur additional indebtedness. WRM is required to maintain a leverage ratio of not greater than 4.00 to 1 and an interest coverage ratio of not less than 2.00 to 1. WRM complied with these ratios for the three months ended September 30, 2020.

Wynn Macau, Limited and subsidiaries. The Company primarily generates cash through distributions from WRM. Wynn Resorts expects to use the Company's cash to service the existing 2024 Notes, 2026 Notes, 2027 Notes, the Original Notes and 2029 Notes, pay dividends to shareholders of the Company (of which Wynn Resorts owns approximately 72%), and fund working capital requirements at the Company.

The Board of Directors of the Company concluded not to recommend the payment of a dividend with respect to the year ended December 31, 2019, in light of the unprecedented COVID-19 Pandemic and the focus on safeguarding Wynn Resorts' Macau Operations and the well-being of the employees. The Board of Directors of the Company will be continuously monitoring the situation and market conditions in Macau and Greater China and may consider a special dividend in the future when such conditions have stabilized.

On June 19, 2020, the Company issued the Original 2026 Notes pursuant to the 2026 Notes Indenture. The Original 2026 Notes were issued at par. On August 26, 2020, the Company issued the Additional 2026 Notes and the Original Notes. The Company intends to use the net proceeds of the Original 2026 Notes for general corporate purposes until the Company's business recovers from the effects of the COVID-19 Pandemic, and then to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Credit Facilities. The Company used the net proceeds from the Additional 2026 Notes and Original Notes to facilitate the prepayment of term loans outstanding under the Wynn Macau Credit Facilities in September 2020.

Indebtedness

The following table presents a summary of the indebtedness of Wynn Resorts' Macau Operations as of December 31, 2019 and September 30, 2020.

	<u>As of December 31,</u> <u>2019</u>	<u>As of September 30,</u> <u>2020</u>
	<u>(U.S. dollars in thousands)</u>	
Macau Related:		
Wynn Macau Credit Facilities ⁽¹⁾ :		
Wynn Macau Term Loan, due 2022 ⁽²⁾	2,302,540	1,306,974
Wynn Macau Revolver, due 2022 ⁽³⁾	350,232	751,073
2024 Notes	600,000	600,000
2026 Notes	—	1,000,000
2027 Notes	750,000	750,000
2029 Notes	1,000,000	1,000,000
Original Notes	—	600,000
	<u>5,002,772</u>	<u>6,008,047</u>

Notes:

- (1) The borrowings under the Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.50% to 2.25% per annum based on WRM's leverage ratio.
- (2) As of September 30, 2020, approximately US\$739.2 million and US\$567.8 million of the Wynn Macau Term Loan bore interest at a rate of LIBOR plus 2.125% per year and HIBOR plus 2.125% per year, respectively. As of September 30, 2020, the weighted average interest rate was approximately 2.42%.
- (3) As of September 30, 2020, approximately US\$427.0 million and US\$324.1 million of the Wynn Macau Revolver bore interest at a rate of LIBOR plus 2.125% per year and HIBOR plus 2.125% per year, respectively. As of September 30, 2020, the weighted average interest rate was approximately 2.39%. As of September 30, 2020, Wynn Resorts had no available borrowing capacity under the Wynn Macau Revolver.

Preliminary Fourth Quarter Information

In Macau, visitation restrictions have begun to gradually ease since June 2020. On September 23, 2020, PRC authorities fully resumed the IVS exit visa program, which, prior to its suspension by the PRC government due to COVID-19 travel restrictions, permitted PRC citizens from nearly 50 PRC cities to travel to Macau for tourism purposes. Although Macau's gross gaming revenues decreased by 71.6% from US\$6,178.4 million in October and November 2019 to US\$1,756.1 million in October and November 2020, and total visitation from the PRC decreased by 77.0% from approximately 2.3 million in October 2019 to approximately 539,000 in October 2020, Macau's gross gaming revenue in October and November 2020 increased by 187.0% from US\$612.0 million in the third quarter of 2020, and the total visitation to Macau from the PRC in October increased by 30.8% from approximately 412,000 in September 2020.

As of November 30, 2020, WML and subsidiaries had unrestricted cash and cash equivalents of US\$2.1 billion. In November 2020, we repaid US\$25.1 million on the Wynn Macau Revolver, and as a result, we had approximately US\$25.1 million in available borrowing capacity as of November 30, 2020. Based on preliminary financial information through November 30, 2020, we currently expect the total operating revenues of Wynn Resorts' Macau Operations to be in the range of US\$258.0 million to US\$262.0 million for the two months ended November 30, 2020, compared to US\$775.2 million for the two months ended November 30, 2019. We expect Adjusted Property EBITDA of Wynn Resorts' Macau Operations to be in the range of US\$13.0 million to US\$15.0 million for the two months ended November 30, 2020, compared to US\$244.8 million for the two months ended November 30, 2019. During the two months ended November 30, 2020, the daily operating costs

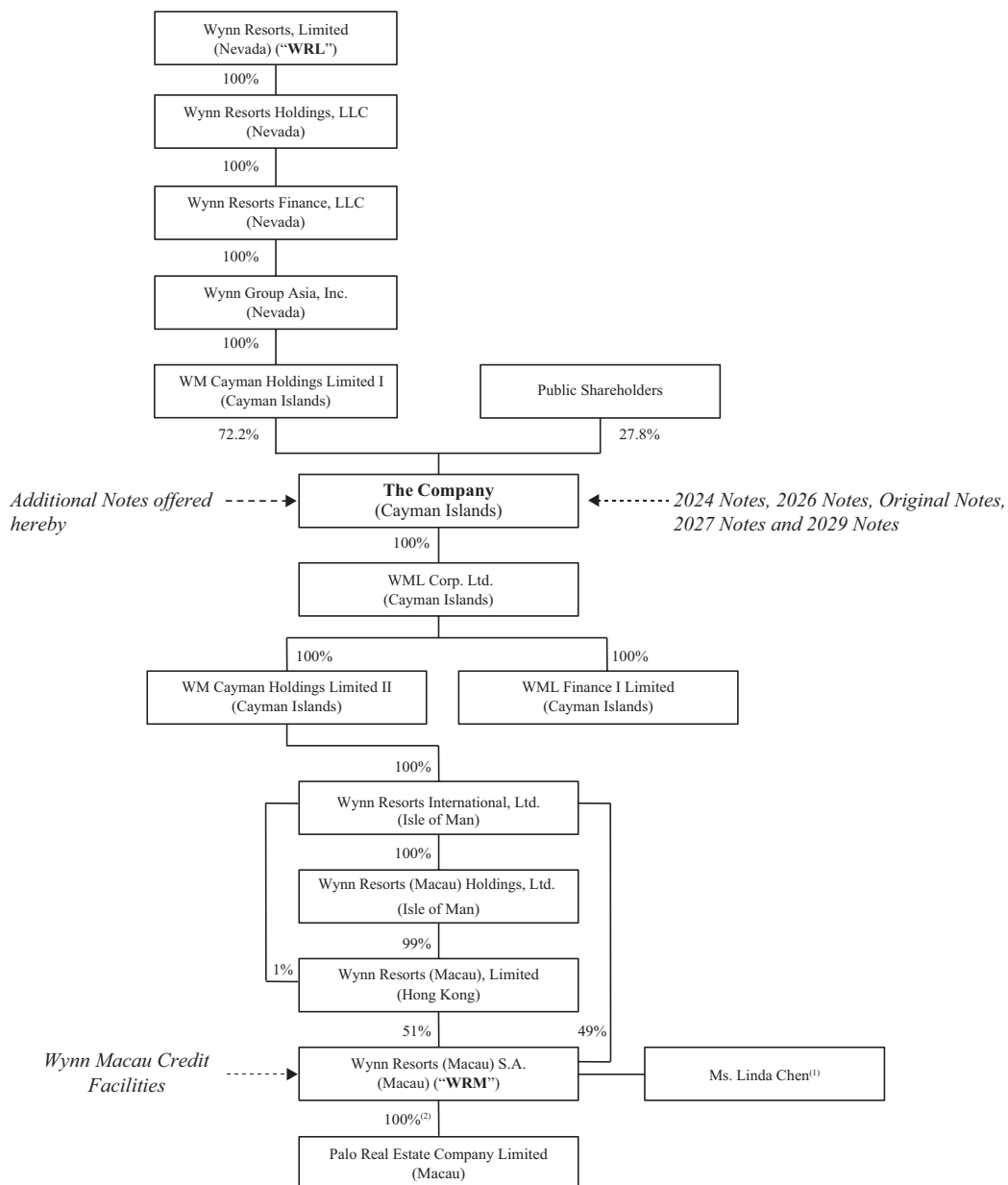
of Wynn Resorts' Macau Operations, excluding gaming taxes, were US\$2.3 million, compared to US\$3.0 million during the fourth quarter of 2019. During the third quarter 2020, the daily operating costs of Wynn Resorts' Macau Operations were US\$2.0 million, excluding gaming taxes and a one-time expense reversal.

For the two months ended November 30, 2020, subsequent to the reopening of the IVS exit visa program to all residents of mainland China, the daily average gross gaming revenues of Wynn Resorts' Macau Operations were approximately 31% of its gross gaming revenues in the fourth quarter of 2019, with daily average table drop of approximately 47% of its table drop in the fourth quarter of 2019. For the two months ended November 30, 2020, hotel occupancy was 54.3% at Wynn Palace and 60.6% at Wynn Macau, compared to 96.9% and 99.3% in the same period of 2019, respectively.

The expected results discussed above are based on preliminary financial information from October 1, 2020 through November 30, 2020. Actual results could differ materially from the above expectations. Financial information for December 2020 is not currently available. This information reflects the management's current views and may change as a result of the management's review of results and other factors, including the wide variety of business, economic and competitive risks and uncertainties set forth under "Risk Factors" or items described under "Forward-Looking Statements," including factors that affect the Macau gaming industry generally. See "—Recent Developments Related to COVID-19" and "Risk Factors—Risks Related to Our Business." See "—Results of Wynn Resorts' Macau Operations for the Three Months and Nine Months Ended September 30, 2020—Adjusted Property EBITDA" for Adjusted Property EBITDA and the reconciliation of operating income (loss) to Adjusted Property EBITDA of Wynn Resorts' Macau Operations. Prospective investors should exercise caution in relying on this information and should not draw any inferences from this information regarding financial or operating data not yet provided or available. This preliminary information is subject to the completion of the fourth quarter of 2020 and the preparation of the consolidated financial statements as of and for the year ending December 31, 2020, including the review of those financial statements by the Company's internal accounting professionals and our audit committee as well as the audit by Wynn Resorts' independent registered public accounting firm.

Organizational Chart

The following chart illustrates the corporate structure of our shareholders and major subsidiaries as of the date of this offering memorandum.



Notes:

- (1) Ms. Linda Chen is an executive director of WRM, a permanent resident of Macau and the holder of a direct 10% voting and social interest in WRM. Ms. Linda Chen's economic interest in WRM is limited to MOP1.00.
- (2) Wynn Resorts International, Ltd. and Wynn Resorts (Macau), Limited each owns a *de minimis* interest in Palo Real Estate Company Limited.

THE OFFERING

The following is a general summary of the terms of the offering. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this offering memorandum, including under “Description of the Notes”. Words and expressions defined in “Description of the Notes” shall have the same meanings in this summary.

Issuer	Wynn Macau, Limited (the “Company”)
Additional Notes Offered	US\$750,000,000 aggregate principal amount of 5.625% Senior Notes due 2028 (the “Additional Notes”) to be consolidated and form a single series with the Original Notes. The terms for the Additional Notes are the same as those for the Original Notes in all respects except for the issue date and issue price; <i>provided</i> that the Additional Notes sold pursuant to Regulation S under the Securities Act will be subject to certain resale restrictions in the United States during the 40-day distribution compliance period pursuant to Regulation S under the Securities Act and will be fungible with the Original Notes held through the Regulation S Notes after the 40th day following the date of the delivery of such Additional Notes.
Issue Date for the Additional Notes	December 22, 2020
Maturity Date	August 26, 2028
Interest	The Notes will bear interest at a rate of 5.625% per annum, payable semi-annually in arrears on February 26 and August 26 of each year. The first interest payment will be due on February 26, 2021. Interest accrues from August 26, 2020.
Ranking of Notes	The Notes will be general unsecured obligations of the Company and will (1) rank equally in right of payment with all of the Company’s existing and future senior unsecured indebtedness, (2) rank senior to all of the Company’s existing and future subordinated indebtedness and any related guarantees thereon, if any, (3) be effectively subordinated to all of the Company’s existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness, and (4) be structurally subordinated to all existing and future liabilities of the Company’s subsidiaries, including the Wynn Macau Credit Facilities. See “Description of the Notes—Brief Description of the Notes”. See “Recent Developments—Results of Wynn Resorts’ Macau Operations for the Three Months and Nine Months Ended September 30, 2020—Indebtedness” for our secured long-term debt as of September 30, 2020 under the Wynn Macau Credit Facilities, and we may incur additional secured and/or unsecured indebtedness and other obligations in the future.
Offering Price	103.000% of the principal amount of the Additional Notes, plus accrued interest from August 26, 2020 to, but not including, the issue date of the Additional Notes.

Optional Redemption

At its option, the Company may redeem the Notes, in whole or in part, at any time or from time to time prior to their stated maturity. The redemption price for Notes that are redeemed before August 26, 2023 will be equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed and (b) a “make-whole” amount described elsewhere in this offering memorandum, plus in either case accrued and unpaid interest to, but not including, the redemption date. Prior to August 26, 2023, we may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings. On or after August 26, 2023, we may redeem the Notes, in whole or in part, at a premium declining ratably to zero, plus accrued and unpaid interest to, but not including, the redemption date. See “Description of the Notes—Optional Redemption.”

Redemption for Tax Reasons

All payments under or with respect to the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, we will pay additional amounts so that the net amount received is no less than the amount that would have been received in the absence of such withholding or deduction. See “Description of the Notes—Additional Amounts.” We may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes, and, as a result, we are required to pay additional amounts with respect to such withholding taxes. If we exercise such redemption right, we must pay you a price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any, to but not including the date of redemption. See “Description of the Notes—Redemption for Tax Reasons.”

Gaming Redemption

The Indenture grants the Company the power to redeem the Notes if any Gaming Authority requires that a person who is a holder or the beneficial owner of Notes be licensed, qualified or found suitable under applicable gaming laws and such holder or beneficial owner, as the case may be, fails to apply or become licensed or qualified within the required time period or is notified that it will not be licensed, qualified or found suitable. See “Description of the Notes—Gaming Redemption.”

Change of Control

If we experience a Change of Control Triggering Event (as defined under “Description of the Notes—Definitions”), we will be required to offer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest, if any, to but not including the date of such repurchase. See “Description of the Notes—Repurchase at the Option of Holder—Change of Control.”

Special Put Option

Upon the occurrence of (1) any event after which none of the Company or any of its subsidiaries has such licenses, concessions, subconcessions or other permits or authorizations as are necessary for

the Company and its subsidiaries to own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as the Company and its subsidiaries are entitled to at the issue date of the Original Notes, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole; or (2) the termination, rescission, revocation or modification of any Gaming License which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the Notes will have the right to require the Company to repurchase all or any part of such holder's Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to but excluding the date of repurchase. See "Description of the Notes—Repurchase at the Option of Holders—Special Put Option."

Certain Covenants

The Indenture partially limits, among other things, our ability to merge or consolidate with another company and require us to provide certain information to the holders of the Notes.

These covenants are subject to a number of important exceptions and qualifications. See "Description of the Notes—Certain Covenants" and the related definitions.

Transfer Restrictions

The Additional Notes have not been registered under the Securities Act or under any state securities laws of the United States and will be subject to certain restrictions on transfer and resale. See "Transfer Restrictions."

Listing

Application will be made for a listing of the Additional Notes by way of debt issues to Professional Investors only on the Hong Kong Stock Exchange and we have received a confirmation of the eligibility of a listing of the Additional Notes on the Hong Kong Stock Exchange.

Form, Denomination and Registration

The Additional Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of a nominee of The Depository Trust Company.

Book-Entry Only

The Additional Notes will be issued in book-entry form through the facilities of Cede & Co. as nominee of The DTC for the accounts of its participants, including Euroclear and Clearstream, Luxembourg. For a description of certain factors relating to clearance and settlement, see "Description of the Notes—Book-Entry, Delivery and Form."

Delivery of the Additional Notes

The Company expects to make delivery of the Additional Notes, against payment in same-day funds, on or about December 22, 2020, which is the fifth business day after the date of this offering memorandum (such settlement being referred to as “T+5”). Under Rule 15c6-1 of the U.S. Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Additional Notes on the date of pricing or the next two succeeding business days will be required, by virtue of the fact that the Additional Notes initially will settle T+5, to specify alternative settlement arrangements to prevent a failed settlement. See “Plan of Distribution.”

Qualified Reopening

For U.S. federal income tax purposes, the Company intends to treat the Additional Notes as issued pursuant to a “qualified reopening” of the Original Notes. Debt instruments issued in a qualified reopening are deemed to be part of the same issue as the original debt instruments. Under this treatment, all of the Notes will be deemed to have the same issue date, the same issue price (100%) and the same adjusted issue price as the Original Notes. Accordingly, the Additional Notes will be considered to be issued at par, even though, considered separately, the Additional Notes might be considered to be issued at a premium or a discount to par.

Security Codes

	Rule 144 A Notes	Temporary Regulation S Notes	Regulation S Notes
CUSIP	98313R AH9	G98149 AK6	G98149 AH3
ISIN	US98313RAH93	USG98149AK61	USG98149AH33
Common Code	222187249	227560088	222187265

Trustee

Deutsche Bank Trust Company Americas

**Registrar, Transfer Agent and
Principal Paying Agent**

Deutsche Bank Trust Company Americas

Use of Proceeds

The net proceeds of this offering (including premium, after deduction of fees and discounts of the Initial Purchasers and estimated offering expenses payable by us and excluding accrued interest from August 26, 2020, to but not including the issue date of the Additional Notes) are expected to be approximately US\$765.9 million.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds from this offering to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Credit Facilities.

**Governing Law of the Additional
Notes and the Indenture**

The Indenture is, and the Additional Notes will be, governed by, and will be construed in accordance with, the laws of the State of New York.

Risk Factors

Investing in the Additional Notes involves substantial risks. Please see the “Risk Factors” section for a description of certain of the risks you should carefully consider before investing in the Additional Notes.

SUMMARY FINANCIAL INFORMATION

The following summaries of our historical consolidated statements of comprehensive income data for the years ended December 31, 2017, 2018 and 2019 and of our historical consolidated statements of financial position data as of December 31, 2017, 2018 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this offering memorandum. The following summaries of our historical consolidated statements of comprehensive income data for the first six months of 2019 and 2020 and of our historical consolidated statements of financial position data as of June 30, 2020 have been derived from our unaudited consolidated financial statements included elsewhere in this offering memorandum. We have prepared the unaudited information on the same basis as the audited consolidated financial statements, and have included, in our opinion, all adjustments, consisting of normal and recurring adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements. You should read this section in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and those financial statements and the notes to those statements included elsewhere in this offering memorandum. The historical results are not necessarily indicative of the results of operations to be expected in the future.

The operating results for the year beginning on or after January 1, 2018 reflect the Company’s adoption of the IFRS 15 Revenue from Contracts with Customers, effective January 1, 2018. Our operating results for 2017 presented below have been restated to reflect the full retrospective adoption of this standard. For more details on the impact of new and revised IFRSs on our financial statements, see Notes 2.3 and 2.4 in the audited financial statements for the year ended and as of December 31, 2018 and 2019 and Note 2.2 in the financial statements for the six months ended June 30, 2020, each of which is included elsewhere in this offering memorandum.

Selected consolidated statements of comprehensive income data

The following table presents the consolidated statements of comprehensive income data for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2017	2018	2019	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for per share data)						
	(restated)						
Operating revenues							
Casino	29,519,830	34,096,436	30,850,256	3,980,627	16,340,209	2,979,751	384,479
Rooms	1,695,558	2,222,337	2,233,225	288,154	1,112,528	316,393	40,824
Food and beverage	1,279,559	1,465,549	1,559,151	201,178	772,955	238,987	30,837
Retail and other	1,536,970	1,807,491	1,519,059	196,005	803,012	430,455	55,542
Total operating revenues	34,031,917	39,591,813	36,161,691	4,665,964	19,028,704	3,965,586	511,682
Operating costs and expenses							
Gaming taxes and premiums	16,736,688	18,928,022	16,748,677	2,161,092	8,897,580	1,842,067	237,683
Staff costs	4,611,673	4,986,764	5,227,038	674,448	2,642,638	2,376,441	306,634
Other operating expenses	4,404,471	5,098,242	4,864,175	627,627	2,540,623	1,249,773	161,259
Depreciation and amortization	2,775,977	2,726,414	2,922,543	377,097	1,451,211	1,474,145	190,210
Property charges and other	133,464	153,916	34,044	4,393	10,136	194,350	25,077
Total operating costs and expenses	28,662,273	31,893,358	29,796,477	3,844,657	15,542,188	7,136,776	920,863
Operating profit/(loss)	5,369,644	7,698,455	6,365,214	821,307	3,486,516	(3,171,190)	(409,181)
Finance revenues	14,964	102,592	76,052	9,813	37,621	65,966	8,512
Finance costs	(1,269,784)	(1,495,646)	(1,486,404)	(191,792)	(739,901)	(896,589)	(115,687)
Net foreign currency differences	(169,773)	(40,132)	114,226	14,739	38,099	97,180	12,538
Changes in fair value of interest rate swaps	(8,202)	—	—	—	—	—	—
Loss on extinguishment of debt	(223,928)	(7,452)	—	—	—	(7,637)	(985)
	(1,656,723)	(1,440,638)	(1,296,126)	(167,240)	(664,181)	(741,080)	(95,622)
Profit/(loss) before tax	3,712,921	6,257,817	5,069,088	654,067	2,822,335	(3,912,270)	(504,803)
Income tax expense	12,427	12,427	12,427	1,603	6,214	6,214	801
Net profit/(loss) attributable to owners of the Company	3,700,494	6,245,390	5,056,661	652,464	2,816,121	(3,918,484)	(505,604)
Other comprehensive income/(loss)							
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>							
Currency translation reserve	(208)	—	(1,233)	(159)	(1,233)	—	—
Other comprehensive income/(loss) for the period	(208)	—	(1,233)	(159)	(1,233)	—	—
Total comprehensive income/(loss) attributable to owners of the Company	3,700,286	6,245,390	5,055,428	652,305	2,814,888	(3,918,484)	(505,604)
Basic earnings/(loss) per share	HK\$0.71	HK\$1.20	HK\$0.98	US\$0.13	HK\$0.54	(HK\$0.76)	(US\$0.10)
Diluted earnings/(loss) per share	HK\$0.71	HK\$1.20	HK\$0.97	US\$0.13	HK\$0.54	(HK\$0.76)	(US\$0.10)
Adjusted EBITDA⁽¹⁾	8,497,522	10,777,018	9,568,361	1,234,611	5,061,440	(1,397,043)	(180,261)

Note:

- (1) Adjusted EBITDA is earnings or losses before finance costs, finance revenues, net foreign currency differences, loss on extinguishment of debt, changes in fair value of interest rate swaps, income taxes, depreciation and amortization, pre-opening costs, property charges and other, share-based payments, Wynn Macau, Limited corporate expenses, and other non-operating income and expenses. Adjusted EBITDA is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Our directors use Adjusted EBITDA as a measure of our operating performance and to compare our operating performance with that of our competitors. We also present Adjusted EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDA as a supplement to financial measures in accordance with generally accepted accounting principles, in particular, U.S. GAAP or IFRS. In order to view the operations of their casinos on a more stand-alone basis, gaming companies have historically excluded from their EBITDA calculations pre-opening expenses and property charges, which do not relate to the management of specific casino resorts. However, Adjusted EBITDA should not be considered as an

alternative to operating profit or loss as an indicator of our performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with IFRS. Unlike net profit or loss, Adjusted EBITDA does not include depreciation or finance costs and therefore does not reflect current or future capital expenditures or the cost of capital. We compensate for these limitations by using Adjusted EBITDA as only one of several comparative tools, together with IFRS measurements, to assist in the evaluation of operating performance. Such IFRS measurements include operating profit or loss, net profit or loss, cash flows from operations and cash flow data. Also, our calculation of Adjusted EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited. Our Adjusted EBITDA presented above also differs from the Adjusted Property EBITDA presented by Wynn Resorts for its Macau segment in its filings with the SEC. For a quantitative reconciliation of Adjusted EBITDA to its most directly comparable IFRS measurement, operating profit for 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Adjusted EBITDA.”

Selected operating data

The following table presents selected operating data for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2017	2018	2019	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
(in thousands, except for averages, win per unit per day figures and number of tables and slot machines)							
(restated)							
Wynn Palace:							
VIP:							
VIP table games turnover	409,761,734	478,816,743	359,366,164	46,369,229	204,075,091	50,634,833	6,533,443
VIP table games win ⁽¹⁾	11,588,024	14,688,804	11,909,047	1,536,631	7,040,365	855,638	110,404
VIP table games win as a percentage of turnover	2.8%	3.1%	3.3%		3.4%	1.7%	
Average number of gaming tables ⁽²⁾	104	114	109		112	95	
Table games win per unit per day ⁽³⁾	306,521	352,732	299,636	38,662	348,757	53,518	6,905
Mass market:							
Mass market table drop	27,202,666	38,607,230	40,149,551	5,180,520	20,167,858	3,869,991	499,347
Mass market table games win ⁽¹⁾	6,197,588	9,452,821	9,811,997	1,266,048	4,803,268	1,072,941	138,442
Mass market table games win percentage	22.8%	24.5%	24.4%		23.8%	27.7%	
Average number of gaming tables ⁽²⁾	202	209	216		212	201	
Table games win per unit per day ⁽³⁾	83,860	124,085	124,633	16,081	124,952	31,709	4,091
Slot machine handle	23,800,082	30,820,957	30,709,664	3,962,486	15,004,828	3,611,291	465,967
Slot machine win ⁽¹⁾	1,291,961	1,595,137	1,531,101	197,559	744,930	161,807	20,878
Average number of slots ⁽²⁾	1,026	1,065	1,054		1,095	596	
Slot machine win per unit per day ⁽³⁾	3,449	4,103	3,981	514	3,759	1,617	209
Wynn Macau:							
VIP:							
VIP table games turnover	454,269,332	452,647,270	277,690,676	35,830,593	152,722,707	27,777,562	3,584,155
VIP table games win ⁽¹⁾	14,862,762	12,443,934	8,481,086	1,094,320	4,714,917	859,970	110,962
VIP table games win as a percentage of turnover	3.3%	2.8%	3.1%		3.1%	3.1%	
Average number of gaming tables ⁽²⁾	96	111	106		111	86	
Table games win per unit per day ⁽³⁾	426,380	306,501	218,421	28,183	233,933	59,345	7,657
Mass market:							
Mass market table drop	35,261,569	39,641,216	42,402,598	5,471,232	21,172,557	4,817,443	621,598
Mass market table games win ⁽¹⁾	6,863,995	7,950,476	8,615,621	1,111,678	4,264,611	944,305	121,844
Mass market table games win percentage	19.5%	20.1%	20.3%		20.1%	19.6%	
Average number of gaming tables ⁽²⁾	204	203	207		206	208	
Table games win per unit per day ⁽³⁾	92,097	107,347	113,783	14,681	114,585	27,021	3,487
Slot machine handle	27,480,093	29,311,945	27,790,245	3,585,792	13,493,750	3,333,252	430,091
Slot machine win ⁽¹⁾	1,203,076	1,264,695	1,335,140	172,274	633,164	123,799	15,974
Average number of slots ⁽²⁾	914	877	807		827	529	
Slot machine win per unit per day ⁽³⁾	3,606	3,950	4,532	585	4,232	1,393	180

Notes:

- (1) Total casino revenues do not equal the sum of “VIP table games win”, “mass market table games win” and “slot machine win” because casino revenues are reported net of the relevant commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues). The following table presents a reconciliation of the sum of “VIP table games win”, “mass market table games win” and “slot machine win” to total casino revenues.

Total casino revenue reconciliation

	Years Ended December 31,				Six Months Ended June 30,		
	2017	2018	2019	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(restated)						
			(in thousands)				
VIP table games win	26,450,786	27,132,738	20,390,133	2,630,951	11,755,282	1,715,608	221,366
Mass market table games win	13,061,583	17,403,297	18,427,618	2,377,726	9,067,879	2,017,246	260,286
Slot machine win	2,495,037	2,859,832	2,866,241	369,833	1,378,094	285,606	36,852
Poker revenues	155,028	164,403	163,286	21,069	81,788	16,209	2,091
Commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues)	(12,642,604)	(13,463,834)	(10,997,022)	(1,418,952)	(5,942,834)	(1,054,918)	(136,116)
Total casino revenues	<u>29,519,830</u>	<u>34,096,436</u>	<u>30,850,256</u>	<u>3,980,627</u>	<u>16,340,209</u>	<u>2,979,751</u>	<u>384,479</u>

- (2) For purposes of this table, we calculate average number of gaming tables and average number of slots as the average numbers of gaming tables and slot machines in service on each day in the applicable period.
- (3) Table games win per unit per day and slot machine win per unit per day are presented in this table on the basis of the average number of gaming tables and average number of slots, respectively, over the number of days Wynn Palace, Wynn Macau and Encore at Wynn Macau were open in the applicable period.

Selected consolidated statements of financial position data

The following table presents our consolidated statements of financial position data as of the dates indicated.

	As of December 31,				As of June 30,	
	2017	2018	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	US\$
	(in thousands)					
Non-current assets						
Property and equipment and construction in progress	33,504,269	31,943,188	30,885,928	3,985,230	29,756,411	3,839,487
Right-of-use assets	—	—	2,019,444	260,570	1,934,393	249,596
Leasehold interests in land	1,686,452	1,590,281	—	—	—	—
Goodwill	398,345	398,345	398,345	51,399	398,345	51,399
Deposits for acquisition of property and equipment	35,092	51,426	28,290	3,650	6,900	890
Other non-current assets	791,819	686,582	606,803	78,296	600,040	77,424
Restricted cash and cash equivalents	6,032	11,322	17,471	2,254	13,830	1,784
Total non-current assets	36,422,009	34,681,144	33,956,281	4,381,399	32,709,919	4,220,580
Current assets						
Inventories	331,644	312,625	346,604	44,723	351,033	45,294
Trade and other receivables	676,669	1,135,474	1,552,991	200,383	1,309,963	169,025
Prepayments and other current assets	133,787	136,462	143,212	18,479	123,403	15,923
Amounts due from related companies	181,086	282,918	187,097	24,141	134,877	17,403
Restricted cash and cash equivalents	10,854	6,745	16,331	2,107	7,818	1,009
Cash and cash equivalents	5,239,690	9,526,423	14,087,486	1,817,717	18,859,530	2,433,456
Total current assets	6,573,730	11,400,647	16,333,721	2,107,550	20,786,624	2,682,110
Current liabilities						
Accounts payable	681,147	766,905	402,395	51,921	356,251	45,967
Interest-bearing borrowings	449,259	—	2,132,855	275,204	1,922,487	248,060
Lease liabilities	—	—	109,024	14,067	93,869	12,112
Construction payables and accruals	456,299	393,424	490,380	63,274	425,019	54,840
Other payables and accruals	9,969,074	9,703,870	7,769,824	1,002,545	7,725,818	996,867
Amounts due to related companies	261,601	160,196	111,527	14,390	17,197	2,219
Income tax payables	12,427	12,427	12,427	1,603	6,214	802
Other current liabilities	46,492	28,109	24,652	3,182	141,935	18,313
Total current liabilities	11,876,299	11,064,931	11,053,084	1,426,186	10,688,790	1,379,180
Net current (liabilities)/assets	(5,302,569)	335,716	5,280,637	681,364	10,097,834	1,302,930
Total assets less current liabilities	31,119,440	35,016,860	39,236,918	5,062,763	42,807,753	5,523,510
Non-current liabilities						
Interest-bearing borrowings	27,674,046	33,078,147	36,461,883	4,704,698	44,083,287	5,688,093
Lease liabilities	—	—	453,770	58,550	431,520	55,679
Construction retentions payable	1,862	1,293	1,315	170	4,055	523
Other payables and accruals	265,992	203,943	144,297	18,619	71,992	9,289
Other long-term liabilities	176,782	215,018	188,897	24,374	80,879	10,436
Total non-current liabilities	28,118,682	33,498,401	37,250,162	4,806,411	44,671,733	5,764,020
Net assets/(liabilities)	3,000,758	1,518,459	1,986,756	256,352	(1,863,980)	(240,510)
Equity						
Equity/(deficiency in assets) attributable to owners of the Company						
Issued capital	5,196	5,197	5,197	671	5,197	671
Share premium account	267,315	385,288	388,533	50,133	385,152	49,696
Shares held for employee ownership scheme	(112,062)	(160,749)	(178,785)	(23,069)	(159,046)	(20,522)
Reserves/(deficit)	2,840,309	1,288,723	1,771,811	228,617	(2,095,283)	(270,355)
Total equity/(deficiency in assets)	3,000,758	1,518,459	1,986,756	256,352	(1,863,980)	(240,510)

RISK FACTORS

You should carefully consider the risks described below and the other information contained in this offering memorandum before making an investment decision. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. If any of the events described below should occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Notes, and you could lose all or part of your investment.

Risks Related to Our Business

The initial outbreak of COVID-19 and subsequent COVID-19 Pandemic have had and will likely continue to have an adverse effect on our business, operations, financial condition and operating results, and the ability of our subsidiaries to pay dividends and distributions.

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified and has since then spread around the world. Currently, there are no fully-effective treatments that are broadly approved for COVID-19 and there can be no assurance that a fully-effective treatment will be developed. While vaccines have been developed and approved for use by certain governmental health agencies, there is considerable uncertainty with regard to how quickly such vaccines can be deployed to the general public and how quickly they will stem the spread of COVID-19. The COVID-19 Pandemic and the spread, and risk of resurgence, of COVID-19 have and continue to negatively impact many aspects of our business and the ability and desire of people to travel and participate in activities at crowded indoor places, such as those we offer at our properties.

All casino operations in Macau, including our casino operations at Wynn Palace and Wynn Macau, were required to close for a 15-day period in February 2020 to combat the risk of COVID-19 transmission in Macau. Our casino operations at Wynn Palace and Wynn Macau resumed on a reduced basis on February 20, 2020 and were fully restored by March 20, 2020 together with the implementation of various COVID-19 protective measures, such as limiting the number of seats per table game, increasing the spacing between active slot machines and visitor entry checks and requirements involving temperature checkpoints, mask wearing, health declarations and proof of negative COVID-19 test results.

Visitation to Macau and gross gaming revenues in Macau have significantly decreased since the outbreak of COVID-19. The decrease in gross gaming revenue in Macau is closely correlated to the decrease in visitation to Macau, driven by the strong deterrent effect of the COVID-19 Pandemic on travel and social activities, the suspension or reduced availability of the IVS, group tour scheme and other travel visas for visitors, quarantine measures in Macau and elsewhere, travel and entry restrictions and conditions in Macau, the PRC, Hong Kong and Taiwan involving COVID-19 testing, among other things, and the suspension or reduced accessibility of transportation to and from Macau.

While many aspects of these travel restrictions and conditions continue to adversely impact visitations to Macau, beginning in June 2020 certain restrictions and conditions have eased to allow for visitation to Macau as certain regions recover from the COVID-19 Pandemic. Quarantine-free travel, subject to COVID-19 safeguards such as testing and the usual visa requirements, was reintroduced between Macau and an increasing number of areas and cities within the PRC in progressive phases from June to August 2020, commencing with an area in Guangdong Province, which is adjacent to Macau, and expanding to additional areas and major cities within Guangdong Province, followed by most other areas of the PRC. On September 23, 2020, the PRC authorities fully resumed the IVS, which permits individual PRC citizens from nearly 50 PRC cities to travel to Macau for tourism. At present, bans on entry or enhanced quarantine requirements remain in place for people attempting to enter Macau, depending on various conditions such as the usual visa requirements, their COVID-19 test results, purpose of visit, recent travel history and/or other conditions as applicable. Quarantine requirements for those traveling between Hong Kong and Macau have been announced to remain effective until at least March 31, 2021.

Notwithstanding these developments, certain border control, travel-related restrictions and conditions, including quarantine and medical observation measures, stringent health declarations, COVID-19 testing and other procedures remain in place, and all visitors need to test negative for COVID-19 before entering Macau. Given the evolving conditions created by and in response to the COVID-19 Pandemic, we are currently unable to determine when travel-related restrictions and conditions will be further lifted. Measures that have been lifted or are expected to be lifted may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau.

Although all of our properties are currently open, we cannot predict whether future closures, in full or in part, will occur. For instance, if a confirmed COVID-19 case is linked to a casino in Macau in the future, it could result in the suspension of all casino operations in Macau, including those of Wynn Palace and Wynn Macau.

Moreover, once travel advisories and restrictions are fully lifted, demand for casino resorts may remain weak for a significant length of time and inbound tourism to Macau may be slow to recover. We cannot predict when, or even if, operating results at our properties will return to pre-outbreak levels. In particular, consumer behavior related to discretionary spending and traveling, including demand for casino resorts, may be negatively impacted by the adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels and loss of personal wealth resulting from the impact of the COVID-19 Pandemic. In addition, we cannot predict the impact that the COVID-19 Pandemic will have on our partners, such as tenants, travel agencies, suppliers and other vendors, which may adversely impact our operations.

As a result of these factors, we may be required to raise additional capital in the future and our access to and cost of financing will depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings. If our credit ratings were to be downgraded, or general market conditions were to ascribe higher risk to our rating levels, our industry, or us, our access to capital and the cost of any debt financing could be further negatively impacted. In addition, the terms of future debt agreements could include more restrictive covenants, or require incremental credit enhancements such as guarantees and/or collateral, which may further restrict our business operations or be unavailable due to covenant or other restrictions then in effect. There is no guarantee that debt financings will be available in the future to fund our obligations, or that they will be available on terms that are favorable to us.

In addition, the COVID-19 Pandemic has significantly increased economic and demand uncertainty. The current COVID-19 Pandemic has significantly and adversely impacted the global economy, and recovering from the economic fallout of the COVID-19 Pandemic could take many years, which could continue to have adversely impact our financial condition and operations. Current policies aimed at slowing the spread of COVID-19, such as the adoption of social distancing, stay-at-home orders and other policies, have resulted in significant increase in unemployment and economic hardship in nearly all markets, which could have a negative impact on demand for casino resorts.

The COVID-19 Pandemic has had and will continue to have an adverse effect on our results of operations, cash flows, and financial condition and our subsidiaries' ability to pay dividends and distributions. For example, due largely to a significant decrease in revenues, our operating revenues decreased by 79.2% from the six months ended June 30, 2019 to HK\$3,965.6 million (US\$511.7 million) in the six months ended June 30, 2020, and we recorded net loss of HK\$3,918.5 million (US\$505.6 million) and net cash used in operating activities of HK\$1,445.8 million (US\$186.6 million) in the six months ended June 30, 2020. We had net liabilities and negative equity of HK\$1,864.0 million (US\$240.5 million) as of June 30, 2020. See "Recent Developments" for the impact on our business in the recent months. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of containment measures, the impact on our results of operations, cash flows and financial condition in 2020 and potentially thereafter will be material, but cannot be reasonably estimated at this time. The extent of the effects of the outbreak on our business and the casino resort industry at large is highly uncertain and will ultimately depend on

future developments, including the duration and severity of the COVID-19 Pandemic, the length of time it takes for demand and pricing to return to pre-pandemic levels and for normal economic and operating conditions to resume.

To the extent the COVID-19 Pandemic adversely affects our business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks related to our business, including those relating to our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants or other restrictions contained in the agreements that govern our indebtedness.

We are entirely dependent on our resorts in Macau for all of our operating cash flow, which subjects us to greater risks than a gaming company with more operating properties.

We are entirely dependent upon our two resorts in Macau for all of our operating cash flow. As a result, we are subject to a greater degree of risk than a gaming company with more operating properties. The risks to which we have a greater degree of exposure include the following:

- changes in local economic and competitive conditions;
- the impact on the travel and leisure industry from factors such as an outbreak of an infectious disease, such as COVID-19, public incidents of violence, riots, demonstrations, extreme weather patterns or natural disasters, certain geopolitical events, military conflicts and any future security alerts and/or terrorist attacks in Macau and nearby regions;
- changes in Macau and other regional area laws and regulations, or interpretations thereof, including gaming laws and regulations, anti-smoking legislation and travel and visa policies;
- extensive regulation of our business and the cost of compliance or failure to comply with applicable laws and regulations;
- restrictions or conditions on visitation by citizens of the PRC, Hong Kong or Taiwan to Macau, including as a result of the COVID-19 Pandemic and certain initiatives impacting applicable visa issuance for prospective travelers to Macau in place from time to time;
- increased government oversight with respect to international financial transactions;
- a decrease in gaming and non-gaming activities at our resorts;
- shortages of skilled and unskilled labor affecting construction, development and/or operations;
- an increase in the costs of maintaining our properties;
- a decline in the number of visitors to Macau; and
- natural and other disasters.

Any of the factors outlined above could negatively affect our results of operations and our ability to generate sufficient cash flow to make payments or maintain our covenants with respect to our debt.

Revenues from our Macau gaming operations will end if we cannot secure an extension or renewal of our concession, or a new concession, by June 26, 2022 or if the Macau government exercises its redemption right.

Our Concession Agreement expires on June 26, 2022. Unless the term of our Concession Agreement is extended or renewed, or we receive a new gaming concession or other right to operate gaming business at our resorts in Macau, subject to any separate agreement with the Macau government, all of our gaming operations, casino area and related equipment in Macau will be automatically transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations at the end of our

Concession Agreement. The Macau government has publicly commented that it is studying the process by which concessions and subconcessions may be renewed, extended or issued. Effective from June 2017, the Macau government may redeem our Concession Agreement by providing us at least one year's prior notice. In the event the Macau government exercises this redemption right, we are entitled to fair compensation or indemnity based on the amount of revenue generated during the tax year prior to the redemption multiplied by the remaining years under the concession. We are considering various options to place us in a good position for the renewal, extension or concession application process; however, we cannot assure you that we will be able to renew or extend our Concession Agreement or obtain a new concession on terms favorable to us or at all. If our concession is redeemed, the compensation paid to us may not be adequate to compensate us for the loss of future revenues. We cannot conduct gaming operations in Macau without a gaming concession from the Macau government.

Our casinos, hotels, convention space and other facilities face intense competition, which may increase in the future.

The casino/hotel industry is highly competitive. There are three gaming concessions and three subconcessions authorized by the Macau government for the operation of casinos in Macau, one of which is the concession that we hold. The Macau government has had the ability to grant additional gaming concessions since April 2009. If the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions, we would face additional competition, which could have a material adverse effect on our financial condition, results of operations and cash flows. Several of our competitors have also opened facilities in the Cotai area over the past few years, which has significantly increased gaming and non-gaming offerings in Macau, with continued development and further openings in Cotai expected in the near future.

We also face competition from casinos throughout the world, including Singapore, South Korea, the Philippines, Malaysia, Vietnam, Cambodia, Australia, Las Vegas, cruise ships in Asia that offer gaming and other casinos throughout Asia. Additionally, certain Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan and Thailand, which could increase competition for our business.

Increased competition could result in a loss of customers, which may negatively affect our cash flows and results of operations.

We are a holding company and our primary source of cash is and will continue to be distributions from our subsidiaries.

The Company is a holding company and our main operating subsidiary, WRM, owns and operates the destination casino resorts "Wynn Palace" in the Cotai area of Macau and "Wynn Macau" on the Macau peninsula. Accordingly, our primary sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries that are derived from the earnings and cash flow generated by our operating properties. Our subsidiaries might not generate sufficient earnings and cash flow to pay dividends or distributions in the future. For example, if the COVID-19 Pandemic continues to interrupt our gaming operations or visitation to Macau or if the outbreak escalates, it may have a material adverse effect on our subsidiaries' results of operations and their ability to pay dividends or distributions to us, which may in turn impact our ability to service our debt obligations, including under the Notes.

Our business relies on premium customers. We often extend credit, and we may not be able to collect gaming receivables from our credit players or credit play may decrease.

A significant portion of our table games revenue at our resorts is attributable to the play of a limited number of premium customers. The loss or a reduction in the play of the most significant of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows. Adverse global or regional economic conditions could reduce the frequency of visits by these customers and revenue generated from them.

As our casino operations in Macau derive a substantial majority of their gross gaming revenues from premium customers, significantly lower high-value gaming turnover resulting from a variety of factors, including deteriorating international relations and regional disruptions, could negatively impact our operating results, including our casino revenues and Adjusted EBITDA.

We conduct our gaming activities on a credit, as well as a cash, basis. The casino credit we extend is generally unsecured and due on demand. We extend casino credit to those customers whose level of play and financial resources, in the opinion of our management, warrant such an extension. Table games players typically are extended more credit than slot players, and high-stakes players typically are extended more credit than customers who tend to wager lower amounts. The collectability of receivables from customers could be negatively affected by business or economic trends or by significant events in the countries in which these customers reside.

In addition, premium gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-value gaming may have a positive or negative impact on cash flow and earnings in a particular quarter.

Although the law in Macau permits casino operators to extend credit to gaming customers, we may not be able to collect all of our gaming receivables from our credit players. We expect that we will be able to enforce gaming debt obligations only in a limited number of jurisdictions, including Macau. To the extent our gaming customers are visitors from other jurisdictions, we may not have access to a forum in which we will be able to collect all of our gaming receivables because, among other reasons, courts of many jurisdictions do not enforce gaming debts and we may encounter forums that will refuse to enforce such debts. Our inability to collect gaming debts could have a significant negative impact on our operating results.

Currently, the gaming tax in Macau is calculated as a percentage of gross gaming revenues, including the face value of credit instruments issued. The gross gaming revenues calculation in Macau does not include deductions for uncollectible gaming debts. As a result, if we extend credit to our customers in Macau and are unable to collect on the related receivables from them, we remain obligated to pay taxes on our winnings from these customers regardless of whether we collect on the credit instruments.

We depend upon gaming promoters for a significant portion of our gaming revenue. If we are unable to maintain, or develop additional, successful relationships with reputable gaming promoters, our ability to maintain or grow our gaming revenues could be adversely affected.

A significant portion of our gaming revenue in Macau is generated by clientele of our gaming promoters. There is intense competition among casino operators in Macau for services provided by gaming promoters. We anticipate that this competition will further intensify as additional casinos open in Macau. If we are unable to maintain, or develop additional, successful relationships with reputable gaming promoters, or lose a significant number of our gaming promoters to our competitors, our ability to maintain or grow our gaming revenues will be adversely affected and we will have to seek alternative ways of developing relationships with premium customers. In addition, if our gaming promoters are unable to develop or maintain relationships with VIP customers, our ability to maintain or grow our gaming revenues will be hampered.

The financial resources of our gaming promoters may be insufficient to allow them to continue doing business in Macau which could adversely affect our business and financial condition. Our gaming promoters may experience difficulty in attracting customers.

Economic and regulatory factors in the region may cause our gaming promoters to experience difficulties in their Macau operations, including intensified competition in attracting customers to come to Macau. Further, gaming promoters may face a decrease in liquidity, limiting their ability to grant credit to their customers, and difficulties in collecting credit they extended previously. The inability to attract sufficient customers, grant credit

and collect amounts due in a timely manner may negatively affect our gaming promoters' operations, causing gaming promoters to wind up or liquidate their operations or resulting in some of our gaming promoters leaving Macau. Current and any future difficulties could have an adverse impact on our results of operations.

Increased competition for the services of gaming promoters may require us to pay increased commission rates to gaming promoters.

Certain gaming promoters have significant leverage and bargaining strength in negotiating operational agreements with casino operators. This leverage could result in gaming promoters negotiating changes to our operational agreements, including higher commissions, or the loss of business to a competitor or the loss of certain relationships with gaming promoters. If we need to increase our commission rates or otherwise change our practices with respect to gaming promoters due to competitive forces, our results of operations could be adversely affected.

Failure by the gaming promoters with whom we work to comply with Macau gaming laws and high standards of probity and integrity might affect our reputation and ability to comply with the requirements of our concession, Macau gaming laws and other gaming licenses.

The reputations and probity of the gaming promoters with whom we work are important to our own reputation and to our ability to operate in compliance with our concession, Macau gaming laws and other gaming licenses. We conduct periodic reviews of the probity and compliance programs of our gaming promoters. However, we are not able to control our gaming promoters compliance with these high standards of probity and integrity, and our gaming promoters may violate provisions in their contracts with us designed to ensure such compliance. In addition, if we enter into a new business relationship with a gaming promoter whose probity is in doubt, this may be considered by regulators or investors to reflect negatively on our own probity. If our gaming promoters are unable to maintain required standards of probity and integrity, we may face consequences from gaming regulators with authority over our operations. Furthermore, if any of our gaming promoters violate the Macau gaming laws while on our premises, the Macau government may, in its discretion, take enforcement action against us, the gaming promoter, or each concurrently, and we may be sanctioned and our reputation could be harmed.

The loss of certain key management and operating personnel could significantly harm our business.

Our ability to maintain our competitive position is dependent to a large degree on the efforts, skills and reputation of our key management and operating personnel. For further information with respect to the vital role that key management and operating personnel play in our operations and how their expertise and experience contribute to the success of the Company, see "Board of Directors and Senior Management."

If we lose the services of our key personnel, or if they do not devote sufficient attention to our operations for any other reason, our business may be significantly impaired.

The financial resources of our gaming promoters may be insufficient to allow them to continue doing business at our resorts.

Our gaming promoters may encounter decreased liquidity for a variety of reasons, limiting their ability to grant credit to their customers and thereby decreasing gaming volume at our casino. Furthermore, credit already extended by our gaming promoters to their customers may become increasingly difficult for them to collect. Also, in the event the Macau government lowers the cap on the commission rates payable to gaming promoters, gaming promoters' incentives to bring travelers to casinos in Macau would be further diminished, and certain of the gaming promoters may be forced to cease operations or divert the travelers to other regions. This inability to attract sufficient customers, settle accounts with customers, grant credit and collect amounts due in a timely manner can negatively affect our gaming promoters' operations, causing them to wind up or liquidate their

operations, and as a result, our results of operations could be adversely affected. Finally, the inability of gaming promoters to settle accounts with their customers may expose such gaming promoters to litigation proceedings initiated by affected customers, which may also expose us to additional litigation risk.

The winnings of our clients could exceed our casino winnings.

Our revenues are mainly derived from the difference between our casino winnings and the winnings of our clients. Since there is an inherent element of chance in the gaming industry, we do not have full control over our casino winnings or the winnings of our clients. If the winnings of our clients exceed our casino winnings, we may record a loss, or even negative operating revenues, from our gaming operations, and our business, financial condition and results of operations could be materially and adversely affected.

Win rates for our casino operations depend on a variety of factors, some beyond our control.

The gaming industry is characterized by an element of chance. In addition to the element of chance, win rates are also affected by other factors, including players' skill and experience, the mix of games played, the financial resources of players, the spread of table limits, the volume of bets placed by our players and the amount of time players spend on gambling—thus our actual win rates may differ greatly over short time periods, such as from quarter to quarter, and could cause our quarterly results to be volatile. These factors, alone or in combination, could negatively impact our win rates, and our business, financial condition and results of operations could be materially and adversely affected.

Our gaming business is subject to acts of fraud, cheating and counterfeiting.

All gaming activities at our table games are conducted exclusively with gaming chips which, like real currency, are subject to the risk of alteration and counterfeiting. We incorporate a variety of advanced security and anti-counterfeit features to detect altered or counterfeit gaming chips. Unauthorized parties may try to copy our gaming chips and introduce, use and convert to cash altered or counterfeit gaming chips in our gaming areas. Any negative publicity arising from such incidents could also tarnish our reputation and may result in a decline in our business, financial condition and results of operations. Since opening Wynn Macau, we have detected several instances of counterfeit or altered chips. In each instance, the total value of counterfeit or altered chips identified was not significant.

Our existing surveillance and security systems are designed to detect cheating at our casino, but they may not be able to detect such cheating in time or at all. Players may also seek to cheat at our casino games, including by colluding with our employees.

Acts of fraud or cheating through the use of counterfeit chips, covert schemes and other tactics, possibly in collusion with our employees, may be attempted or committed by our gaming customers with the aim of increasing their winnings. Our customers, visitors and employees may also commit crimes such as theft in order to obtain chips not belonging to them. In addition, our gaming promoters or other persons could, without our knowledge, enter into betting arrangements with our clients on the outcomes of our games of chance, depriving us of revenues. We have taken measures to safeguard our interests including the implementation of systems, processes and technologies to mitigate against these risks, extensive employee training, surveillance, security and investigation operations and adoption of appropriate security features on our chips such as embedded radio frequency identification tags. Despite our efforts, we may not be successful in preventing or detecting such culpable behavior and schemes in a timely manner and the relevant insurance we have obtained may not be sufficient to cover our losses depending on the incident, which could result in losses to our gaming operations and generate negative publicity, both of which could have an adverse effect on our reputation, business, results of operations and cash flows.

Our business may be adversely affected by fraudulent websites.

There has been a substantial increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. These fraudulent websites mainly target PRC citizens and often falsely represent affiliates of one or more Macau casinos and even the Macau government. These fraudulent websites can appear highly professional and will often feature false statements on their websites in an attempt to pass off as a legitimate business or purport to be in association with, or be accredited by, a legitimate business or governmental authority. Such websites may also wrongfully display logos and trademarks owned by legitimate businesses or governmental authorities, or use deceptively similar logos and imagery, to appear legitimate. We do not offer online gambling or investment accounts of any kind. Websites offering these or similar activities and opportunities that use our names, such as “Wynn Resorts (Macau) S.A.”, “Wynn”-related trademarks, including our marks for “Wynn Palace” and “Wynn Macau”, or similar names or images in likeness to ours, are without our authorization and possibly unlawfully and with criminal intent. We are not responsible for the contents of such websites.

We report the fraudulent websites that uses our names and trademarks to the appropriate authorities and may bring lawsuits against such websites when we become aware. However, the operation or shutdown of these websites are beyond our control. If our efforts to cause these sites to be shut down are unsuccessful or not timely completed, these unauthorized activities may continue to harm our reputation and negatively affect our business. Efforts we take to acquire and protect our intellectual property rights against unauthorized use throughout the world, which may include retaining counsel and commencing litigation in various jurisdictions, may be costly and may not be successful in protecting and preserving the status and value of our intellectual property assets.

Our business is particularly sensitive to reductions in discretionary consumer spending, including as a result of economic downturns or increasing geopolitical tensions.

The global macroeconomic environment is facing significant challenges, including an extended economic downturn, and possibly a global recession, caused primarily by the global COVID-19 Pandemic, dampened business sentiment and outlook, the various geopolitical and trade related tensions. The COVID-19 pandemic has had, and will likely continue to have, a significant adverse effect on the global economy, as well as our business. See “—The initial outbreak of COVID-19 and subsequent COVID-19 Pandemic have had and will likely continue to have an adverse effect on our business, operations, financial condition and operating results, and the ability of our subsidiaries to pay dividends and distributions.”

Recently there have also been heightened tensions in international relations, notably with respect to international trade, including increases in tariffs and company and industry specific restrictions. These issues, in addition to changes in national security policies and geopolitical issues can impact the global and regional economy and impact our business in a negative fashion. Various types of restrictions have been placed by government agencies on targeted industries and companies which could potentially negatively impact the intended subject as well as other companies and persons sharing a common country of operations. These types of events have also caused significant volatility in global equity and debt capital markets, which could trigger a severe contraction of liquidity in the global credit markets.

Our financial results have been, and are expected to continue to be, affected by the global and regional economy. Any severe or prolonged slowdown in the global or regional economy may materially and adversely affect our business, results of operations and financial condition.

Consumer demand for hotels, casino resorts, trade shows, conventions and for the type of luxury amenities that we offer is particularly sensitive to downturns in the economy, which adversely affect discretionary spending on leisure activities. Because a significant number of our customers come from the PRC, Hong Kong and Taiwan, the economic condition of our surrounding region, in particular, affects the gaming industry in Macau and our business. Changes in discretionary consumer spending or consumer preferences brought about by factors

such as perceived or actual general economic conditions, high unemployment, perceived or actual changes in disposable consumer income and wealth, economic recession, changes in consumer confidence in the economy, fears of war and acts of terrorism could reduce customer demand for the luxury amenities and leisure activities we offer and may negatively impact our operating results.

The agreements governing the Wynn Macau Credit Facilities contain certain financial covenants and other covenants that restrict our ability to engage in certain transactions and may impair our ability to respond to changing business and economic conditions.

The Wynn Macau Credit Facilities require us to satisfy financial covenants regarding minimum interest coverage ratios and maximum leverage ratios pertaining to total debt to earnings before interest, tax, depreciation and amortization. If our operations fail to generate adequate cash flow, we could violate those covenants, causing us to be in default.

The Wynn Macau Credit Facilities also contain restrictions on WRM's ability to engage in certain transactions and may limit our ability to respond to changing business and economic conditions. These include limitations on our ability to:

- pay dividends or distributions or repurchase equity;
- incur additional debt;
- make investments;
- create liens on assets to secure debt;
- enter into transactions with affiliates;
- issue stock of, or member's interests in, subsidiaries;
- enter into sale-leaseback transactions;
- engage in other businesses;
- merge or consolidate with another company;
- transfer, sell or otherwise dispose of assets;
- issue disqualified stock; and
- create dividend and other payment restrictions affecting subsidiaries.

Future indebtedness or other contracts could contain covenants more restrictive than those contained in the Wynn Macau Credit Facilities.

Our ability to comply with the terms of the Wynn Macau Credit Facilities or any future indebtedness may be adversely affected by general economic conditions, industry conditions and other events, some of which may be beyond our control. As a result, we may not be able to maintain compliance with the applicable covenants. Failure to comply with the terms of our credit facilities, including failure as a result of events beyond our control, could trigger an event of default, which would materially and adversely affect our operating results and our financial condition or result in our lenders taking action to enforce their security interests in our various assets.

If there were an event of default under the Wynn Macau Credit Facilities or any future indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flow would be sufficient to fully repay that debt if accelerated upon an event of default, or that we would be able to repay, refinance or restructure the payments on those debt instruments.

We could encounter substantial cost increases in the development of our projects and our new projects may not be successful.

To attract and retain our customers, we design and continually make enhancements and refinements to refresh and improve our resorts and to create unique customer experiences across a wide range of gaming and non-gaming amenities. For example, we have continued with the design stages of developing the second phase of expansion of Wynn Palace, and we estimate that construction of this project will begin in late 2021. The projected development costs for our projects reflect our best estimates and the actual development costs may be higher than expected. Contingencies that have been set aside by us to cover potential cost overruns or potential delays may be insufficient to cover the full amount of such overruns or delays. If these contingencies are not sufficient to cover these costs, or if we are not able to recover damages for these delays and contingencies, we may not have the funds required to pay the excess costs and our projects may not be completed.

Our current configuration projects and any other construction projects we undertake will entail significant risks. Configuration activity requires us to obtain qualified contractors and subcontractors, the availability of which may be uncertain. Configuration projects are subject to cost overruns and delays caused by events outside of our control or, in certain cases, our contractors' control, such as shortages of materials or skilled labor, unforeseen engineering, environmental and/or geological problems, work stoppages, weather interference, unanticipated cost increases and unavailability of construction materials or equipment. Construction, equipment or staffing problems or difficulties in obtaining any of the requisite materials, licenses, permits, allocations and authorizations from governmental or regulatory authorities could increase the total cost, delay, jeopardize, prevent the construction or opening of our projects, or otherwise affect the design and features. Configuration contractors or counterparties for our current projects may be required to bear certain cost overruns for which they are contractually liable, and if such counterparties are unable to meet their obligations, we may incur increased costs for such developments. In addition, we are managing certain impacts associated with the COVID-19 Pandemic, which include ensuring skilled labor, construction materials, licenses and permits are available when needed. The duration and intensity of the COVID-19 Pandemic could impact the budget and timeline of our current projects. Failure to complete our projects in a timely manner or at all may negatively affect our financial condition, our results of operations and our ability to pay our debts.

In addition to the construction and regulatory risks associated with our current and future construction projects, we cannot assure you that the level of consumer demand for our casino resorts or for the type of luxury amenities that we offer will meet our expectations. The operating results of our new projects may be materially different than the operating results of our current integrated resorts due to, among other reasons, differences in consumer and corporate spending and preferences in new geographic areas, increased competition from other markets or other developments that may be beyond our control. In addition, our new projects may be more sensitive to certain risks, including risks associated with downturns in the economy, than the resorts we currently operate. The demands imposed by new developments on our managerial, operational and other resources may impact the operation of our existing resorts. If any of these issues were to occur, it could adversely affect our prospects, financial condition, or results of operations.

The smoking control legislation in Macau could have an adverse effect on our business, financial condition, results of operations or cash flows.

Under Law no. 5/2011 (Smoking Prevention and Tobacco Control Law), as amended pursuant to Law no. 9/2017, from January 1, 2019, smoking on casino premises is only permitted in authorized segregated smoking lounges with no gaming activities and such smoking lounges are required to comply with the conditions set out in the Dispatch of the Secretary for the Social Affairs and Culture no. 84/2017, dated September 14, 2017. The existing smoking legislation, and any smoking legislation intended to fully ban all smoking in casinos, may deter potential gaming customers who are smokers from frequenting casinos in Macau and disrupt the number of customers visiting or the amount of time visiting customers spend at our property, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our information technology and other systems are subject to cyber security risks, including misappropriation of customer information or other breaches of information security.

We rely on information technology and other systems (including those maintained by third parties with whom we contract to provide data services) to maintain and transmit large volumes of customer financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The systems and processes we have implemented to protect customers, employees and company information are subject to the ever-changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees, or employees of third-party vendors. The steps we take to deter and mitigate these risks may not be successful and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Our third-party information system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such parties' information security operations.

Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, phishing attacks, computer viruses, misplaced or lost data, programming or human errors and other events. Cyber-attacks are becoming increasingly more difficult to anticipate and prevent due to their rapidly evolving nature and, as a result, the technology we use to protect our systems from being breached or compromised could become outdated due to advances in computer capabilities or other technological developments.

Any perceived or actual electronic or physical security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential or personally identifiable information, including penetration of our network security, whether by us or by a third party, could disrupt our business, damage our reputation and our relationships with our customers or employees, expose us to risks of litigation, significant fines and penalties and liability, result in the deterioration of our customers' and employees' confidence in us, and adversely affect our business, results of operations and financial condition. Since we do not control third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future, any perceived or actual unauthorized disclosure of personally identifiable information regarding our employees, customers or website visitors could harm our reputation and credibility and reduce our ability to attract and retain employees and customers. As these threats develop and grow, we may find it necessary to make significant further investments to protect data and our infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of employees. The occurrence of any of the cyber incidents described above could have a material adverse effect on our business, results of operations and cash flows.

The failure to protect the integrity and security of company employee and customer information could result in damage to reputation and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data.

Our business uses and transmits large volumes of employee and customer data, including credit card numbers and other personal information in various information systems that we maintain in areas such as human resources outsourcing, website hosting, and various forms of electronic communications. Our customers and employees have a high expectation that we will adequately protect their personal information. Our collection and use of personal data are governed by privacy laws and regulations, and privacy law is an area that changes often and varies significantly by jurisdiction. In addition to governmental regulations, there are credit card industry standards or other applicable data security standards we must comply with as well. Compliance with applicable privacy regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our guests. In addition, non-compliance with applicable privacy regulations by us (or in some circumstances non-compliance by third parties engaged by us) or a breach of security on systems storing

our data may result in damage of reputation and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data. Any misappropriation of confidential or personally identifiable information gathered, stored or used by us, be it intentional or accidental, could have a material impact on the operation of our business, including severely damaging our reputation and our relationships with our customers, employees and investors.

Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively.

We are dependent on our computer systems to record and process transactions and manage and operate our business, including processing payments, accounting for and reporting financial results, and managing our employees and employee benefit programs. Given the complexity of our business, it is imperative that we maintain uninterrupted operation of our computer hardware and software systems. Despite our preventative efforts, our systems are vulnerable to damage or interruption from, among other things, security breaches, computer viruses, technical malfunctions, inadequate system capacity, power outages, natural disasters, and usage errors by our employees or third-party consultants. If our information technology systems become damaged or otherwise cease to function properly, we may have to make significant investments to repair or replace them. Additionally, confidential or sensitive data related to our customers or employees could be lost or compromised. Any material disruptions in our information technology systems could have a material adverse effect on our business, results of operations, and financial condition.

Extreme weather conditions may have an adverse impact on our Macau Operations.

Macau's subtropical climate and location on the South China Sea are subject to extreme weather conditions including typhoons and heavy rainstorms, such as Typhoon Mangkhut in 2018 and Typhoon Hato in 2017. Unfavorable weather conditions could negatively affect the profitability of our resorts and prevent or discourage guests from traveling to Macau. Any flooding, unscheduled interruption in the technology or transportation services or interruption in the supply of public utilities may lead to a shutdown of any of our resorts in Macau. The occurrence and timing of such events cannot be predicted or controlled by us and may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Demand for our products and services may be negatively impacted by deteriorating international relations, economic disruptions, visa and travel restrictions or difficulties, anti-corruption campaigns, restrictions on international money transfers and other policies or campaigns implemented by regional governments.

A significant amount of our gaming revenues is generated from customers arriving from the PRC, Hong Kong and Taiwan. Deteriorating international relations, economic disruption and other similar events could negatively impact the number of visitors to our facilities and the amounts they spend. In addition, policies adopted from time to time by governments, including any visa and travel restrictions or difficulties faced by our customers such as restrictions on exit visas for travelers requiring them or restrictions on visitor entry visas for the jurisdictions in which we operate, could disrupt the number of visitors to our properties from those affected places, including from the PRC, Hong Kong and Taiwan. It is not known when, or if, policies restricting visitation by PRC citizens will be put in place and such policies may be adjusted, without notice, in the future. Furthermore, anti-corruption campaigns may influence the behavior of certain of our customers and their spending patterns. Such campaigns, as well as monetary outflow policies have specifically led to tighter monetary transfer regulations in a number of areas. These policies may affect and impact the number of visitors and the amount of money they spend. The overall effect of these campaigns and monetary transfer restrictions may negatively affect our revenues and results of operations.

Terrorism and the uncertainty of military conflicts, natural disasters and contagious diseases, as well as other factors affecting discretionary consumer spending, may harm our operating results.

The strength and profitability of our business depends on consumer demand for hotel casino resorts in general and for the type of luxury amenities our resorts offer. Changes in consumer preferences or discretionary consumer spending could harm our business. Terrorist activities in the United States and elsewhere, military conflicts in the Middle East, outbreaks of infectious disease and pandemics and natural disasters such as hurricanes, tsunamis and earthquakes, among other things, have negatively affected travel and leisure expenditures. For example, our business has been materially and adversely affected by the COVID-19 Pandemic. We cannot predict the extent to which similar events and conditions may continue to affect us in the future. An extended period of reduced discretionary spending or disruptions or declines in travel could significantly harm our operations.

In addition, other factors affecting travel and discretionary consumer spending, including general economic conditions, disposable consumer income, high unemployment and reduced consumer confidence in the economy, may negatively impact our business. Negative changes in any factors affecting discretionary spending could reduce customer demand for the products and services we offer, thus imposing practical limits on pricing and harming our operations.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer, and our insurance costs may increase.

We maintain property damage and business interruption insurance in the amount of US\$2.0 billion for Wynn Palace and US\$1.5 billion for Wynn Macau, as well as crime and fidelity insurance. Together with WRL, we are party to a terrorism insurance policy that provides us with no less than US\$1.0 billion of coverage of losses resulting from terrorist acts with respect to WRM. However, these types of acts could expose us to losses that exceed our coverage and could have a significant negative impact on our operations.

We may not have sufficient insurance coverage in the event of a catastrophic property or casualty loss. We may also suffer disruption of our business in the event of a terrorist attack or other catastrophic property or casualty loss or be subject to claims by third parties injured or harmed. While we currently carry general liability insurance and business interruption insurance, such insurance may not be adequate to cover all losses in such event. In the event that insurance premiums increase, we may not be able to maintain the insurance coverage we currently have or otherwise be able to maintain adequate insurance protection.

We may be affected by adverse political and economic conditions in Macau.

Our success will depend on political and economic conditions in Macau. In 1999, after approximately 450 years of Portuguese control, Portugal returned Macau to the administration of the People's Republic of China. The People's Republic of China established Macau as a special administrative region. As a result of this change in control, Macau's legislative, regulatory, legal, economic and cultural institutions are in a period of transition. We cannot predict how these systems and cultural institutions will develop, or how developments would affect our business.

Our operations are subject to significant political, economic and social risks inherent in doing business in an emerging market. For example, fiscal decline and civil, domestic or international unrest in the region could significantly harm our business, not only by reducing customer demand for casino resorts, but also by increasing the risk of imposition of taxes and exchange controls or other governmental restrictions that might impede our ability to repatriate funds.

Our results of operations are affected by economic, political and legal developments in the PRC, Hong Kong and Taiwan.

A significant number of our gaming customers come from the PRC, Hong Kong and Taiwan. Accordingly, economic, political and social conditions, as well as government policies, in our surrounding region may affect our business. Changes in the PRC, Hong Kong or Taiwan political, economic and social conditions, laws, regulations and policies could materially and adversely affect our business, prospects, financial condition and results of operations.

The PRC government may adopt macroeconomic policies that include measures to temper excessive growth in specific sectors of the economy. We cannot predict future economic reforms or the effects that any such measures may have on our business, prospects, financial condition or results of operations. In addition, there can be no assurance that the regional economic growth will be steady or in geographic regions or economic sectors to our benefit. Since a significant percentage of our customers each year come from the PRC, Hong Kong and Taiwan, we depend heavily on general economic conditions in the our surrounding region for our continued growth, and any economic disruption or contraction in the economy of our surrounding region could disrupt the number of customers visiting our property or the amount they may be willing to spend. A downturn in regional economic growth or a decline in its economic conditions may have a material adverse effect on our business, prospects, financial condition and results of operations.

We are subject to extensive governmental regulation, and licensing and gaming authorities have significant control over our operations. The cost of compliance or failure to comply with such regulations and authorities could have a negative effect on our business.

The operations of our resorts are contingent upon our obtaining and maintaining all necessary licenses, permits, approvals, registrations, findings of suitability, orders and authorizations. The laws, regulations and ordinances requiring these licenses, permits and other approvals generally relate to the responsibility, financial stability and character of the owners and managers of gaming operations, as well as persons financially interested or involved in gaming operations. The scope of the approvals required to open and operate a facility is extensive.

We opened Wynn Macau on September 6, 2006, Encore at Wynn Macau on April 21, 2010 and Wynn Palace on August 22, 2016 and are subject to ongoing regulation to maintain our operations. Complying with gaming laws, regulations and license requirements is costly. Failure to comply with the regulatory and gaming requirements in Macau could result in the revocation of our gaming concession or otherwise negatively affect our operations in Macau.

The Macau government can rescind our concession under certain circumstances without compensation to us, which would have a material adverse effect on our operations and financial condition.

The Macau government has the right to unilaterally rescind our concession in the event of our material non-compliance with the basic obligations under the concession and applicable Macau laws. The Concession Agreement expressly provides a non-exhaustive list of facts and circumstances under which the government of Macau may unilaterally rescind the Concession Agreement, including cases where WRM:

- conducts unauthorized games or activities that are excluded from its corporate purpose;
- suspends gaming operations in Macau for more than seven consecutive days (or more than 14 days in a calendar year) without justification;
- defaults in payment of taxes, premiums, contributions or other required amounts;
- systematically opposes the conduct of government inspections or supervision or does not comply with directions issued by the Macau government, in particular the DICJ;
- systematically fails to observe its obligations under the concession system;

- fails to maintain bank guarantees or bonds as set out in its gaming concession;
- is the subject of bankruptcy proceedings or becomes insolvent;
- engages in serious fraudulent activity damaging to the public interest; or
- repeatedly violates applicable gaming laws.

If the government of Macau unilaterally rescinds our Concession Agreement, WRM will be required to compensate the government in accordance with applicable law, and the areas defined as casino space under Macau law and all of the gaming equipment pertaining to our gaming operations will be automatically transferred to the government free of charges or encumbrances and without compensation. The loss of our concession would prevent us from conducting gaming operations in Macau, which would have a material adverse effect on our business, prospects, financial condition and results of operations.

The Macau government has established a maximum number of gaming tables that can be operated in Macau and has limited the number of new gaming tables at new gaming areas in Macau.

As of June 30, 2020, we had a total of 325 table games at Wynn Palace and 331 at Wynn Macau. The mix of table games in operation at Wynn Palace and Wynn Macau changes from time to time as a result of marketing and operating strategies in response to changing market demand and industry competition. Failure to shift the mix of our table games in anticipation of market demands and industry trends may negatively impact our operating results.

Unfavorable changes in currency exchange rates may increase our obligations under the Concession Agreements and cause fluctuations in the value of our investment in Macau.

Our Concession Agreement with the Macau government specifies payments in the Macau pataca. The Macau pataca, which is not a freely convertible currency, is linked to the Hong Kong dollar, and in many cases the two are used interchangeably in Macau. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, could change.

We cannot assure you that the Hong Kong dollar and the Macau pataca will continue to be linked to the U.S. dollar, which may result in severe fluctuations in the exchange rate for these currencies. We also cannot assure you that the current rate of exchange fixed by the applicable monetary authorities for these currencies will remain at the same level.

We expect most of our revenues and expenses will be in Hong Kong dollars or Macau patacas. For any U.S. dollar-denominated debt or other obligations incurred, fluctuations in the exchange rates of the Macau pataca or the Hong Kong dollar in relation to the U.S. dollar could have adverse effects on our results of operations, financial condition and ability to service debt.

Currency exchange controls and currency export restrictions could negatively impact us.

Currency exchange controls and restrictions on the export of currency by certain countries may negatively impact us. For example, there are currency exchange controls and restrictions in effect on the export of the Renminbi, the currency of the PRC. Such controls and restrictions may impede the flow of gaming customers to Macau, inhibit the growth of gaming in Macau and negatively impact our gaming operations.

We are subject to taxation in Macau and the rate of taxation could change.

We are subject to tax in Macau. WRM is subject to a special gaming tax of 35% of gross gaming win and must also make an annual contribution of up to 4% of gross gaming win for the promotion of public interests,

social security, infrastructure and tourism. In addition, WRM is subject to a 12% complementary tax on its non-gaming profits. In October 2015, we received an exemption from Macau's 12% complementary tax on casino gaming profits, exempting our casino gaming profits through December 31, 2020. In April 2020, we received an extension of the exemption from Macau's 12% complementary tax on casino gaming profits earned from January 1, 2021 to June 26, 2022, the date our Concession Agreement expires.

We have an agreement, namely the WRM Shareholder Dividend Tax Agreement, with the Macau Special Administrative Region that requires us to make annual payments to the Macau Special Administrative Region of MOP12.8 million (US\$1.6 million) in years 2016 through 2020 in lieu of the 12% complementary tax on dividend distributions to our shareholders from gaming profits. In March 2020, we applied for an extension of the agreement for another five years through December 31, 2025. The extension is subject to approval and may only extend through June 26, 2022, the date our Concession Agreement expires.

We were exempted from the payment of HK\$491.3 million, HK\$757.1 million and HK\$602.9 million (US\$77.8 million) in complementary tax for the years ended December 31, 2017 and 2018 and 2019, respectively. In the six months ended June 30, 2020, we did not have any casino gaming profits exempted from the Macau Complementary Tax. If we are unable to extend the exemption after the current term expires, or if we are unable to extend our agreement with Macau Special Administrative Region, our tax burden could increase and our net profit could decrease accordingly.

We are subject to extensive environmental regulation, which creates uncertainty regarding future environmental expenditures and liabilities.

We are subject to extensive environmental laws and requirements, such as those relating to discharges into the air, water and land, the handling and disposal of solid and hazardous waste and the cleanup of properties affected by hazardous substances. Under these and other environmental laws and regulations, we may be required to investigate and clean up hazardous or toxic substances or chemical releases at our properties. We cannot assure you that we will at all times be in compliance with such laws and regulations.

We could also be held responsible by a governmental entity or third parties for property damage, personal injury and investigation and cleanup costs incurred by them in connection with any contamination at our properties. These laws typically impose cleanup responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. The liability under those laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of the responsibility. The costs of investigation, remediation or removal of those substances may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use our properties.

If more stringent compliance, clean-up or liability standards are imposed, or the results of future testing and analyses at our facilities indicate that we are responsible for the release of hazardous substances, then we may be subject to additional remediation liability. More stringent standards may also lead to increased compliance costs. Any non-compliance with environmental standards established by applicable laws and regulations could have a material adverse effect on our business, prospects, financial condition and results of operations.

Certain Nevada gaming laws apply to our gaming activities and associations.

Certain Nevada gaming laws also apply to gaming activities and associations in jurisdictions outside the State of Nevada. WRL and its subsidiaries that must be licensed to conduct gaming operations in Nevada are required to comply with certain reporting requirements concerning our gaming activities and associations in Macau. WRL and its licensed Nevada subsidiaries also will be subject to disciplinary action by the Nevada Gaming Commission if we:

- knowingly violate any Macau laws relating to our gaming operations;

- fail to conduct our operations in accordance with the standards of honesty and integrity required of Nevada gaming operations;
- engage in any activity or enter into any association that is unsuitable for WRL because such activity or association poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to Nevada gaming policies;
- engage in any activity or enter into any association that interferes with the ability of the State of Nevada to collect gaming taxes and fees; or
- employ, contract with or associate with any person in the foreign gaming operation who has been denied a license or a finding of suitability in Nevada on the ground of unsuitability, or who has been found guilty of cheating at gambling.

Such disciplinary action could include suspension, conditioning, limitation or revocation of the registration, licenses or approvals held by WRL and its licensed Nevada subsidiaries and the imposition of substantial fines. In addition, if the Nevada State Gaming Control Board determines that any of our actual or intended activities or associations may be prohibited pursuant to one or more of the standards described above, the Nevada State Gaming Control Board can require WRL and its licensed Nevada subsidiaries to file an application with the Nevada Gaming Commission for a finding of suitability of the activity or association. If the Nevada Gaming Commission finds that our activities or associations are unsuitable or prohibited, WRL may require us to terminate the activity or association, prohibit us from undertaking the activity or association or divest itself from the Company, possibly on unfavorable terms.

Our largest shareholder is able to exert significant influence over our operations and future direction.

WRL beneficially owns approximately 72% of our outstanding shares. As a result, WRL may be able to exert significant influence over all matters requiring our shareholders' approval, including the approval of significant corporate transactions. WRL may have interests that differ from those of the holders of these Notes and may take actions that are not in the best interests of the holders of the Notes. Further, certain of our directors and officers also serve as directors and/or officers of WRL. Decisions that could have different implications for us and WRL, including contractual arrangements that we have entered into or may in the future enter into with WRL, may give rise to a potential conflict of interest. Additionally, our reputation and/or business may be negatively impacted by any negative publicity relating to WRL, whether as a result of legal proceedings, investigations, alleged violations of applicable laws or other events.

We obtain certain services from the WRL Group, including corporate support, marketing and personnel supply services.

We currently obtain certain services from the WRL Group, including corporate support services, marketing services and personnel supply services. A termination of these services could disrupt our business and increase our costs for such services. If the WRL Group chooses not to provide such services to us on terms acceptable to us, we will have to seek alternative means of securing comparable services, which may be on terms that are not as favorable as the current terms.

We license our right to use the “WYNN” trademark from the WRL Group; accordingly, if a third party successfully challenges our affiliate’s ownership of, or right to use, the Wynn-related trademarks or service marks or if we are unable to stop unauthorized use of such marks, our business or results of operations could be harmed.

We have been licensed the right to use certain “WYNN”-related trademarks and service marks from WRL and Wynn Resorts Holdings, LLC, an affiliate of WRL. Our intellectual property rights, especially the logo version of “WYNN,” are among our most valuable assets.

Pursuant to the licensing arrangement, WRM licenses the right to use the “WYNN” trademark in connection with our operation of hotel casinos in Macau in return for a monthly royalty payment. The licensing arrangement is not a fixed term arrangement; it is terminable on the occurrence of certain events, including if the WRL Group loses its rights in the “WYNN” mark, or if WRL ceases to hold more than a 50% voting interest in WRM. Further, the licensing arrangement will expire in 2022. If the existing licensing arrangement were terminated and we fail to enter into new arrangements or renew our existing arrangements with the WRL Group in respect of the “WYNN” mark, we would lose our rights to use the “WYNN” brand name, and “WYNN” trademarks and domain names. This would cause severe disruption to our business and have an adverse effect on our business, financial condition and results of operations.

Wynn Resorts Holdings, LLC has filed applications with the U.S. Patent and Trademark Office to register a variety of “WYNN”-related trademarks and service marks in connection with a variety of goods and services. These marks include “WYNN MACAU”, “ENCORE”, “WYNN PALACE” as well as trademarks of the Chinese characters representing “WYNN.”

Wynn Resorts Holdings, LLC has also filed applications with various foreign patent and trademark registries, including registries in Macau, the PRC, Hong Kong, Japan, Taiwan, certain European countries and various other jurisdictions throughout the world to register a variety of “WYNN”-related trademarks and service marks in connection with a variety of goods and services. These marks include many of the same marks filed with the U.S. Patent and Trademark Office and include “WYNN MACAU”, “ENCORE” and “WYNN PALACE”. Wynn Resorts Holdings, LLC has registered “WYNN PALACE”-related marks in Macau, the PRC, Hong Kong and various other jurisdictions.

If a third party successfully challenges our ownership of, or right to use, the “WYNN”-related trademarks and service marks, our business or results of operations could be harmed. We also are exposed to the risk that third parties may use “WYNN”-related trademarks without authorization. Furthermore, if WRL or Wynn Resorts Holdings, LLC enters into bankruptcy proceedings, our rights under the license could be unilaterally terminated by the administrator appointed by the court. The loss of our ability to use these marks would have a material and adverse effect on our results of operations, financial condition and business.

If a third party asserts other forms of intellectual property claims against us, our business or results of operations could be adversely affected.

Historically, trademarks and service marks have been the principal forms of intellectual property rights relevant to the gaming industry. However, due to the increased use of technology in computerized gaming machines and in business operations generally, other forms of intellectual property rights such as patents and copyrights are becoming increasingly relevant. Third parties might assert superior intellectual property rights or allege that their intellectual property rights cover some aspect of our operations. The defense of such allegations may result in substantial expenses, and, if such claims are successfully prosecuted, may have a material adverse impact on our results of operations, financial condition and business.

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition.

We may from time to time be involved in disputes with various parties involved in the ordinary course of our business. See “Business—Legal Proceedings.” These disputes may lead to legal or other proceedings which can be expensive and may divert management’s attention from the operations of our businesses. In addition, the actions, litigation and publicity could negatively impact our business, reputation and competitive position. We cannot assure you that we will not be involved in any other major legal proceedings in the future. Any involvement on these disputes may materially and adversely affect our business, financial condition and results of operations.

Our continued success depends on our ability to maintain the reputation of our resorts.

Our strategy and integrated resort business model rely on positive perceptions of our resorts held by our customers, business partners, other key stakeholders and the communities in which we do business and the level of service we provide. Any deterioration in our reputation could have a material adverse effect on our business, results of operations and cash flows. Our reputation could be negatively impacted by our failure to deliver the superior design and customer service for which we are known or by events that are beyond our control. Our reputation may also suffer as a result of negative publicity regarding our resorts, including as a result of social media reports, regardless of the accuracy of such publicity. The continued expansion of media and social media formats has compounded the potential scope of negative publicity and has made it more difficult to control and effectively manage negative publicity. In addition, our business faces increasing scrutiny related to environmental, social and governance activities, and risk of damage to our reputation and the value of our brands if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, supply chain management, sustainability, workplace conduct, human rights, philanthropy, and support for local communities.

Our anti-money laundering and anti-corruption policies might not be effective in preventing the occurrence of money laundering or other illegal activities at our casino.

We and WRM have implemented anti-money laundering and anti-corruption policies in compliance with all applicable laws and regulations in Macau and Hong Kong. We also provide periodic training to our employees with respect to anti-money laundering and anti-corruption matters. However, we cannot assure you that such policies and training will be effective to prevent our casino operations from being exploited for money laundering or other illegal purposes. Any incidents or allegations of money laundering or other illegal activities or any regulatory investigations into possible money laundering or other illegal activities involving us, our employees, our gaming promoters or our clients could have a material adverse impact on our reputation, relationship with our regulators, business, cash flows, financial condition, prospects and results of operations. Any serious incident of money laundering or other illegal activities or any regulatory investigation into money laundering activities or other illegal activities may cause a revocation or suspension of WRM's concession.

As a subsidiary of WRL, we are also subject to the U.S. Foreign Corrupt Practices Act (the "FCPA"), which generally prohibits U.S. companies and their affiliates and intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Any determination that we have violated the FCPA could have a material adverse effect on us.

We compete for limited labor resources in Macau and local policies may also affect our ability to employ imported labor.

The success of our operations will be affected by our success in hiring and retaining our employees. We compete with a large number of casino resorts in Macau for a limited number of qualified employees. In addition only Macau residents are eligible for the majority of positions within the casino including dealers and other gaming staff. Competition for these individuals in Macau has increased and will continue to increase as other competitors expand their operations. We seek employees from outside Macau to adequately staff our resorts and certain local policies affect our ability to import labor in certain job classifications. We coordinate with the labor and immigration authorities to ensure our labor needs are satisfied, but cannot be certain that we will be able to recruit and retain a sufficient number of qualified employees for our operations or that we will be able to obtain required work permits for those employees. If we are unable to obtain, attract, retain and train skilled employees, our ability to adequately manage and staff our casino resorts in Macau could be impaired, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Transportation services, infrastructure and related facilities may need to expand to accommodate the demand of visitors to Macau.

Transportation services, infrastructure and related facilities within Macau and between Macau, Hong Kong and the PRC may need to be expanded to accommodate the potential increased visitation to Macau driven by additional casino projects and attractions that are under construction and to be developed in the future as well as the opening of the Hong Kong-Zhuhai-Macau Bridge which may further strain existing transportation infrastructure. If transportation facilities to and from Macau are inadequate to meet the demands of an increased volume of gaming customers visiting Macau, the desirability of Macau as a gaming destination, as well as the results of operations of our operations, could be negatively impacted. Furthermore, construction of current and future casino and infrastructure projects, adjacent to our properties could impede access to our properties during construction and development. This may negatively impact the results of our operations.

We are exposed to interest rate risks associated with our credit facilities, which bear interest based on floating rates.

We are exposed to interest rate risk associated with our credit facilities, which bear interest based on floating rates. We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings supplemented by hedging activities as considered necessary. We cannot assure you that these risk management strategies will have the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

On July 27, 2017, the UK Financial Conduct Authority (the “FCA”) announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “FCA Announcement”). The FCA Announcement and a subsequent speech by the Director of Markets and Wholesale Policy at the FCA on January 28, 2019 indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed, and market participants should not rely on its publication after 2021. At the date of this offering memorandum, it is not possible to predict the effect that any discontinuance, modification or other reforms to LIBOR or any other reference rate, or the establishment of alternative reference rates may have on LIBOR or other benchmarks. Furthermore, the use of alternative reference rates or other reforms could cause the interest rate calculated on certain debt instruments to be materially different from the rate that is currently expected.

The borrowings under the Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin based on WRM’s leverage ratio. If LIBOR (or HIBOR) ceases to exist or if only one reference bank under the Wynn Macau Credit Facilities provides a quotation for LIBOR (or HIBOR) or if notice is served to us that the funding cost of our majority lender(s) exceed LIBOR (or HIBOR), we must enter into good faith negotiations for a period of up to 30 days with a view to agreeing an alternative basis for determining the rate of interest applicable to our affected borrowings. Failing such agreement within the prescribed time, each relevant lender is to certify an alternative basis for maintaining its participation in the affected borrowings which may include an alternative method of fixing the applicable interest rate, alternative interest periods and/or alternative currencies provided such basis reflects the cost of funding its participation. Each certified alternative basis is binding on WRM and treated as part of the credit facilities agreement and applicable related agreements. WRM may seek to settle the affected outstanding borrowings. The potential effect of any such event could have on our business and financial condition cannot yet be determined.

Our business is particularly sensitive to the willingness of our customers to travel to and spend time at our resorts. Acts or the threat of acts of terrorism, outbreak of infectious disease, regional political events and developments in certain countries could cause severe disruptions in air and other travel and may otherwise negatively impact tourists’ willingness to visit our resorts. Such events or developments could reduce the

number of visitors to our facilities, resulting in a material adverse effect on our business and financial condition, results of operations or cash flows.

We are dependent on the willingness of our customers to travel. Only a small amount of our business is and will be generated by local residents. Most of our customers travel to reach our Macau properties. Acts of terrorism or concerns over the possibility of such acts may severely disrupt domestic and international travel, which would result in a decrease in customer visits to Macau, including our properties. Regional conflicts could have a similar effect on domestic and international travel. Disruptions in air or other forms of travel as a result of any terrorist act, outbreak of hostilities, escalation of war or worldwide infectious disease outbreak would have an adverse effect on our business and financial condition, results of operations and cash flows. In addition, governmental action and uncertainty resulting from political trends and policies of major global economies, including potential barriers and restrictions to travel, trade and immigration can reduce demand for our hospitality products and services, and reduce visitation to our resorts.

Compliance with changing laws and regulations may result in additional expenses and compliance risks.

Changing laws and regulations are creating uncertainty for gaming companies. These changing laws and regulations are subject to varying interpretations in many cases due to their lack of specificity, recent issuance and/or lack of guidance. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. In addition, further regulation of casinos, financial institutions and public companies is possible. This could result in continuing uncertainty and higher costs regarding compliance matters. Due to our commitment to maintain high standards of compliance with laws and public disclosure, our efforts to comply with evolving laws, regulations and standards have resulted in and are likely to continue to result in increased general and administrative expense. In addition, we are subject to different parties' interpretation of our compliance with these new and changing laws and regulations.

Risks Related to the Notes

We will have a substantial amount of indebtedness, which could have important consequences for holders of the Additional Notes and significant effects on our business and future operations.

We will have a substantial amount of debt in relation to our equity. Assuming we had completed this offering of the Additional Notes and applied the net proceeds from such offering as described under the section entitled "Use of Proceeds", as of June 30, 2020, we would have had an aggregate principal amount of outstanding debt of HK\$46,254.5 million (US\$5,968.2 million) in accordance with IFRS, comprising the Wynn Macau Credit Facilities, the 2024 Notes, the 2027 Notes, the 2029 Notes, the US\$750 million aggregate principal amount of the Original 2026 Notes and the Additional Notes, which does not give effect to (i) the issuance of US\$600 million aggregate principal amount of the Original Notes and US\$250 million aggregate principal amount of the Additional 2026 Notes issued on August 26, 2020, (ii) the actual repayment of US\$847.7 million on the Wynn Macau Term Loan in September 2020 using the proceeds from the issuance of the Original Notes and the Additional 2026 Notes on August 26, 2020 and (iii) the US\$1.0 million net repayment on the Wynn Macau Revolver subsequent to June 30, 2020.

Our substantial indebtedness may make it more difficult for us to satisfy our obligations with respect to the Notes, increase our vulnerability to general adverse economic and industry conditions, impair our ability to obtain additional financing in the future for working capital needs, capital expenditure, acquisitions or general corporate purposes, require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available to us for our operations or expansion of our existing operations, limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, place us at a competitive disadvantage as compared to our competitors, to the extent that they are not as leveraged, subject us to higher interest expense in the event of increases in interest rates to the extent a portion of our debt bears interest at variable rates, cause us to incur additional expenses by

hedging interest rate exposures of our debt and exposure to hedging counterparties' failure to pay under such hedging arrangements, which would reduce the funds available for us for our operations; and in the event we or one of our subsidiaries were to default, result in the loss of all or a substantial portion of our and our subsidiaries' assets, over which our lenders have taken or will take security. Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our other debt obligations, including the Notes.

In addition, under the terms of the Indenture, the Wynn Macau Credit Facilities, the 2017 Indentures, the 2019 Indenture and the 2026 Notes Indenture (as defined herein), we are permitted to incur additional indebtedness, some of which may be senior secured indebtedness. If we incur additional indebtedness, the risks described above will be exacerbated.

We have incurred substantial secured indebtedness under the Wynn Macau Credit Facilities, and our obligations under the Notes are subordinated with respect to such secured indebtedness.

As of September 30, 2020, the Wynn Macau Credit Facilities consisted of US\$2.06 billion in a combination of Hong Kong dollar and U.S. dollar facilities, including a US\$1.31 billion fully funded senior term loan facility and a US\$0.75 billion senior revolving credit facility. Borrowings under the Wynn Macau Credit Facilities are guaranteed by Palo Real Estate Company Limited and by certain subsidiaries of the Company that own equity interests in WRM, and are secured by substantially all of the assets of, and equity interests in WRM and Palo Real Estate Company Limited, subject to applicable laws, including gaming laws, and certain agreed upon exceptions.

The Wynn Macau Credit Facilities permit WRM, subject to a leverage test, to incur additional unsecured indebtedness. Our payment obligations under the Notes and our other future debt, will be effectively subordinated to all of our secured indebtedness and will be structurally subordinated to all obligations of our subsidiaries, including the obligations of our subsidiaries under the Wynn Macau Credit Facilities. In the event of a default by any such subsidiary under its financing documents, or if any such subsidiary experiences insolvency, liquidation, dissolution or reorganization, the holders of such secured debt would first be entitled to payment from their collateral security, then the holders of such subsidiary's unsecured debt would be entitled to payment from its remaining assets, and only then would we, as a holder of capital stock of such subsidiary, would be entitled to distribution of any remaining assets. Furthermore, our payment obligations under the Notes will rank *pari passu* with any of our future senior unsecured indebtedness. As a result, our secured creditors would have a claim on all or substantially all of our and our subsidiaries' assets that would be prior to the claims of the holders of the Notes in case of insolvency of our subsidiaries, which may affect your ability to recover any amounts due under the Notes. As we intend to use certain amounts of the net proceeds from this offering to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Credit Facilities, if our financial condition declines prior to the repayment of the Notes, your ability to recover any amounts due under the Notes will be adversely affected.

The Notes will be structurally subordinated to the liabilities of our subsidiaries.

Our subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. In the event that any of our subsidiaries becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as a part of a solvent transaction:

- the creditors of the Company (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary; and
- creditors of such subsidiary, including trade creditors, and any preferred shareholders of such subsidiary will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Company, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As of September 30, 2020, the liabilities of our subsidiaries include the Wynn Macau Credit Facilities, which consist of a US\$1.31 billion fully funded senior secured term loan facility and a US\$0.75 billion equivalent senior revolving credit facility. As of September 30, 2020, the total outstanding amount of indebtedness under the Wynn Macau Credit Facilities was US\$2.06 billion in accordance with U.S. GAAP.

The limited covenants in the Indenture may not protect against developments that may impair our ability to repay the Notes or the trading price for the Notes.

The Indenture does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, does not protect holders of the Notes if we experience significant adverse changes in our financial condition or results of operations;
- limit our ability to incur indebtedness, including secured indebtedness, that is senior or equal in right of payment to the Notes;
- limit our subsidiaries' ability to incur indebtedness, all of which would be structurally senior to the Notes; or
- restrict our ability to make investments or to repurchase, or pay dividends or make other payments in respect of, our ordinary shares or other securities ranking junior to the Notes.

An increase in the level of our indebtedness, or other events that could adversely affect our business, financial condition, results of operations or prospects, may cause rating agencies to downgrade any credit ratings on the Notes, which could adversely affect their trading price and liquidity, and downgrade our corporate rating generally, which could increase our cost of borrowing, limit our access to the capital markets and result in more restrictive covenants in future debt agreements.

We may not be able to generate sufficient cash flow to meet our debt service obligations.

Our ability to make scheduled payments due on our existing and anticipated debt obligations, including the Notes, and fund working capital needs, planned capital expenditure and development efforts will depend on our ability to generate sufficient operating cash flow from our projects. Our ability to obtain cash to service our existing and projected debts is subject to a range of economic, financial, competitive, regulatory, business and other factors, many of which are beyond our control, including:

- our future operating performance;
- the demand for services that we provide;
- general economic conditions and economic conditions affecting Macau or the gaming industry in particular;
- our ability to hire and retain employees and management at a reasonable cost;
- competition; and
- legislative and regulatory factors affecting our operations and business.

Our operating cash flows have decreased significantly in recent months due to the COVID-19 Pandemic. See "Recent Developments." If our business does not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness, including the Notes, on or before the maturity date, sell assets, reduce or delay capital investments or seek to raise additional capital, any of which could have a material adverse effect on our operations. In addition, we may not be able to effect any of

these actions, if necessary, on commercially reasonable terms or at all. Our ability to sell assets or restructure or refinance our indebtedness, including the Notes, will depend on the condition of the financing and capital markets, our financial condition and our ability to obtain requisite governmental approvals at such time.

Any refinancing of any of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our operations. The terms of existing or future debt instruments, including the Indenture, may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in downgrades of any credit ratings we or the Notes may have at such time, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, could materially adversely affect our business, prospects, financial condition and results of operations, as well as our ability to satisfy our obligations with respect to the Notes.

If we are unable to comply with the restrictions and covenants in our debt agreements, including the Indenture, there could be a default under the terms of these agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in our current or future debt and other agreements, or the Indenture, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of debt or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to obtain alternative financing on reasonable terms or at all.

Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

As a holding company, we depend on the receipt of dividends and the interest or principal payments on intercompany loans or advances from our subsidiaries to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments of such subsidiaries. Certain of our subsidiaries have incurred debt in their own name and may do so again in the future, and the instruments governing such debt may require the lenders' consent prior to the subsidiaries declaring dividends or otherwise restrict dividends or other distributions on their equity interests to us. In particular, WRM, which generates substantially all of our revenues, is subject to certain restrictions under the terms of the Wynn Macau Credit Facilities that prohibit the payment of dividends unless certain financial and non-financial criteria are satisfied. In addition, if any of our subsidiaries raise capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to us to make payments on the Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the Notes.

We may not be able to repurchase the Notes upon the occurrence of certain events.

We must offer to purchase the Notes upon the occurrence of certain specified change of control triggering events, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See

“Description of the Notes.” In addition, upon the occurrence of specified special put option triggering events (which relate to certain events of loss, termination, rescission, revocation or modification of our gaming license), we will be required to offer to purchase all outstanding Notes at a purchase price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest, if any, and additional amounts, if any. See “Description of the Notes.” Furthermore, we may redeem the Notes if (a) certain changes in tax law impose withholding taxes on amounts payable on the Notes, and, as a result, we are required to pay additional amounts with respect to such withholding taxes, or (b) the gaming authority of any jurisdiction in which the Company conducts or proposes to conduct gaming requires that a person who is a holder or the beneficial owner of Notes be licensed, qualified or found suitable under applicable gaming laws and such holder or beneficial owner, as the case may be, fails to apply or become licensed or qualified within the required time period or is notified that it will not be licensed, qualified or found suitable. See “Description of the Notes.”

The sources of funds for any such purchases would be our available cash or third-party financing. However, we may not have enough available funds at the time of the occurrence of any change of control triggering events or special put option triggering events to make purchases of outstanding Notes. Our failure to make a required offer to purchase or to purchase the outstanding Notes would constitute an event of default under the Notes. The event of default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of change of control for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of change of control for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

We may, in our discretion, require holders and beneficial owners of Notes to dispose of their Notes, or we may redeem the Notes, due to regulatory considerations.

We may redeem the Notes due to regulatory considerations, either as required by gaming authorities or in our discretion. The Indenture will grant us the power to redeem the Notes that you own or control if any gaming authority requires you, or a beneficial owner of the Notes, to be licensed, qualified or found suitable under any applicable gaming law and:

- you or such beneficial owner fails to apply for a license, qualification or finding of suitability within 30 days after being requested to do so (or such lesser period as required by the relevant gaming authority); or
- you or such beneficial owner is determined by a gaming authority to be unsuitable to own or control the Notes.

Under the foregoing circumstances, under the Indenture, we may redeem, and if required by the applicable gaming authority, we must redeem, your Notes to the extent required by the gaming authority or deemed necessary or advisable by us. The redemption price will be equal to:

- the price required by applicable law or by order of any gaming authority; or
- the lesser of (1) the principal amount of the Notes, as applicable, and (2) the price that you or the beneficial owner paid for the Notes, as applicable, in either case, together with accrued and unpaid interest on the Notes, as applicable.

See “Description of the Notes—Gaming Redemption.”

The liquidity and prices of the Notes may be volatile.

The prices and trading volumes of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals of new investments, strategic alliances or acquisitions, interest rates, the general state of the securities market (including the market for debt issued by other companies and debt issued by governments), market conditions in our industry and fluctuations in prices for comparable companies could result in large and sudden changes in the volume and price at which the Notes will trade.

The insolvency laws of the Cayman Islands may provide you with less protection than U.S. bankruptcy law.

The Company is incorporated under the laws of the Cayman Islands. Accordingly, insolvency proceedings with respect to the Company would likely proceed under, and be governed by, Cayman Islands insolvency law. Cayman Islands insolvency laws may not be as favorable to investors as the laws of the United States or other jurisdictions with which investors are familiar.

You may have difficulty enforcing judgments obtained against us.

The Company is a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. All of our current operations and administrative and corporate functions are conducted in Macau and Hong Kong. In addition, the majority of our directors and officers are nationals and/or residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in Cayman Islands, Macau, the Isle of Man and Hong Kong courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, most of whom are not residents in the United States and the substantial majority of whose assets are located outside of the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands, Macau, the Isle of Man or Hong Kong would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. In addition, it is uncertain whether such Cayman Islands, Macau, the Isle of Man or Hong Kong courts would be competent to hear original actions brought in the Cayman Islands, Macau, the Isle of Man or Hong Kong against us or such persons predicated upon the securities laws of the United States or any state.

An active trading market for the Additional Notes may not develop.

The Additional Notes are new issues of securities for which there is currently no trading market. Although we have received a confirmation of the eligibility of a listing of the Additional Notes on the Hong Kong Stock Exchange, we cannot assure you that we will obtain or be able to maintain a listing on the Hong Kong Stock Exchange, or that, if listed, a liquid trading market will develop. We have been advised that the Initial Purchasers intend to make a market in the Notes, but they are not obligated to do so and may discontinue such market making activity at any time without notice. We cannot predict whether an active trading market for the Additional Notes will develop or be sustained. If an active trading market for the Additional Notes does not develop or is not sustained, the market price and liquidity of the Additional Notes may be adversely affected.

The transfer of Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been registered under, and we are not obligated to and have no intention to register the Notes under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See “Transfer Restrictions.”

We may elect to redeem the Notes prior to their maturity.

Pursuant to terms of the Notes, we may elect to redeem the Notes prior to their maturity in whole or in part at the price specified in the section entitled “Description of the Notes—Optional Redemption.” The date on which we elect to redeem the Notes may not accord with the preference of particular noteholders. In addition, a noteholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Notes.

The ratings of the Notes may be downgraded or withdrawn in the future.

The Additional Notes are expected to be rated “B1” by Moody’s Investors Service and “BB-” by S&P Global Ratings. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Company to perform its obligations under the Additional Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities. The ratings can be lowered or withdrawn at any time. We have no obligation to inform holders of the Notes if the ratings are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price of the Notes.

Certain facts and statistics are derived from publications not independently verified by us, the Initial Purchasers or our respective advisers.

Market data, industry forecast and gaming industry statistics in this offering memorandum are derived from public sources, including publicly available information and industry publications. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources and believe this information to be reliable, they have not been independently verified by us or the Initial Purchasers or our or their respective directors and advisers, and neither we, the Initial Purchasers nor our or their respective directors and advisers make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and gaming industry statistics.

We will follow the applicable corporate disclosure standards for debt securities which are issued to Professional Investors only and listed on the Hong Kong Stock Exchange, and such standards may be different from those applicable to debt securities listed in certain other countries.

We will be subject to reporting obligations in respect of the Notes to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different than those imposed by securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to. See “Description of the Notes—Certain Covenants—Reports.”

USE OF PROCEEDS

We estimate that the net proceeds from the offering of the Additional Notes will be approximately US\$765.9 million, including premium, after deducting discounts of the Initial Purchasers and estimated offering expenses payable by us and excluding accrued interest from August 26, 2020, to but not including the issue date of the Additional Notes. Subject to compliance with applicable laws and regulations, we intend to use the net proceeds to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Credit Facilities.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth on an actual basis our consolidated total cash and capitalization as of June 30, 2020 and as adjusted basis to give effect to (a) the net proceeds from the issuance of the Additional Notes being issued, including premium, after deducting the discounts of the Initial Purchasers and other estimated expenses of this offering payable by us and excluding accrued interest from August 26, 2020, to but not including the issue date of the Additional Notes, and (b) the use of the net proceeds from this offering as described in “Use of Proceeds,” excluding any premiums, fees and expense related to such repayment.

The following table should be read in conjunction with the summary financial information and unaudited consolidated financial statements and related notes included elsewhere in this offering memorandum.

	As of June 30, 2020			
	Actual		Adjusted	
	HK\$	US\$	HK\$	US\$
	(in thousands)			
Cash and cash equivalents ⁽⁴⁾⁽⁵⁾	18,859,530	2,433,456	18,859,530	2,433,456
Restricted cash ⁽¹⁾	21,648	2,793	21,648	2,793
Total cash	<u>18,881,178</u>	<u>2,436,249</u>	<u>18,881,178</u>	<u>2,436,249</u>
Long-term debt:				
Wynn Macau Credit Facilities ⁽⁴⁾	22,351,772	2,884,062	16,415,684	2,118,125
2024 Notes, Original 2026 Notes, 2027 Notes and 2029 Notes ⁽³⁾	24,026,204	3,100,116	24,026,204	3,100,116
Additional Notes to be issued in this offering ⁽²⁾	—	—	5,812,575	750,000
Total long-term debt ⁽⁴⁾	<u>46,377,976</u>	<u>5,984,178</u>	<u>46,254,463</u>	<u>5,968,241</u>
Share capital and share premium	390,349	50,367	390,349	50,367
Shares held for employee ownership scheme	(159,046)	(20,522)	(159,046)	(20,522)
Deficit	<u>(2,095,283)</u>	<u>(270,355)</u>	<u>(2,095,283)</u>	<u>(270,355)</u>
Equity attributable to equity holders of the Company	<u>(1,863,980)</u>	<u>(240,510)</u>	<u>(1,863,980)</u>	<u>(240,510)</u>
Total capitalization ⁽⁶⁾	<u>44,513,996</u>	<u>5,743,668</u>	<u>44,390,483</u>	<u>5,727,731</u>

Notes:

- (1) Represents funds received at the trust to fund our employee ownership scheme and deposits placed with banks for certain bank guarantees provided for operational purpose.
- (2) Represents the aggregate principal amount of the Additional Notes being offered hereby.
- (3) The adjusted column does not include the aggregate principal amount of US\$250 million Additional 2026 Notes and the aggregate principal amount of US\$600 million Original Notes issued on August 26, 2020.
- (4) The adjusted column does not give effect to the actual repayment of US\$847.7 million on the Wynn Macau Term Loan in September 2020 (using the proceeds of the issuance of US\$600 million aggregate principal amount of the Original Notes and US\$250 million aggregate principal amount of the Additional 2026 Notes issued on August 26, 2020) and does not give effect to a US\$1.0 million net repayment on the Wynn Macau Revolver subsequent to June 30, 2020.
- (5) Does not give effect to the receipt of HK\$105.4 million (US\$13.6 million) accrued interest of the Additional Notes being offered hereby from August 26, 2020, to but not including the issue date of the Additional Notes.
- (6) Total capitalization represents total long-term debt and equity attributable to equity holders of the Company.

Except as otherwise disclosed above, there has been no material change in our capitalization since June 30, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in connection with "Summary Financial Information", "Capitalization and Indebtedness" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. See "Forward-Looking Statements" regarding these statements. Our historical consolidated financial statements have been prepared in accordance with IFRS.

For our results of operations for the three months and nine months ended September 30, 2020 and 2019 and certain other financial information as of September 30, 2020, which are presented as the Macau Operations of Wynn Resorts and extracted from the Wynn Resorts Quarterly Report, see "Recent Developments." Such selected financial information of Wynn Resorts has been prepared in accordance with U.S. GAAP. IFRS differs in certain respects from U.S. GAAP and generally accepted accounting principles in certain other countries. We have made no attempt to describe or quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of us, the terms of the Notes and the financial information we present herein. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS, U.S. GAAP and accounting principles generally accepted in other countries and how those differences might affect the financial information presented herein.

Overview

We are a leading developer, owner and operator of two integrated destination casino gaming and entertainment resort facilities. We focus exclusively on the largest gaming market in the world—Macau. WRM, our indirect wholly owned subsidiary, owns and operates Wynn Palace, Wynn Macau and Encore at Wynn Macau and is one of the six concessionaires or subconcessionaires currently authorized to own and operate casinos in Macau. Wynn Macau opened to the public in September 2006 and Encore at Wynn Macau, an expansion of Wynn Macau that added an integrated resort and casino, opened in April 2010. On August 22, 2016, we opened Wynn Palace, an integrated resort and casino in the Cotai area of Macau.

We are widely recognized for the exceptional quality of our casino and guest facilities, service and atmosphere. Wynn Macau is a proud recipient of multiple Forbes Five-Star awards and the only resort worldwide with eight Five-Star awards on the 2020 Forbes Travel Guide Star Rating list. Wynn Macau and The Spa at Wynn Macau are the only resort and spa in Macau to receive 12 consecutive Forbes Five-Star awards, from 2009 to 2020. Both Encore at Wynn Macau and The Spa at Encore are also proud recipients of eight consecutive Forbes Five-Star awards. Golden Flower, Wing Lei and Mizumi at Wynn Macau, were also honored with two Michelin Stars. Wynn Palace, The Spa at Wynn Palace, Sushi Mizumi, Mizumi at Wynn Palace, Wing Lei Palace, SW Steakhouse and Sichuan Moon received Forbes Five-Star awards in 2020. In addition, Sichuan Moon and Wing Lei Palace were honored as Asia's 50 Best Restaurants in 2020. Sichuan Moon was also honored with two Michelin Stars.

For the years ended December 31, 2017, 2018 and 2019, our total operating revenues were HK\$34,031.9 million, HK\$39,591.8 million and HK\$36,161.7 million (US\$4,666.0 million), respectively, and our net profit was HK\$3,700.5 million, HK\$6,245.4 million and HK\$5,056.7 million (US\$652.5 million), respectively. For the six months ended June 30, 2020, our total operating revenues were HK\$3,965.6 million (US\$511.7 million) compared to HK\$19,028.7 million for the same period in 2019, and our net loss was HK\$3,918.5 million (US\$505.6 million) compared to net profit of HK\$2,816.1 million for the same period in 2019.

Factors Affecting Our Results of Operations and Financial Condition

Our business and historical financial condition and results of operations are affected by a number of important factors, including the following:

Macau

Macau, which was a territory under Portuguese administration for approximately 450 years, was transferred from Portuguese to Chinese political control in December 1999. Macau is governed as a special administrative region of China and is located in the Greater Bay Area and approximately 37 miles southwest of Hong Kong. The journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by motor vehicle since the opening of the Hong Kong—Zhuhai—Macau Bridge in October 2018 and one hour by jetfoil ferry. Macau, which has been a casino destination for more than 55 years, consists principally of a peninsula on mainland China, and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. We believe that Macau is located in one of the world's largest concentrations of potential gaming customers. Since the introduction of new casinos starting in 2004, the Macau market has experienced a significant increase in annual gaming revenues from the HK\$21.53 billion generated in 2002. According to Macau statistical information, casinos in Macau, the largest gaming market in the world, generated HK\$283.94 billion in gaming revenue in 2019, a slight decrease of 3.4% compared to the HK\$294.03 billion in 2018. In the six months ended June 30, 2020, Macau generated gaming revenue of HK\$32.74 billion, representing a 77.4% decrease from the same period in 2019, primarily due to various quarantine measures, travel and entry restrictions and conditions in Macau, Hong Kong, Taiwan, mainland China and other countries in this period since the outbreak of COVID-19, according to Macau statistical information.

Tourism

The levels of tourism and overall gaming activities in Macau are key drivers of our business. Both the Macau gaming market and visitation to Macau grew significantly from liberalization in 2002 to 2014. From the first quarter of 2015 until the second quarter of 2016, the Macau gaming market experienced a period of decline in both revenue and visitation. Beginning in the third quarter of 2016, visitation to Macau began to improve. In 2019, tourist arrivals to Macau increased by 10.1% from 35.8 million in 2018 to 39.4 million in 2019. Following the outbreak of the COVID-19, tourist arrivals to Macau in 2020 have decreased significantly. Visitation to Macau has decreased from 20.3 million in the first half of 2019 to 3.3 million in the first half of 2020. See “Recent Developments” and “Risk Factors—Risks Related to Our Business—The initial outbreak of COVID-19 and subsequent COVID-19 Pandemic have had and will likely continue to have an adverse effect on our business, operations, financial condition and operating results, and the ability of our subsidiaries to pay dividends and distributions.” Customers traveling to Macau typically come from nearby destinations in Asia, including mainland China, Hong Kong, Taiwan, South Korea and the Philippines. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, over 90% of visitors to Macau in 2019 were from mainland China, Hong Kong and Taiwan. The decrease in visitation to Macau is driven by the strong deterrent effect of the COVID-19 Pandemic on travel and social activities, the suspension in late January 2020 of the Chinese government's visa and group tour schemes that allow mainland Chinese residents to travel to Macau, quarantine and testing measures in Macau and elsewhere, travel and entry requirements, restrictions and bans in Macau, Hong Kong, Taiwan and certain cities and regions in mainland China, and the suspension of ferry services to Macau from Hong Kong and mainland China and other modes of transportation within Macau. As of June 30, 2020, persons who are not residents of the Greater China area are barred from entry to Macau. Hong Kong and Taiwan residents as well as PRC citizens may be barred from entry to Macau dependent on their COVID-19 health test results and recent travel history.

The Macau market has experienced tremendous growth in capacity since the opening of Wynn Macau in 2006. As at June 30, 2020, there were 34,600 hotel rooms, 5,869 table games and 7,595 slots in Macau, compared to 12,978 hotel rooms, 2,762 table games and 6,546 slots as at December 31, 2006.

Tourism levels in Macau are affected by a number of factors, all of which are beyond our control. Factors affecting tourism levels in Macau may include, among others: the prevailing economic conditions in mainland China and Asia; restrictions, conditions or other factors which affect visitation by citizens of mainland China to Macau; various countries' policies on currency exchange controls, currency export, currency withdrawal, credit and debit card usage and travel restrictions or policies impacting the issuance of travel visas that may be in place from time to time; and competition from other destinations which offer gaming and/or leisure activities.

Natural and man-made disasters, extreme weather conditions (such as typhoons and heavy rainstorms), outbreaks of highly infectious diseases, such as the COVID-19 Pandemic, public incidents of violence, security alerts, riots and demonstrations, war and other events, particularly in Macau and nearby regions, may result in decreases to visitor arrivals to Macau from mainland China and elsewhere and disrupt travel to and between our resorts. Any of these events may also interfere with our operations and could have a material adverse effect on our business, financial condition and results of operations. Although we have insurance coverage with respect to some of these events, we cannot assure you that any such coverage will be sufficient to indemnify us fully against all direct and indirect costs, including any loss of business that could result from substantial damage to, or partial or complete destruction of, any of our properties.

Economic and Operating Environment

A significant number of our customers come from mainland China. Economic disruption, diseases, a deterioration of international relations between China and other countries, contraction or uncertainty in China could impact the number of customers visiting our properties or the amount they spend. In addition, policies adopted from time to time by the Chinese government, including any travel restrictions imposed by China on its citizens, such as restrictions imposed on exit visas granted to residents of mainland China for travel to Macau, could disrupt the number of visitors from mainland China to our resorts. It is not known when, or if, policies restricting visitation by mainland Chinese citizens to Macau and Hong Kong will be put in place and travel policies may be adjusted, without notice, in the future. In efforts to fight the COVID-19 Pandemic, China has taken various measures, which have significantly decreased visitation to Macau. See “Risk Factors—Risks Related to Our Business—The initial outbreak of COVID-19 and subsequent COVID-19 Pandemic have had and will likely continue to have an adverse effect on our business, operations, financial condition and operating results, and the ability of our subsidiaries to pay dividends and distributions.” Furthermore, Chinese government anti-corruption campaigns have influenced the behavior of Chinese consumers and their spending patterns both domestically and abroad. These campaigns, as well as mainland Chinese and Macau monetary outflow policies have specifically led to tighter monetary transfer regulations, including real time monitoring of certain financial channels, limitations on cash withdrawals from ATM machines by mainland China citizens, the reduction of annual withdrawal limits from bank accounts while the account holder is outside of mainland China and “know your client” protocols implemented on ATM machines. These policies may affect and impact the number of visitors and the amount of money they spend. The overall effect of the campaign and monetary transfer restrictions may negatively affect our revenues and results of operations.

Competition

Since the liberalization of Macau's gaming industry in 2002, there has been a significant increase in the number of casino properties in Macau. There are six gaming operators in Macau, including WRM. The three concessionaires are WRM, SJM, and Galaxy. The three subconcessionaires are Melco, MGM Macau, and Venetian Macau. As at June 30, 2020, there were 41 casinos in Macau, including 22 operated by SJM. Each of the six current operators has operational casinos and several have expansion plans underway. The Macau government has had the ability to grant additional gaming concessions since April 2009. If the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or subconcessions, we would face additional competition, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. We contributed new capacity in the market with the opening of Wynn Palace in August 2016. Several of our competitors have also opened facilities in the

Cotai area over the past few years, which has significantly increased gaming and non-gaming offerings in Macau, with continued redevelopment and further openings in Cotai expected in the near future.

Wynn Palace and Wynn Macau also face competition from casinos throughout the world, including Singapore, South Korea, the Philippines, Malaysia, Vietnam, Cambodia, Australia, Las Vegas, cruise ships in Asia that offer gaming and other casinos throughout Asia. Additionally, certain Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan and Thailand, which could increase competition for our Macau Operations.

Gaming Concession

The term of our Concession Agreement with the Macau government ends on June 26, 2022. Unless the term of our Concession Agreement is extended or renewed or we receive a new gaming concession or other right to operate gaming business at our resorts in Macau, subject to any separate agreement with the Macau government, all of our gaming operations, casino area and related equipment in Macau will be automatically transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations at the end of our Concession Agreement. The Macau government has publicly commented that it is studying the process by which concessions and subconcessions may be renewed, extended or issued.

Effective from June 2017, the Macau government may redeem our Concession Agreement by providing us at least one year's prior notice. In the event the Macau government exercises this redemption right, we are entitled to fair compensation or indemnity. The amount of such compensation or indemnity will be determined based on the amount of revenue generated during the tax year prior to the redemption multiplied by the remaining years under our concession. We are considering various options to place us in a good position for the renewal, extension or application process; however, we may not be able to extend our Concession Agreement or renew our Concession Agreement or obtain a new concession on terms favorable to us or at all. If our concession is redeemed, the compensation paid to us may not be adequate to compensate us for the loss of future revenues. We cannot conduct gaming operations in Macau without a gaming concession from the Macau government. The loss of a gaming concession would have a material adverse effect on our business, financial condition, results of operations and cash flows.

Macau Laws and Regulations

The operations of our resorts are contingent upon us maintaining all regulatory licenses, permits, approvals, registrations, findings of suitability, orders and authorizations pursuant to Macau laws and regulations. The laws and regulations requiring these licenses, permits and other approvals generally relate to the responsibility, financial stability and character of the owners and managers of the gaming operations, as well as persons financially interested or involved in gaming operations.

WRM and its directors, key employees, managing companies and shareholders who own 5% or more of WRM's shares must be found suitable and are subject to the continuous monitoring and supervision of the Macau government for the term of the Concession Agreement to ensure that they are suitable to conduct a gaming business in Macau. The objectives of the Macau government's supervision are to preserve the conduct of gaming in Macau in a fair and honest manner and to safeguard and protect the interests of Macau in receiving taxes from the operation of casinos in the jurisdiction.

Our activities are also subject to administrative review and approval by various agencies of the Macau government, including DICJ, Health Bureau, Labour Affairs Bureau, Land, Public Works and Transport Bureau, Fire Services Bureau, Financial Services Bureau (including the Tax Department), Monetary Authority of Macau, Financial Intelligence Office and Macau Government Tourism Office. We cannot assure you that we will be able to maintain all necessary approvals and licenses, and our failure to do so may materially affect our business and operations.

Failure to comply with the terms of the Concession Agreement and adapt to the regulatory and gaming environment in Macau could result in the revocation of the Concession Agreement or otherwise negatively affect our operations in Macau. Developments in the regulation of the gaming industry could be difficult to comply with and significantly increase our costs, which could adversely affect our business.

Gaming Promoters

A significant amount of our casino play is brought to us by gaming promoters. Gaming promoters have historically played a critical role in the Macau gaming market and are important to our casino business.

Gaming promoters introduce premium players to Wynn Palace and Wynn Macau and often assist those players with their travel and entertainment arrangements. In addition, gaming promoters often grant credit to their players. In exchange for their services, Wynn Palace and Wynn Macau pay the gaming promoters a commission which is a percentage of the gross gaming win generated by each gaming promoter. The total amount of commissions paid to gaming promoters is netted against casino revenues.

We typically advance commissions to certain selected gaming promoters with strong operational performance history at the beginning of each month to facilitate their working capital requirements. These advances are provided to a gaming promoter and are offset by the commissions earned by such gaming promoter during the applicable month. The aggregate amounts of exposure to our gaming promoters is the difference between commissions advanced to each individual gaming promoter, and the net commissions payable to each such gaming promoter. At the end of each month, any commissions outstanding are cleared no later than the fifth business day of the succeeding month and prior to the advancement of any further funds to a gaming promoter. We believe we have developed strong relationships with our gaming promoters.

In addition to commissions, each gaming promoter receives a monthly complimentary allowance based on a percentage of the turnover its clients generate. The allowance is available for room, food and beverage and other products and services for discretionary use with such gaming promoter's clients.

Gaming promoters may experience certain difficulties in their Macau operations, including intensified competition in attracting customers to come to Macau depending on certain factors, including Chinese government policies. The COVID-19 Pandemic has adversely and materially affected the business volume of gaming promoters due to a decrease of visitor arrivals to Macau from mainland China and elsewhere. These factors may cause gaming promoters to face a decrease in liquidity, limiting their ability to grant credit to their customers, and difficulty in collecting credit they extend.

The reputation and probity of the gaming promoters with whom we work are important to our own reputation and to our ability to operate in compliance with our gaming concession and Macau gaming laws. We conduct periodic reviews of the probity and compliance programs of our gaming promoters. However, we are not able to control our gaming promoters' compliance with these high standards of probity and integrity, and our gaming promoters may violate provisions in their contracts with us designed to ensure such compliance. Failure by a gaming promoter we work with to comply with Macau gaming laws or maintain the required standards of probity and integrity could adversely affect our reputation and our business, and lead to a deterioration in our relationships with, and possible sanctions from, gaming regulators with authority over our operations. In the event a gaming promoter does not meet its financial or other obligations, there can be no assurance that we may not be found liable, which could adversely impact our business, financial condition, results of operations and cash flows.

Premium Credit Play

We selectively extend credit to certain customers contingent upon our marketing team's knowledge of the customers, their financial background and payment history. We follow a series of credit procedures and require

various signed documents from each credit recipient that are intended to ensure that, among other things, if permitted by applicable law, the debt can be legally enforced in the jurisdiction where the customer resides. In the event the customer does not reside in a jurisdiction where gaming debts are legally enforceable, we can attempt to assert jurisdiction over assets the customer maintains in jurisdictions where the debt is recognized. In addition, we typically require a check in the amount of the applicable credit line from credit customers, collateralizing the credit we grant.

Number and Mix of Table Games and Slot Machines

The mix of VIP table games, mass table games and slot machines in operation at our resorts changes from time to time as a result of marketing and operating strategies in response to changing market demand and industry competition. The shift in the mix of our games may affect casino profitability. See “Risk Factors—Risks Related to Our Business—Our business relies on premium customers. We often extend credit, and we may not be able to collect gaming receivables from our credit players or credit play may decrease.”

Employees

Our employees collectively play an integral role in the overall success of the Group. We rely on the continued services of key managers and an adequate number of qualified employees to achieve our goals and to deliver our high service standards. There is intense competition for labor resources in Macau due to the limited supply of local-Macau labor and imported-labor restrictions and quotas. Competition in Macau for key managers and qualified employees is further exacerbated by the labor needs of large-scale resorts that have recently opened or are expected to open in the future and other opportunities for local-Macau labor. If we are unable to obtain, attract, retain and train key managers and an adequate number of qualified employees, and obtain any required visas or work permits for our staff, our ability to adequately manage and staff our operations and development projects could be impaired, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Renovation, Development and Construction Projects

Our current and future renovation, development and construction projects are and will be subject to significant development and construction risks. Such risks include unanticipated costs or cost increases, shortages in qualified labor, changes in laws and regulations and unforeseen engineering problems. Construction, equipment or staffing problems or difficulties in obtaining the requisite licenses, permits and authorizations from regulatory or governmental authorities could materially increase the total cost, delay or prevent the construction or opening of our projects or affect the project’s design and features, which may adversely impact the success of the project. There can be no assurance that our proposed plans and specifications will not change, and we cannot guarantee that our proposed projects will be approved, commenced or completed as contemplated by us. Failure to complete the projects on schedule or within budget may also have a significant negative effect on us and on our ability to make payments on our debt.

Intellectual Property Rights

We have been licensed the right to use certain “WYNN”-related trademarks and service marks from Wynn Resorts and Wynn Resorts Holdings, LLC, an affiliate of Wynn Resorts. Our intellectual property assets, especially the logo version of “WYNN,” are among our most valuable assets. Pursuant to the licensing arrangement, WRM licenses the right to use the “WYNN” trademark in connection with WRM’s operation of hotel casinos in Macau in return for a monthly royalty payment. The licensing arrangement is not a fixed term arrangement; it is terminable on the occurrence of certain events, including if the WRL Group loses its rights in the “WYNN” mark, if Wynn Resorts ceases to hold more than a 50% voting interest in WRM or by the court appointed administrator in the event Wynn Resorts or Wynn Resorts Holdings, LLC enters into bankruptcy proceedings. If the existing licensing arrangement were terminated and we fail to enter into new arrangements

with the WRL Group in respect of the “WYNN” mark, we would lose our rights to use the “WYNN” brand name, and “WYNN” trademarks and domain names. The loss of our ability to use these “WYNN”-related marks could cause severe disruption to our business and have an adverse effect on our business, financial condition and results of operations.

Wynn Resorts Holdings, LLC has filed applications with the United States Patent and Trademark Office (the “PTO”) and trademark registries including registries in Macau, mainland China, Hong Kong, Singapore, Taiwan, Japan, certain European countries and various other jurisdictions throughout the world, to register a variety of “WYNN”-related trademarks and service marks in connection with a variety of goods and services. These marks include “WYNN MACAU”, “WYNN PALACE” and “ENCORE” as well as trademarks of the Chinese characters representing “WYNN” and other “WYNN”-related marks.

If a third party successfully challenges our ownership of, or right to use, the “WYNN”-related trademarks and service marks, our business or results of operations could be harmed. We also are exposed to the risk that third parties may use “WYNN”-related trademarks without authorization. Furthermore, due to the increased use of technology in computerized gaming machines and in business operations generally, other forms of intellectual property rights (such as patents and copyrights) are becoming increasingly relevant. It is possible that, in the future, third parties might assert superior intellectual property rights or allege that their intellectual property rights cover some aspect of our operations. The defense of such allegations may result in substantial expenses, and, if such claims are successfully prosecuted, may have a material impact on our business.

Cybersecurity

We rely on information technology and other systems (including those maintained by third parties we work with) to maintain and transmit large volumes of customer financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The systems and processes we have implemented to protect customers, employees and company information are subject to the ever-changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees, or employees of third-party vendors.

Cyber-attacks are becoming increasingly more difficult to anticipate and prevent due to their rapidly evolving nature and, as a result, the technology we use to protect our systems from being breached or compromised could become outdated due to advances in computer capabilities or other technological developments. Our third-party information system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such parties’ information security operations.

Despite the steps we have taken to deter and mitigate against these threats and risks, our systems, processes and security measures may not be successful and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Any perceived or actual electronic or physical security breach of information or systems maintained by us or our third-party service providers could disrupt our business, damage our reputation and our relationships with our stakeholders, expose us to risks of litigation, significant fines and penalties and liability, result in the deterioration of our stakeholders’ confidence in us, and adversely affect our business, results of operations and financial condition. As these threats develop and grow, we may find it necessary to make significant further investments to protect data and our infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of employees. The occurrence of any of the cyber incidents described above could have a material adverse effect on our business, results of operations and cash flows.

Personal Data

Our business uses and transmits large volumes of employee and customer data, including credit card numbers and other personal information in various information systems that we maintain in areas such as human resources outsourcing, website hosting, and various forms of electronic communications. Our customers and employees have a high expectation that we will adequately protect their personal information. Our collection and use of personal data are governed by privacy laws and regulations, and privacy law is an area that changes often and varies significantly by jurisdiction. In addition to governmental regulations, there are credit card industry standards or other applicable data security standards we must comply with as well. Compliance with applicable privacy regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our guests. In addition, non-compliance with applicable privacy regulations by us (or in some circumstances non-compliance by third parties engaged by us) or a breach of security on systems storing our data may result in damage of reputation and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data. Any misappropriation of confidential or personally identifiable information gathered, stored or used by us, be it intentional or accidental, could have a material impact on the operation of our business, including severely damaging our reputation and our relationships with our customers, employees and investors.

Our Computer Systems and Websites

We are dependent on our computer systems to record and process transactions and manage and operate our business, including processing payments, accounting for and reporting financial results, and managing our employees and employee benefit programs. Given the complexity of our business, it is imperative that we maintain uninterrupted operation of our computer hardware and software systems. Despite our preventative efforts, our systems are vulnerable to damage or interruption from, among other things, security breaches, computer viruses, technical malfunctions, inadequate system capacity, power outages, natural disasters, and usage errors by our employees or third-party consultants. If our information technology systems become damaged or otherwise cease to function properly, we may have to make significant investments to repair or replace them. Additionally, confidential or sensitive data related to our customers or employees could be lost or compromised. Any material disruptions in our information technology systems could have a material adverse effect on our business, results of operations, and financial condition.

Risk of Fraud, Cheating and Theft

Acts of fraud or cheating through the use of counterfeit chips, covert schemes and other tactics, possibly in collusion with our employees, may be attempted or committed by our customers with the aim of increasing their winnings. Our customers, visitors and employees may also commit crimes such as theft in order to obtain chips not belonging to them. We have taken measures to safeguard our interests including the implementation of systems, processes and technologies to mitigate against these risks, extensive employee training, surveillance, security and investigation operations and adoption of appropriate security features on our chips such as embedded radio frequency identification tags. Despite our efforts, we may not be successful in preventing or detecting such culpable behavior and schemes in a timely manner and the relevant insurance we have obtained may not be sufficient to cover our losses depending on the incident, which could result in losses to our gaming operations and generate negative publicity, both of which could have an adverse effect on our reputation, business, results of operations and cash flows.

Fraudulent Websites

There has been a substantial increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. These fraudulent websites mainly target PRC citizens and often falsely represent affiliates of one or more Macau casinos and even the Macau government. These fraudulent websites can appear highly professional and will often feature false statements on

their websites in an attempt to pass off as a legitimate business or purport to be in association with, or be accredited by, a legitimate business or governmental authority. Such websites may also wrongfully display logos and trademarks owned by legitimate businesses or governmental authorities, or use deceptively similar logos and imagery, to appear legitimate. We do not offer online gambling or investment accounts of any kind. Websites offering these or similar activities and opportunities that use our names, such as “Wynn Resorts (Macau) S.A.”, “Wynn”-related trademarks, including our marks for “Wynn Palace” and “Wynn Macau”, or similar names or images in likeness to ours, are without our authorization and possibly unlawfully and with criminal intent. We are not responsible for the contents of such websites.

We report the fraudulent websites that uses our names and trademarks to the appropriate authorities and may bring lawsuits against such websites when we become aware. However, the operation or shutdown of these websites are beyond our control. If our efforts to cause these sites to be shut down are unsuccessful or not timely completed, these unauthorized activities may continue to harm our reputation and negatively affect our business. Efforts we take to acquire and protect our intellectual property rights against unauthorized use throughout the world, which may include retaining counsel and commencing litigation in various jurisdictions, may be costly and may not be successful in protecting and preserving the status and value of our intellectual property assets.

Taxation

As a concessionaire in Macau, WRM is subject to a special gaming tax of 35% of gross gaming win and must also make an annual contribution of up to 4% of gross gaming win for the promotion of public interests, social security, infrastructure and tourism. In addition, WRM is subject to a 12% complementary tax on its non-gaming profits. In October 2015, we received an exemption from Macau’s 12% complementary tax on casino gaming profits, exempting our casino gaming profits through December 31, 2020. In April 2020, we received an extension of the exemption from Macau’s 12% complementary tax on casino gaming profits earned from January 1, 2021 to June 26, 2022, the date our Concession Agreement expires. We have an agreement, the WRM Shareholder Dividend Tax Agreement, with the Macau Special Administrative Region that requires us to make annual payments to the Macau Special Administrative Region of MOP12.8 million (US\$1.6 million) in years 2016 through 2020 in lieu of the 12% complementary tax on dividend distributions to our shareholders from gaming profits. In March 2020, we applied for an extension of the exemption for another five years through December 31, 2025. The extension is subject to approval and may only extend through June 26, 2022, the date our Concession Agreement expires.

We were exempted from the payment of HK\$491.3 million and HK\$757.1 million and HK\$602.9 million (US\$77.8 million) in complementary tax for the years ended December 31, 2017 and 2018, 2019, respectively. We did not have any casino gaming profits exempted from the complementary tax for the six months ended June 30, 2020.

Critical Accounting Policies

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operating results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances.

When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. For more details on the significant accounting policies, estimates and judgments, that are important for an understanding of our financial condition and results of operations, see Notes 2.2 and 2.5 in the financial statements for the year ended December 31, 2019 included elsewhere in this offering memorandum.

Impact of new and revised International Financial Reporting Standards

IFRS 16, Leases

We applied IFRS 16 *Leases* for the first time in 2019. The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model to recognize and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is largely unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where we are the lessor. We adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application, and the comparative information for 2018 was not restated and continues to be reported under IAS 17. We elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. We also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain any purchase options (“short-term leases”), and lease contracts for which the underlying assets are of low values (“low-value assets”). Instead, we recognize the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The effect of adoption of IFRS 16 as at January 1, 2019 (increase/(decrease)) is as follows:

	HK\$ (in thousands)
Assets	
Right-of-use assets	2,124,510
Leasehold interests in land	(1,590,281)
Prepayments and other current assets	(1,533)
Total assets	<u>532,696</u>
Liabilities	
Current lease liabilities	121,523
Non-current lease liabilities	434,472
Other payables and accruals	(23,299)
Total liabilities	<u>532,696</u>

Set out below are our new accounting policies upon adoption of IFRS 16, which have been applied from the date of initial application:

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

Right-of-use assets and lease liabilities are measured and recorded upon lease commencement at the present value of the future lease payments. We combine lease and associated non-lease components as a single lease component in our determination of minimum lease payments, except for certain asset classes that have significant non-lease components. As the interest rate implicit in its leases is not readily determinable, we use our

incremental borrowing rate to determine the present value of lease payments. We do not record an asset or a liability for short-term leases. Variable lease costs that do not depend on an index or a rate are recognized in profit or loss as incurred and are not included in the determination of right-of-use assets and lease liabilities. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of an investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees are also required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The operating lease commitment of HK\$684.8 million disclosed at December 31, 2018, adjusted for the effect of discounting and exclusion of short-term leases, resulted in lease liabilities of HK\$ 556.0 million and was recognized as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.09%.

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*

Upon adoption of this interpretation, we considered whether it has any uncertain tax positions and concluded that it is not probable that the tax authorities will accept certain tax positions taken by the us. However, we believe that it has unrecognized tax losses that are adequate to offset any adjustments that might be proposed by the tax authorities. Therefore, the interpretation did not have a material impact on our consolidated financial statements.

Several other amendments have been applied for the first time in 2019, but did not have a material impact on our consolidated financial statement.

Adjusted EBITDA

Adjusted EBITDA is earnings or losses before finance costs, finance revenues, net foreign currency differences, loss on extinguishment of debt, changes in fair value of interest rate swaps, income taxes, depreciation and amortization, pre-opening costs, property charges and other, share-based payments, Wynn Macau, Limited corporate expenses, and other non-operating income and expenses. Adjusted EBITDA is presented exclusively as a supplemental disclosure because we believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Our Adjusted EBITDA presented herein also differs from the Adjusted Property EBITDA presented by Wynn Resorts for its Macau segments in its filings with the SEC primarily due to the inclusion of license fees, adjustments for IFRS differences with U.S. GAAP, corporate support and other support services in arriving at operating profit.

The following table sets forth a quantitative reconciliation of Adjusted EBITDA to its most directly comparable IFRS measurement and operating profit for the periods indicated:

	Years Ended December 31,				Six Months Ended June 30,		
	2017	2018	2019	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands)						
Operating profit/(loss)	5,369,644	7,698,455	6,365,214	821,307	3,486,516	(3,171,190)	(409,181)
Add							
Depreciation and amortization . .	2,775,977	2,726,414	2,922,543	377,097	1,451,211	1,474,145	190,210
Pre-opening costs	—	—	17,424	2,248	—	4,774	616
Property charges and other	133,464	153,916	34,044	4,393	10,136	194,350	25,077
Share-based payments	111,061	106,303	124,125	16,016	66,019	60,775	7,842
Wynn Macau, Limited corporate expenses	107,376	91,930	105,011	13,550	47,558	40,103	5,175
Adjusted EBITDA	<u>8,497,522</u>	<u>10,777,018</u>	<u>9,568,361</u>	<u>1,234,611</u>	<u>5,061,440</u>	<u>(1,397,043)</u>	<u>(180,261)</u>

Review of Historical Operating Results

The operating results for the years beginning on or after January 1, 2018 reflect the Company's adoption of the IFRS 15 *Revenue from Contracts with Customers*, effective January 1, 2018. Our operating results for 2017 presented below have been restated to reflect the full retrospective adoption of the standard. For more details on the impact of new and revised IFRSs on our financial statements, see Notes 2.3 and 2.4 in the audited financial statements for the year ended December 31, 2018 and 2019 and Note 2.2 in the financial statements for the six months ended June 30, 2020, each of which is included elsewhere in this offering memorandum.

The following table presents certain selected consolidated statement of profit or loss and other comprehensive income line items and certain other data for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2017	2018	2019	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for per share data)						
	(restated)						
Operating revenues							
Casino	29,519,830	34,096,436	30,850,256	3,980,627	16,340,209	2,979,751	384,479
Rooms	1,695,558	2,222,337	2,233,225	288,154	1,112,528	316,393	40,824
Food and beverage	1,279,559	1,465,549	1,559,151	201,178	772,955	238,987	30,837
Retail and other	1,536,970	1,807,491	1,519,059	196,005	803,012	430,455	55,542
Total operating revenues	34,031,917	39,591,813	36,161,691	4,665,964	19,028,704	3,965,586	511,682
Operating costs and expenses							
Gaming taxes and premiums	16,736,688	18,928,022	16,748,677	2,161,092	8,897,580	1,842,067	237,683
Staff costs	4,611,673	4,986,764	5,227,038	674,448	2,642,638	2,376,441	306,634
Other operating expenses	4,404,471	5,098,242	4,864,175	627,627	2,540,623	1,249,773	161,259
Depreciation and amortization	2,775,977	2,726,414	2,922,543	377,097	1,451,211	1,474,145	190,210
Property charges and other	133,464	153,916	34,044	4,393	10,136	194,350	25,077
Total operating costs and expenses	28,662,273	31,893,358	29,796,477	3,844,657	15,542,188	7,136,776	920,863
Operating profit/(loss)	5,369,644	7,698,455	6,365,214	821,307	3,486,516	(3,171,190)	(409,181)
Finance revenues	14,964	102,592	76,052	9,813	37,621	65,966	8,512
Finance costs	(1,269,784)	(1,495,646)	(1,486,404)	(191,792)	(739,901)	(896,589)	(115,687)
Net foreign currency differences	(169,773)	(40,132)	114,226	14,739	38,099	97,180	12,538
Changes in fair value of interest rate swaps	(8,202)	—	—	—	—	—	—
Loss on extinguishment of debt	(223,928)	(7,452)	—	—	—	(7,637)	(985)
	(1,656,723)	(1,440,638)	(1,296,126)	(167,240)	(664,181)	(741,080)	(95,622)
Profit/(loss) before tax	3,712,921	6,257,817	5,069,088	654,067	2,822,335	(3,912,270)	(504,803)
Income tax expense	12,427	12,427	12,427	1,603	6,214	6,214	801
Net profit/(loss) attributable to owners of the Company	3,700,494	6,245,390	5,056,661	652,464	2,816,121	(3,918,484)	(505,604)
Other comprehensive income/(loss)							
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>							
Currency translation reserve	(208)	—	(1,233)	(159)	(1,233)	—	—
Other comprehensive income/(loss) for the period	(208)	—	(1,233)	(159)	(1,233)	—	—
Total comprehensive income/(loss) attributable to owners of the Company	3,700,286	6,245,390	5,055,428	652,305	2,814,888	(3,918,484)	(505,604)
Basic earnings/(loss) per share	HK\$0.71	HK\$1.20	HK\$0.98	US\$0.13	HK\$0.54	(HK\$0.76)	(US\$0.10)
Diluted earnings/(loss) per share	HK\$0.71	HK\$1.20	HK\$0.97	US\$0.13	HK\$0.54	(HK\$0.76)	(US\$0.10)
Adjusted EBITDA	8,497,522	10,777,018	9,568,361	1,234,611	5,061,440	(1,397,043)	(180,261)

The following table presents selected operating data for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2017	2018	2019	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
(in thousands, except for averages, win per unit per day figures and number of tables and slot machines)							
(restated)							
Wynn Palace:							
VIP:							
VIP table games turnover	409,761,734	478,816,743	359,366,164	46,369,229	204,075,091	50,634,833	6,533,443
VIP table games win ⁽¹⁾	11,588,024	14,688,804	11,909,047	1,536,631	7,040,365	855,638	110,404
VIP table games win as a percentage of turnover	2.8%	3.1%	3.3%		3.4%	1.7%	
Average number of gaming tables ⁽²⁾	104	114	109		112	95	
Table games win per unit per day ⁽³⁾	306,521	352,732	299,636	38,662	348,757	53,518	6,905
Mass market:							
Mass market table drop	27,202,666	38,607,230	40,149,551	5,180,520	20,167,858	3,869,991	499,347
Mass market table games win ⁽¹⁾	6,197,588	9,452,821	9,811,997	1,266,048	4,803,268	1,072,941	138,442
Mass market table games win percentage	22.8%	24.5%	24.4%		23.8%	27.7%	
Average number of gaming tables ⁽²⁾	202	209	216		212	201	
Table games win per unit per day ⁽³⁾	83,860	124,085	124,633	16,081	124,952	31,709	4,091
Slot machine handle	23,800,082	30,820,957	30,709,664	3,962,486	15,004,828	3,611,291	465,967
Slot machine win ⁽¹⁾	1,291,961	1,595,137	1,531,101	197,559	744,930	161,807	20,878
Average number of slots ⁽²⁾	1,026	1,065	1,054		1,095	596	
Slot machine win per unit per day ⁽³⁾	3,449	4,103	3,981	514	3,759	1,617	209
Wynn Macau:							
VIP:							
VIP table games turnover	454,269,332	452,647,270	277,690,676	35,830,593	152,722,707	27,777,562	3,584,155
VIP table games win ⁽¹⁾	14,862,762	12,443,934	8,481,086	1,094,320	4,714,917	859,970	110,962
VIP table games win as a percentage of turnover	3.3%	2.8%	3.1%		3.1%	3.1%	
Average number of gaming tables ⁽²⁾	96	111	106		111	86	
Table games win per unit per day ⁽³⁾	426,380	306,501	218,421	28,183	233,933	59,345	7,657
Mass market:							
Mass market table drop	35,261,569	39,641,216	42,402,598	5,471,232	21,172,557	4,817,443	621,598
Mass market table games win ⁽¹⁾	6,863,995	7,950,476	8,615,621	1,111,678	4,264,611	944,305	121,844
Mass market table games win percentage	19.5%	20.1%	20.3%		20.1%	19.6%	
Average number of gaming tables ⁽²⁾	204	203	207		206	208	
Table games win per unit per day ⁽³⁾	92,097	107,347	113,783	14,681	114,585	27,021	3,487
Slot machine handle	27,480,093	29,311,945	27,790,245	3,585,792	13,493,750	3,333,252	430,091
Slot machine win ⁽¹⁾	1,203,076	1,264,695	1,335,140	172,274	633,164	123,799	15,974
Average number of slots ⁽²⁾	914	877	807		827	529	
Slot machine win per unit per day ⁽³⁾	3,606	3,950	4,532	585	4,232	1,393	180

Notes:

- (1) Total casino revenues do not equal the sum of “VIP table games win”, “mass market table games win” and “slot machine win” because casino revenues are reported net of the relevant commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues). The following table presents a reconciliation of the sum of “VIP table games win”, “mass market table games win” and “slot machine win” to total casino revenues.

Total casino revenue reconciliation

	Years Ended December 31,				Six Months Ended June 30,		
	2017	2018	2019	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(restated)			(in thousands)			
VIP table games win	26,450,786	27,132,738	20,390,133	2,630,951	11,755,282	1,715,608	221,366
Mass market table games win	13,061,583	17,403,297	18,427,618	2,377,726	9,067,879	2,017,246	260,286
Slot machine win	2,495,037	2,859,832	2,866,241	369,833	1,378,094	285,606	36,852
Poker revenues	155,028	164,403	163,286	21,069	81,788	16,209	2,091
Commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues)	(12,642,604)	(13,463,834)	(10,997,022)	(1,418,952)	(5,942,834)	(1,054,918)	(136,116)
Total casino revenues	<u>29,519,830</u>	<u>34,096,436</u>	<u>30,850,256</u>	<u>3,980,627</u>	<u>16,340,209</u>	<u>2,979,751</u>	<u>384,479</u>

- (2) For purposes of this table, we calculate average number of gaming tables and average number of slots as the average numbers of gaming tables and slot machines in service on each day in the applicable period.
- (3) Table games win per unit per day and slot machine win per unit per day are presented in this table on the basis of the average number of gaming tables and average number of slots, respectively, over the number of days Wynn Palace, Wynn Macau and Encore at Wynn Macau were open in the applicable period.

Financial results for the six months ended June 30, 2020 compared to financial results for the six months ended June 30, 2019

Operating Revenues

Total operating revenues decreased by 79.2% from HK\$19.03 billion in the six months ended June 30, 2019 to HK\$3.97 billion (US\$511.7 million) in the six months ended June 30, 2020, primarily due to the adverse effects of the COVID-19 Pandemic, including the closure of our casino operations in Macau for a 15-day period and their subsequent reopening on a reduced basis due to continued widespread travel restrictions, various quarantine measures in Macau and elsewhere and the Chinese government’s suspension of IVS and group tour schemes that allow mainland Chinese residents to travel to Macau.

Casino Revenues

Casino revenues decreased by 81.8% from HK\$16.34 billion (85.9% of total operating revenues) in the six months ended June 30, 2019 to HK\$2.98 billion (US\$384.5 million) (75.1% of total operating revenues) in the six months ended June 30, 2020, primarily due to lower business volumes of both Wynn Palace and Wynn Macau resulting from the adverse effects of the COVID-19 Pandemic. The components are as follows:

VIP casino gaming operations. VIP table games win decreased by 85.4% from HK\$11.76 billion in the six months ended June 30, 2019 to HK\$1.72 billion (US\$221.4 million) in the six months ended June 30, 2020, with total VIP table games turnover down 78.0%, from HK\$356.80 billion in the six months ended June 30, 2019 to HK\$78.41 billion (US\$10.12 billion) in the six months ended June 30, 2020.

Mass market casino gaming operations. Mass market table games win decreased by 77.8%, from HK\$9.07 billion in the six months ended June 30, 2019 to HK\$2.02 billion (US\$260.3 million) in the six months ended June 30, 2020.

Slot machine gaming operations. Slot machine win decreased by 79.3% from HK\$1.38 billion in the six months ended June 30, 2019 to HK\$0.29 billion (US\$36.9 million) in the six months ended June 30, 2020. Total slot machine handle decreased by 75.6%, from HK\$28.50 billion in the six months ended June 30, 2019 to HK\$6.94 billion (US\$896.1 million) in the six months ended June 30, 2020.

Non-casino Revenues

Net non-casino revenues, which include rooms, food and beverage and retail and other revenues, decreased 63.3% from HK\$2.69 billion (14.1% of total operating revenues) in the six months ended June 30, 2019 to HK\$0.99 billion (US\$127.2 million) (24.9% of total operating revenues) in the six months ended June 30, 2020.

Room. Our room revenues decreased by 71.6% from HK\$1.11 billion in the six months ended June 30, 2019 to HK\$0.32 billion (US\$40.8 million) in the six months ended June 30, 2020, primarily due to low occupancy at both Wynn Palace and Wynn Macau resulting from the adverse effects of the COVID-19 Pandemic.

The following table presents additional information about our room revenues for Wynn Palace and Wynn Macau:

Room revenues information

	For the Six Months Ended 30 June	
	2019	2020
Wynn Palace:		
Average Daily Rate	HK\$2,102	HK\$2,320
Occupancy ⁽¹⁾	97.3%	23.5%
REVPAR	HK\$2,046	HK\$ 544
Wynn Macau:		
Average Daily Rate	HK\$2,239	HK\$2,518
Occupancy ⁽¹⁾	99.1%	28.4%
REVPAR	HK\$2,219	HK\$ 714

Note:

- (1) Occupancy is the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available in the applicable period. Available hotel rooms exclude those rooms out of service during the applicable period.

Food and beverage. Food and beverage revenues decreased by 69.1% from HK\$773.0 million in the six months ended June 30, 2019 to HK\$239.0 million (US\$30.8 million) in the six months ended June 30, 2020, primarily due to decreased covers at our restaurants resulting from the adverse effects of the COVID-19 Pandemic.

Retail and other. Our retail and other revenues decreased by 46.4% from HK\$803.0 million in the six months ended June 30, 2019 to HK\$430.5 million (US\$55.5 million) in the six months ended June 30, 2020, primarily due to a decrease in visitation to our Macau Operations resulting from the adverse effects of the COVID-19 Pandemic.

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums decreased by 79.3% from HK\$8.90 billion in the six months ended June 30, 2019 to HK\$1.84 billion (US\$237.7 million) in the six months ended June 30, 2020. The decrease was commensurate with the 81.8% decrease in casino revenues. WRM is subject to a 35% gaming tax on gross gaming win. In addition, WRM is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

Staff costs. Staff costs decreased by 10.1% from HK\$2.64 billion in the six months ended June 30, 2019 to HK\$2.38 billion (US\$306.6 million) in the six months ended June 30, 2020. The decrease was mainly due to the implementation of cost saving initiatives undertaken as a result of the COVID-19 Pandemic, including the consumption by employees of paid time-off and unpaid voluntary time-off.

Other operating expenses. Other operating expenses decreased by 50.8% from HK\$2.54 billion in the six months ended June 30, 2019 to HK\$1.25 billion (US\$161.3 million) in the six months ended June 30, 2020. The decrease was primarily due to the COVID-19 Pandemic and the implementation of certain cost containment initiatives by management, with decreases in operating supplies and equipment costs, advertising and promotion expenditures, contracted service expenditures, and other expenses, as well as decreases in business volume related expenses such as license fees and cost of sales, partially offset by the increase in provision for credit losses. The provision for credit losses increased from HK\$22.2 million for the six months ended June 30, 2019 to HK\$179.0 million (US\$23.1 million) for the same period of 2020. The increase was primarily due to the impact of historical collection patterns and expectations of current and future collection trends in the light of the COVID-19 Pandemic, as well as the specific review of customer accounts, on our estimated allowance for the respective periods.

Depreciation. Depreciation increased by 1.6% from HK\$1.45 billion in the six months ended June 30, 2019 to HK\$1.47 billion (US\$190.2 million) in the six months ended June 30, 2020. The increase was primarily due to the depreciation arising from the first phase of Lakeside Casino expansion and Encore tower room refresh project completed in the last quarter of 2019.

Property charges and other. Property charges and other increased from HK\$10.1 million in the six months ended June 30, 2019 to HK\$194.4 million (US\$25.1 million) in the six months ended June 30, 2020. Amounts in each period primarily represented the gain/loss on the sale of equipment and other assets as well as costs related to assets retired or abandoned as a result of renovating certain assets in response to customer preferences and changes in market demand.

As a result of the foregoing, total operating costs and expenses decreased by 54.1% from HK\$15.54 billion in the six months ended June 30, 2019 to HK\$7.14 billion (US\$920.9 million) in the six months ended June 30, 2020.

Finance Revenues

Finance revenues increased from HK\$37.6 million in the six months ended June 30, 2019 to HK\$66.0 million (US\$8.5 million) in the six months ended June 30, 2020. The increase was primarily due to holding higher average cash balances in the six months ended June 30, 2020 compared to 2019. During 2020 and 2019, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our cash equivalents were primarily in time deposits and fixed deposits with a maturity of three months or less.

Finance Costs

Finance costs increased by 21.2% from HK\$739.9 million in the six months ended June 30, 2019 to HK\$896.6 million (US\$115.7 million) in the six months ended June 30, 2020. The increase was mainly due to the issuance of the 2029 Notes in December 2019 and the Original 2026 Notes in June 2020.

Income Tax Expense

In the six months ended June 30, 2020 and 2019, our income tax expense was HK\$6.2 million (US\$0.8 million). Our income tax expense for the six months ended June 30, 2020 and 2019 relates to the current tax expense recorded by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement.

Net Loss Attributable to Owners of the Company

As a result of the foregoing, compared to net profit of HK\$2.82 billion for the six months ended June 30, 2019, net loss attributable to owners of the Company was HK\$3.92 billion (US\$505.6 million) for the six months ended June 30, 2020.

Financial results for the year ended December 31, 2019 compared to financial results for the year ended December 31, 2018

Operating Revenues

Total operating revenues decreased by 8.7%, from HK\$39.59 billion in 2018 to HK\$36.16 billion (US\$4.67 billion) in 2019, primarily due to a decrease in VIP table games win, partially offset by an increase in mass market table games win, at both Wynn Palace and Wynn Macau.

Casino Revenues

Casino revenues decreased by 9.5%, from HK\$34.10 billion (86.1% of total operating revenues) in 2018 to HK\$30.85 billion (US\$3.98 billion) (85.3% of total operating revenues) in 2019. The components and reasons are as follows:

VIP casino gaming operations. VIP table games win decreased by 24.9%, from HK\$27.13 billion in 2018 to HK\$20.39 billion (US\$2.63 billion) in 2019. The decrease was driven by lower business volumes of both Wynn Palace and Wynn Macau, with total VIP table games turnover down 31.6%, from HK\$931.46 billion in 2018 to HK\$637.06 billion (US\$82.20 billion) in 2019, partially offset by an increase in VIP table games win as a percentage of turnover at both Wynn Palace and Wynn Macau.

Mass market casino gaming operations. Mass market table games win increased by 5.9%, from HK\$17.40 billion in 2018 to HK\$18.43 billion (US\$2.38 billion) in 2019. The increase was driven by an increase in business volumes of both Wynn Palace and Wynn Macau and an increase in mass market table games win percentage at Wynn Macau.

Slot machine gaming operations. Slot machine win remained relatively flat from HK\$2.86 billion in 2018 to HK\$2.87 billion (US\$0.37 billion) in 2019. A decline in business volumes with total slot machine handle down 2.7% from HK\$60.13 billion in 2018 to HK\$58.50 billion (US\$7.55 billion) in 2019, and a decrease in average number of slots at both Wynn Palace and Wynn Macau, were offset by an increase in slot machine win per unit per day at Wynn Macau.

Non-casino Revenues

Net non-casino revenues, which include rooms, food and beverage and retail and other revenues, decreased by 3.3% from HK\$5.50 billion (13.9% of total operating revenues) in 2018 to HK\$5.31 billion (US\$0.69 billion) (14.7% of total operating revenues) in 2019.

Rooms. Our room revenues remained relatively flat from HK\$2.22 billion in 2018 to HK\$2.23 billion (US\$0.29 billion) in 2019, primarily due to higher Average Daily Rate at both Wynn Palace and Wynn Macau and a higher occupancy rate at Wynn Palace, partially offset by rooms out of service for renovations at Wynn Macau during 2019. We completed our Encore tower room renovation at Wynn Macau in the last quarter of 2019.

The following table presents additional information about our room revenues for Wynn Palace and Wynn Macau:

Room revenues information

	For the year ended December 31,	
	2018	2019
Wynn Palace:		
Average Daily Rate	HK\$2,074	HK\$2,110
Occupancy	96.5%	97.2%
REVPAR	HK\$2,002	HK\$2,050
Wynn Macau:		
Average Daily Rate	HK\$2,221	HK\$2,244
Occupancy	99.2%	99.2%
REVPAR	HK\$2,202	HK\$2,226

Food and beverage. Food and beverage revenues increased by 6.4% from HK\$1.47 billion in 2018 to HK\$1.56 billion (US\$0.20 billion) in 2019, primarily due to increased covers at restaurants of both Wynn Palace and Wynn Macau.

Retail and other. Our retail and other revenues decreased by 16.0% from HK\$1.81 billion in 2018 to HK\$1.52 billion (US\$0.20 billion) in 2019, primarily due to the closure of certain owned retail outlets and their conversion to leased outlets at our Macau Operations. Additionally, the higher retail and other revenues in 2018 was partly due to the total business interruption insurance proceeds of HK\$84.5 million related to the full settlement of claims from Typhoon Hato in 2017.

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums decreased by 11.5%, from HK\$18.93 billion in 2018 to HK\$16.75 billion (US\$2.16 billion) in 2019. The decrease was commensurate with the 9.5% decrease in casino revenues. WRM is subject to a 35% gaming tax on gross gaming win. In addition, WRM is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

Staff costs. Staff costs increased by 4.8%, from HK\$4.99 billion in 2018 to HK\$5.23 billion (US\$0.67 billion) in 2019. The increase was primarily due to general salary increment and an increase in number of full-time equivalent employees due in part to the opening of new restaurants.

Other operating expenses. Other operating expenses decreased by 4.6% from HK\$5.10 billion in 2018 to HK\$4.86 billion (US\$0.63 billion) in 2019, driven mainly by a decrease in business volume related expenses such as license fees, cost of sales and contracted service expenditures. The provision for doubtful accounts increased from HK\$23.1 million in 2018 to HK\$44.5 million (US\$5.75 million) in 2019. The increase was primarily due to the impact of historical collection patterns and current collection trends, as well as the specific review of customer accounts, on our estimated allowance for the respective periods.

Depreciation and amortization. Depreciation and amortization increased by 7.2% from HK\$2.73 billion in 2018 to HK\$2.92 billion (US\$0.38 billion) in 2019. The increase was mainly due to the recognition of right-of-use assets depreciation for leases resulting from the adoption of a new international financial reporting standard on January 1, 2019.

Property charges and other. Property charges and other decreased from HK\$153.9 million in 2018 to HK\$34.0 million (US\$4.4 million) in 2019. Amounts in each year primarily represent the gain/loss on the sale of

equipment and other assets as well as costs related to assets retired or abandoned as a result of renovating certain assets of the Group in response to customer preferences and changes in market demand. In 2019, the amount was partially offset by insurance reimbursement of HK\$37.4 million (US\$4.8 million) related to claims to property damage caused by typhoons in prior years.

As a result of the foregoing, total operating costs and expenses decreased by 6.6%, from HK\$31.89 billion in 2018 to HK\$29.80 billion (US\$3.84 billion) in 2019.

Finance Revenues

Finance revenues decreased from HK\$102.6 million in 2018 to HK\$76.1 million (US\$9.8 million) in 2019. The decrease was primarily due to holding lower average cash balances in 2019 compared to 2018. During 2019 and 2018, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our cash equivalents were primarily in time deposits and fixed deposits with a maturity of three months or less.

Finance Costs

Finance costs remained relatively flat from HK\$1.50 billion in 2018 to HK\$1.49 billion (US\$191.8 million) in 2019. Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.50% to 2.25% per annum based on WRM's leverage ratio. Despite both HIBOR and LIBOR increasing in 2019 compared to 2018, the effect was partially offset by a decrease in amounts outstanding under the Wynn Macau Credit Facilities.

Income Tax Expense

Income tax expense was HK\$12.4 million (US\$1.6 million) in 2018 and 2019. Our income tax expense relates to the current tax expense recorded by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement.

Net Profit Attributable to Owners of the Company

As a result of the foregoing, net profit attributable to owners of the Company decreased by 19.0%, from HK\$6.25 billion in 2018 to HK\$5.06 billion (US\$0.65 billion) in 2019.

Financial results for the year ended December 31, 2018 compared to financial results for the year ended December 31, 2017

Operating Revenues

Total operating revenues increased by 16.3% from HK\$34.03 billion in 2017 to HK\$39.59 billion in 2018. This increase was primarily due to an increase from Wynn Palace driven by higher gaming volumes together with higher table games win percentage for both VIP and mass market segments during 2018 compared to 2017, partially offset by a decrease from Wynn Macau primarily driven by a lower VIP table games win as a percentage of turnover.

Casino Revenues

Casino revenues increased by 15.5%, from HK\$29.52 billion (86.7% of total operating revenues) in 2017 to HK\$34.10 billion (86.1% of total operating revenues) in 2018. The components and reasons are as follows:

VIP casino gaming operations. VIP table games win increased by 2.6%, from HK\$26.45 billion in 2017 to HK\$27.13 billion in 2018. The increase was driven by an increase in business volumes of Wynn Palace, with

VIP table games turnover up 16.9%, from HK\$409.76 billion in 2017 to HK\$478.82 billion in 2018 and an increase in Wynn Palace VIP table games win as a percentage of turnover from 2.8% to 3.1%, partially offset by a decrease from Wynn Macau primarily driven by a drop of VIP table games win as a percentage of turnover from 3.3% in 2017 to 2.8% in 2018, which was within our expected range of 2.7% to 3.0%.

Mass market casino gaming operations. Mass market table games win increased by 33.2%, from HK\$13.06 billion in 2017 to HK\$17.40 billion in 2018. The increase was driven by an increase in business volumes and an increase in the mass market table games win percentage of both Wynn Palace and Wynn Macau.

Slot machine gaming operations. Slot machine win increased by 14.6% from HK\$2.50 billion in 2017 to HK\$2.86 billion in 2018. The increase in slot machine win was primarily driven by an increase in business volumes of both Wynn Palace and Wynn Macau, with total slot machine handle increased by 17.3% from HK\$51.28 billion in 2017 to HK\$60.13 billion in 2018.

Non-casino Revenues

Net non-casino revenues, which include room, food and beverage and retail and other revenues, increased by 21.8% from HK\$4.51 billion (13.3% of total operating revenues) in 2017 to HK\$5.50 billion (13.9% of total operating revenues) in 2018, primarily due to increases in rooms, food and beverage and retail and other revenues from both Wynn Palace and Wynn Macau.

Rooms. Our room revenues, increased by 31.1% from HK\$1.70 billion in 2017 to HK\$2.22 billion in 2018, primarily due to higher Average Daily Rate and occupancy rate at both Wynn Palace and Wynn Macau.

The following table presents additional information about our room revenues for Wynn Palace and Wynn Macau:

Room revenues information

	For the year ended December 31,	
	2017	2018
Wynn Palace:		
Average Daily Rate	HK\$1,549	HK\$2,074
Occupancy	96.2%	96.5%
REVPAR	HK\$1,490	HK\$2,002
Wynn Macau:		
Average Daily Rate	HK\$1,895	HK\$2,221
Occupancy	97.5%	99.2%
REVPAR	HK\$1,848	HK\$2,202

Food and beverage. Food and beverage revenues increased by 14.5% from HK\$1.28 billion in 2017 to HK\$1.47 billion in 2018, as a result of increased covers at restaurants of both Wynn Palace and Wynn Macau.

Retail and other. Our retail and other revenues increased by 17.6% from HK\$1.54 billion in 2017 to HK\$1.81 billion in 2018, primarily due to increased percentage rent at both Wynn Palace and Wynn Macau. Additionally, Wynn Palace and Wynn Macau recorded business interruption insurance proceeds of HK\$42.8 million and HK\$41.7 million, respectively, related to the full settlement of claims from Typhoon Hato in 2017.

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums increased by 13.1%, from HK\$16.74 billion for the year ended December 31, 2017 to HK\$18.93 billion for the same period of 2018. The increase was

commensurate with the 15.5% increase in casino revenues. WRM is subject to a 35% gaming tax on gross gaming win. In addition, WRM is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

Staff costs. Staff costs increased by 8.1%, from HK\$4.61 billion for the year ended December 31, 2017 to HK\$4.99 billion for the same period of 2018. The increase was due to general salary increment and an increase in number of full-time equivalent employees.

Other operating expenses. Other operating expenses increased by 15.8%, from HK\$4.40 billion for the year ended December 31, 2017 to HK\$5.10 billion for the same period of 2018, driven mainly by increase in business volume related expenses such as license fees, cost of sales, repairs and maintenance costs, advertising and promotion expenditures, operating supplies and equipment costs, utilities and fuel fees, contracted service expenditures and other expenses and the change in provision for doubtful accounts. Provision for doubtful accounts was HK\$23.1 million in the year ended December 31, 2018, compared to a benefit of HK\$56.1 million for the same period of 2017. The benefit in the prior year was due to the collection of certain casino accounts receivable resulting in the reversal of previously recorded allowance for doubtful accounts. The balance can fluctuate due to the impact of historical collection patterns and current collection trends, as well as the specific review of customer accounts, on our estimated allowance for the respective periods.

Depreciation and amortization. Depreciation and amortization decreased by 1.8% from HK\$2.78 billion for the year ended December 31, 2017 to HK\$2.73 billion for the same period of 2018. The decrease was the result of certain Wynn Macau assets becoming fully depreciated.

Property charges and other. Property charges and other increased from HK\$133.5 million for the year ended December 31, 2017 to HK\$153.9 million for the same period of 2018. Amounts in 2018 primarily represent the gain/loss on the sale of equipment and other assets as well as costs related to assets retired or abandoned as a result of renovating certain assets of the Group in response to customer preferences and changes in market demand. In 2017, we incurred HK\$133.5 million primarily due to abandonment charges and asset retirement associated with various renovation projects and estimated cost related to property damage caused by a typhoon, partially offset by an insurance claim.

As a result of the foregoing, total operating costs and expenses increased by 11.3%, from HK\$28.66 billion in 2017 to HK\$31.89 billion in 2018.

Finance Revenues

Finance revenues increased from HK\$15.0 million in 2017 to HK\$102.6 million in 2018. The increase was primarily due to holding higher average cash balances in 2018 compared to 2017. During 2018 and 2017, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our cash equivalents was in time deposits and fixed deposits with a maturity of three months or less generally.

Finance Costs

Finance costs increased by 17.8% from HK\$1.27 billion in 2017 to HK\$1.50 billion in 2018. The increase is due to the fluctuation of LIBOR and HIBOR and an increase in amounts outstanding under the Wynn Macau Credit Facilities. Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.50% to 2.25% per annum based on WRM's leverage ratio.

Income Tax Expense

Income tax expense was HK\$12.4 million in 2017 and 2018. Our income tax expense relates to the current tax expense recorded by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement.

Net Profit Attributable to Owners of the Company

As a result of the foregoing, net profit attributable to owners of the Company increased by 68.8%, from HK\$3.70 billion in 2017 to HK\$6.25 billion in 2018.

Liquidity and Capital Resources

Capital Resources

Since the opening of Wynn Macau and Wynn Palace on September 6, 2006 and August 22, 2016, respectively, we have generally funded our working capital and recurring expenses as well as capital expenditures from cash flow from operations, notes issuance, cash on hand and availability under our credit facilities.

Our cash balances as at June 30, 2020 were approximately HK\$18.86 billion (US\$2.43 billion). This cash was available for operations, new development activities, enhancements to our operating properties, debt service and retirement, and general corporate purposes.

As at June 30, 2020, we had approximately HK\$186.5 million (US\$24.1 million) of available borrowing capacity under the Wynn Macau Credit Facilities. The term loan facility of the Wynn Macau Credit Facilities is repayable in graduating installments of between 2.875% and 4.50% of the principal amount on a quarterly basis commencing September 30, 2020, with a final installment of 75% of the principal amount repayable on June 26, 2022 (or if June 26, 2022 is not a business day, the immediately preceding business day). On February 3, 2020, we voluntarily prepaid approximately HK\$1.17 billion (US\$0.15 billion) equivalent of the term loan facility of the Wynn Macau Credit Facilities, and the future contractual amortization payments were reduced on a pro-rata basis.

On December 17, 2019, we completed the issuance of 5.125% senior notes due 2029 in an aggregate principal amount of US\$1 billion. We expect to use certain amounts from the net proceeds from the 2029 Notes to facilitate the repayment of the term loan of the Wynn Macau Credit Facilities over the next two years, subject to business recovery from the effects of COVID-19 Pandemic.

On June 19, 2020, we completed the issuance of the Original 2026 Notes in an aggregate principal amount of US\$750 million. We expect to use the net proceeds from the Original 2026 Notes for general corporate purposes until business recovers from the effects of the COVID-19 Pandemic, and then to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Credit Facilities.

For issuances of notes subsequent to June 30, 2020, see “Recent Developments—Results of Wynn Resorts’ Macau Operations for the Three Months and Nine Months Ended September 30, 2020—Liquidity and Capital Resources—Capital Resources.”

Gearing Ratio

The gearing ratio is a key indicator of our Group's capital structure. The gearing ratio is net debt divided by total capital plus net debt. The table below presents the calculation of our gearing ratio.

	As at December 31,		As of June 30,
	2018	2019	2020
	HK\$	HK\$	HK\$
	(in thousands, except for percentages)		
Interest-bearing borrowings	33,078,147	38,594,738	46,005,774
Accounts payable	766,905	402,395	356,251
Construction payables and accruals and construction retentions payable	394,717	491,695	429,074
Other payables and accruals	9,907,813	7,914,121	7,797,810
Amounts due to related companies	160,196	111,527	17,197
Other liabilities	243,127	213,549	222,814
Lease liabilities	—	562,794	525,389
Less: cash and cash equivalents	(9,526,423)	(14,087,486)	(18,859,530)
restricted cash and cash equivalents	(18,067)	(33,802)	(21,648)
Net debt	35,006,415	34,169,531	36,473,131
Equity/(deficiency in assets)	1,518,459	1,986,756	(1,863,980)
Total capital/(capital deficiency)	1,518,459	1,986,756	(1,863,980)
Capital and net debt	36,524,874	36,156,287	34,609,151
Gearing ratio	95.8%	94.5%	105.4%

Cash Flows

The following table summarizes our cash flows for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2017	2018	2019	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in millions)						
Net cash generated from/(used in)							
operating activities	12,667.3	9,715.6	6,751.1	871.1	4,199.8	(1,445.8)	(186.6)
Net cash used in investing							
activities	(1,162.0)	(1,090.3)	(1,543.5)	(199.2)	(667.4)	(385.5)	(49.7)
Net cash (used in)/generated from							
financing activities	(8,858.4)	(4,334.0)	(621.3)	(80.1)	(7,204.8)	6,650.6	858.1
Net increase/(decrease) in cash and							
cash equivalents	2,646.9	4,291.3	4,586.3	591.8	(3,672.4)	4,819.3	621.8
Cash and cash equivalents at							
beginning of period	2,591.4	5,239.7	9,526.4	1,229.2	9,526.4	14,087.5	1,817.7
Effect of foreign exchange rate							
changes, net	1.4	(4.6)	(25.2)	(3.3)	(4.3)	(47.3)	(6.0)
Cash and cash equivalents at end of							
period	<u>5,239.7</u>	<u>9,526.4</u>	<u>14,087.5</u>	<u>1,817.7</u>	<u>5,849.7</u>	<u>18,859.5</u>	<u>2,433.5</u>

Net cash generated from/(used in) operating activities

Net cash used in operating activities was HK\$1.45 billion (US\$186.6 million) for the six months ended June 30, 2020, compared to net cash of HK\$4.20 billion generated from operating activities for the six months ended June 30, 2019. Operating loss was HK\$3.17 billion (US\$409.2 million) for the six months ended June 30,

2020, compared to operating profit of HK\$3.49 billion for the six months ended June 30, 2019. The decrease in net cash from operating activities was primarily due to the adverse effects of the COVID-19 Pandemic.

Net cash generated from operating activities was HK\$6.75 billion (US\$0.87 billion) in 2019, compared to HK\$9.72 billion in 2018. Operating profit was HK\$6.37 billion (US\$0.82 billion) in 2019 compared to HK\$7.70 billion in 2018. The decrease in net cash generated from operating activities was primarily attributable to the changes in working capital and the decrease in operating profit.

Net cash from operating activities was HK\$9.72 billion in 2018, compared to HK\$12.67 billion in 2017. Operating profit was HK\$7.70 billion in 2018 compared to HK\$5.37 billion in 2017. The decrease in net cash generated from operating activities was primarily attributable to the changes in working capital.

Net cash used in investing activities

Net cash used in investing activities was HK\$385.5 million (US\$49.7 million) for the six months ended June 30, 2020, compared to HK\$667.4 million for the six months ended June 30, 2019. Net cash used in the six months ended June 30, 2020 included HK\$471.7 million (US\$60.9 million) of costs, primarily related to maintenance capital expenditures, partially offset by HK\$69.7 million (US\$9.0 million) of interest receipts and HK\$16.6 million (US\$2.1 million) of proceeds from insurance claims.

Net cash used in investing activities was HK\$1.54 billion (US\$0.20 billion) in 2019, compared to HK\$1.10 billion in 2018. Net cash used in investing activities in 2019 included capital expenditures of HK\$1.64 billion (US\$0.21 billion) for renovations to enhance and refine the Macau Operations and for purchases of property and equipment and an increase in restricted cash and cash equivalents of HK\$8.2 million (US\$1.1 million), partially offset by HK\$83.3 million (US\$10.7 million) of interest receipts, HK\$20.9 million (US\$2.7 million) of proceeds from insurance claims and HK\$0.7 million (US\$0.1 million) of proceeds from sale of property and equipment and other assets.

Net cash used in investing activities was HK\$1.10 billion in 2018, compared to HK\$1.16 billion in 2017. Net cash used in 2018 included capital expenditures of HK\$1.19 billion for renovations to enhance and refine the Macau Operations and for purchases of property and equipment, partially offset by HK\$89.9 million of interest received and HK\$8.7 million in proceeds from the sale of property and equipment and other assets.

Net cash used in 2017 included capital expenditures of HK\$1.26 billion for renovations to enhance and refine the Macau Operations and for purchases of property and equipment, partially offset by HK\$78.0 million of proceeds from insurance claims, HK\$14.9 million of interest receipts and HK\$6.2 million in proceeds from the sale of property and equipment and other assets.

Net cash generated from/(used in) financing activities

Net cash generated from financing activities was HK\$6.65 billion (US\$858.1 million) during the six months ended June 30, 2020, compared to net cash of HK\$7.20 billion used in financing activities during the six months ended June 30, 2019. During the six months ended June 30, 2020, net cash generated from financing activities was primarily due to receipts of HK\$5.77 billion (US\$744.5 million) net proceeds from issuance of the Original 2026 Notes and HK\$5.64 billion (US\$727.7 million) proceeds from our revolving credit facility under the Wynn Macau Credit Facilities, partially offset by HK\$3.89 billion (US\$502.4 million) in repayments of our term loan facility and revolving credit facility under the Wynn Macau Credit Facilities, HK\$808.0 million (US\$104.3 million) of interest payments and HK\$56.5 million (US\$7.3 million) payments for principal and interest components of lease liabilities.

Net cash used in financing activities was HK\$0.62 billion (US\$0.08 billion) during 2019, compared to HK\$4.33 billion during 2018. During 2019, net cash used in financing activities was primarily due to

HK\$2.16 billion (US\$0.28 billion) net repayments on the Wynn Macau Revolver, HK\$4.67 billion (US\$0.60 billion) dividend payments made in June 2019 and September 2019, HK\$144.3 million (US\$18.6 million) payment for principal and interest components of lease liabilities and HK\$1.34 billion (US\$0.17 billion) of interest payments, partially offset by receipts of HK\$7.75 billion (US\$1.00 billion) net proceeds from issuance of the 2029 Notes.

Net cash used in financing activities was HK\$4.33 billion during 2018, compared to HK\$8.86 billion during 2017. During 2018, the net cash used in financing activities was primarily due to HK\$7.79 billion of dividend payments made in April 2018 and October 2018, HK\$1.33 billion of interest payments and HK\$69.6 million payments on debt financing costs partially offset by receipts of HK\$4.89 billion drawn from the Wynn Macau Revolver. During 2017, the net cash used in financing activities was primarily due to a HK\$2.65 billion net repayment on the Wynn Macau Revolver, a HK\$1.47 billion repayment of the WMLF Revolving Credit Facility, HK\$3.27 billion of dividend payments made in June 2017 and September 2017, HK\$7.39 billion principal payments in the tender offer of the 2021 Notes, HK\$3.15 billion payments on redemption of the untendered 2021 Notes, HK\$396.3 million payments on debt financing costs and HK\$1.08 billion of interest payments, partially offset by receipts of HK\$10.55 billion proceeds from issuance of the 2024 Notes and the 2027 Notes.

Indebtedness

The following table presents a summary of our indebtedness as of December 31, 2017, 2018 and 2019 and June 30, 2020.

	As of December 31,				As of June 30,	
	2017	2018	2019	2019	2020	2020
	HK\$	HK\$	HK\$	US\$	HK\$	US\$
	(in thousands)					
Bank loans	17,970,353	22,875,059	20,659,687	2,665,732	22,351,772	2,884,062
Senior notes	10,553,330	10,572,466	18,301,709	2,361,480	24,026,204	3,100,115
Less: debt financing costs, net . .	(400,378)	(369,378)	(366,658)	(47,310)	(372,202)	(48,025)
Total interest-bearing borrowings	<u>28,123,305</u>	<u>33,078,147</u>	<u>38,594,738</u>	<u>4,979,902</u>	<u>46,005,774</u>	<u>5,936,152</u>

For a summary of our indebtedness, see “Capitalization and Indebtedness” and “Description of Other Material Indebtedness”.

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and conditions, such as interest rates and foreign currency exchange rates.

Foreign Currency Exchange Risks

The financial statements of foreign operations are translated into Hong Kong dollars, the Company’s functional and presentation currency, for incorporation into the consolidated financial statements. The majority of our assets and liabilities are denominated in U.S. dollars, Hong Kong dollars and Macau patacas, and we have no significant assets and liabilities denominated in other currencies. Assets and liabilities are translated at the prevailing foreign exchange rates in effect at the end of the reporting period. Income, expenditures and cash flow items are measured at the actual foreign exchange rates or average foreign exchange rates for the period. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. The Macau pataca is pegged to the Hong Kong dollar, and in many cases the two currencies are used interchangeably in Macau. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due

to, among other things, changes in governmental policies and international economic and political developments. If the Hong Kong dollar and the Macau pataca are not linked to the U.S. dollar in the future, severe fluctuations in the exchange rate for these currencies may result. We also cannot assure you that the current rate of exchange fixed by the applicable monetary authorities for these currencies will remain at the same level.

Interest Rate Risks

One of our primary exposures to market risk is interest rate risk associated with our credit facilities, which bear interest based on floating rates. We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings supplemented by hedging activities as considered necessary. We cannot assure you that these risk management strategies will have the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. The borrowings under the Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin based on WRM's leverage ratio. If LIBOR (or HIBOR) ceases to exist or if only one reference bank under the Wynn Macau Credit Facilities provides a quotation for LIBOR (or HIBOR) or if notice is served to us that the funding cost of our majority lender(s) exceed LIBOR (or HIBOR), we must enter into good faith negotiations for a period of up to 30 days with a view to agreeing an alternative basis for determining the rate of interest applicable to our affected borrowings. Failing such agreement within the prescribed time, each relevant lender is to certify an alternative basis for maintaining its participation in the affected borrowings which may include an alternative method of fixing the applicable interest rate, alternative interest periods and/or alternative currencies, provided such basis reflects the cost of funding its participation. Each certified alternative basis is binding on WRM and treated as part of the credit facilities agreement and applicable related agreements. WRM may seek to settle the affected outstanding borrowings. The potential effect of any such event could have on our business and financial condition cannot yet be determined.

Off Balance Sheet Arrangements

We have not entered into any transactions with special purpose entities nor do we engage in any transactions involving derivatives. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity.

Other Liquidity Matters

We expect to fund our operations and capital expenditure requirements from operating cash flows, cash on hand, availability under our credit facilities and new borrowings. However, we cannot be sure that operating cash flows will be sufficient for those purposes. We may refinance all or a portion of our indebtedness on or before maturity. We cannot be sure that we will be able to refinance any of the indebtedness on acceptable terms or at all.

New business developments or other unforeseen events may occur, resulting in the need to raise additional funds. There can be no assurances regarding the business prospects with respect to any other opportunity. Any other development would require us to obtain additional financing.

In the ordinary course of business, in response to market demands and client preferences, and in order to increase revenues, we have made and will continue to make enhancements and refinements to our resorts. We have incurred and will continue to incur capital expenditures related to these enhancements and refinements.

Taking into consideration our financial resources, including our cash and cash equivalents, internally generated funds, availability under our credit facilities and proceeds from notes issuance, we believe that we have sufficient liquid assets to meet our current and anticipated working capital and operating requirements.

BUSINESS

Overview

We are a leading developer, owner and operator of two integrated destination casino gaming and entertainment resort facilities. We focus exclusively on the largest gaming market in the world—Macau. WRM, our indirect wholly owned subsidiary, owns and operates Wynn Palace, Wynn Macau and Encore at Wynn Macau and is one of the six concessionaires or subconcessionaires currently authorized to own and operate casinos in Macau. Wynn Macau opened to the public in September 2006 and Encore at Wynn Macau, an expansion of Wynn Macau that added an integrated resort and casino, opened in April 2010. We opened Wynn Palace, an integrated resort and casino in the Cotai area of Macau, on August 22, 2016.

We are widely recognized for the exceptional quality of our casino and guest facilities, service and atmosphere. Wynn Macau is a proud recipient of multiple Forbes Five-Star awards and the only resort worldwide with eight Five-Star awards on the 2020 Forbes Travel Guide Star Rating list. Wynn Macau and The Spa at Wynn Macau are the only resort and spa in Macau to receive 12 consecutive Forbes Five-Star awards, from 2009 to 2020. Both Encore at Wynn Macau and The Spa at Encore are also proud recipients of eight consecutive Forbes Five-Star awards. Golden Flower, Wing Lei and Mizumi at Wynn Macau were also honored with two Michelin Stars. Wynn Palace, The Spa at Wynn Palace, Sushi Mizumi, Mizumi at Wynn Palace, Wing Lei Palace, SW Steakhouse and Sichuan Moon received Forbes Five-Star awards in 2020. In addition, Sichuan Moon and Wing Lei Palace were honored as Asia's 50 Best Restaurants in 2020. Sichuan Moon was also honored with two Michelin Stars.

We believe our brand name, high quality offerings, focus on service and attention to detail allow us to penetrate the premium segments of the gaming market more effectively than other operators. For the year ended December 31, 2019, our total operating revenues were HK\$36,161.7 million (US\$4,666.0 million), and our net profit was HK\$5,056.7 million (US\$652.5 million). Our operation has been materially adversely affected by the COVID-19 Pandemic. For the six months ended June 30, 2020, our total operating revenues were HK\$3,965.6 million (US\$511.7 million), compared to HK\$19,028.7 million for the same period in 2019, and we recorded net loss of HK\$3,918.5 million (US\$505.6 million), compared to net profit of HK\$2,816.1 million for the same period in 2019.

WRM's gaming concession will expire on June 26, 2022. Unless the term of our Concession Agreement is extended or renewed or we receive a new gaming concession or other right to operate gaming business at our resorts in Macau, subject to any separate agreement with the Macau government, all of our gaming operations, casino area and related equipment in Macau will be automatically transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations at the end of our Concession Agreement. The Macau government has publicly commented that it is studying the process by which concessions and subconcessions may be renewed, extended or issued. Effective from June 2017, the Macau government may redeem our Concession Agreement by providing us at least one year's prior notice. In the event that the Macau government exercises this redemption right, we are entitled to compensation or indemnity based on the amount of revenue generated during the tax year prior to the redemption multiplied by the remaining years under our concession. We cannot assure you that we will be able to renew or extend WRM's gaming concession on terms favorable to us or at all.

Competitive Strengths

We benefit from a number of competitive strengths, including the following:

Successful Premium Business Model

We believe our brand name, high quality and luxury accommodations, focus on service and attention to detail allow us to penetrate the premium segments of the market more effectively. The combination of Wynn

Macau's and Wynn Palace's high quality offerings and location has allowed us to attract VIP players and premium mass market clients, which we believe represent the most attractive segments of the Macau gaming market and which provide us with a majority of our revenues.

Strong Cash Flow Generation

In 2019, we had net cash flows from operating activities of HK\$6,751.1 million (US\$871.1 million), and our cash and cash equivalents at December 31, 2019 were HK\$14,087.5 million (US\$1,817.7 million), and our liquidity at December 31, 2019 was HK\$17,197.0 million (US\$2,218.9 million) based on cash and cash equivalents and availability under the Wynn Macau Credit Facilities. Despite the uncertainty in global economic conditions and its potential adverse effects on consumer and corporate spending and tourism trends, especially the negative impact of the COVID-19 Pandemic on the economy in general and the gaming industry in Macau, we believe that we are well capitalized to sustain our position in the Macau gaming market. We believe that our liquid resources will be sufficient to finance our day-to-day working capital requirements and our recurring expenses as we weather the COVID-19 Pandemic. Further, we believe that once business recovers from the COVID-19 Pandemic, we are well positioned to achieve strong operating cash flows again.

Location in the World's Largest Gaming Market

We are a holding company focused exclusively on Macau, the world's largest gaming market measured by gross gaming revenues and the only location in China to offer legalized casino gaming. According to the DICJ, the Macau market generated HK\$283.94 billion (US\$36.64 billion) in gross gaming revenues in 2019, more than five times the gross gaming revenues generated by the Las Vegas Strip during the same period. From 2005 through to the end of 2019, gross gaming revenues of Macau experienced a compound annual growth rate of 14.1%, an increase of more than six times from 2005. We have benefited from this growth, and we believe that Macau will maintain its leading position as the largest gaming market in the world as the prospects for continued revenue growth are driven by strong underlying demographics and increasing regional wealth.

Strong International Client Base and Proven Marketing Capability

WRM has a strong base of clients from throughout the world, many of whom have long-standing relationships with the Wynn Group. As of June 30, 2020, we service these clients by an internal marketing team with over 630 members at Wynn Macau and Wynn Palace and the marketing team of our affiliate WIML with offices in Tokyo, Hong Kong, Singapore, Taiwan, Vancouver and southern California. We also market Wynn Macau and Wynn Palace directly to gaming clients using database marketing techniques, as well as traditional incentives, including loyalty programs, reduced room rates and complimentary meals and suites. Gaming promoters also introduce VIP clients, as well as other clients, to Wynn Palace and Wynn Macau and typically assist those clients with their travel and entertainment arrangements. We also seek to increase the general awareness of our properties through various media channels, including social media, television, radio, newspapers, magazines, the internet, direct mail and billboards.

Significant Growth Potential

We opened our first property in Macau, Wynn Macau in 2006, followed by Encore at Wynn Macau, an expansion of Wynn Macau that added an integrated resort and casino, in 2010. On August 22, 2016, we opened Wynn Palace, an integrated resort and casino in the Cotai area of Macau containing a casino, luxury hotel rooms, convention, retail, entertainment, spa, salon and food and beverage offerings. As of June 30, 2020, Wynn Macau operated 331 table games and 477 slot machines, and Wynn Palace operated 325 table games and 565 slot machines. We are also able to transfer table games between our Macau properties to optimize our casino operations. We believe our portfolio of offerings at our various Macau properties, which are located in the Macau peninsula and the Cotai area of Macau, positions us well in capitalizing on Macau's potential to recover from the effects of the COVID-19 Pandemic and for long-term sustainable growth.

A “Model Citizen” of the Greater Bay Area

We strive to be a force for positive change in Macau and across the Greater Bay Area, which is the region encompassing Macau, Hong Kong and southern Guangdong Province. Through the “Wynn Care” program we drive reinvestment in our community, encourage volunteerism and promote responsible gaming. Since launching this program, we have centralized our community-focused initiatives under one umbrella and continued to engage in various volunteer activities and community events in Macau, the Greater Bay Area and beyond. We are also fully committed to the sustainable development of Macau and endeavor to provide our guests with a premium experience while remaining environmentally conscious by monitoring and reducing inefficient consumption and embracing technologies that help us to responsibly use our resources.

We are committed to upskilling local labor. A majority of our employees and management team are from Macau. We provide opportunities for movement within our company to ensure employees can pursue their career goals with us. We provide employees with professional development and training opportunities to elevate core and leadership skills. We launched our “Career Advancement Program” in 2016, which offers gaming employees an alternative career option in hospitality services and the chance at a management role after a one-year intense training and immersion program. We also provide our employees with a “Leadership Effectiveness Program” to expand the abilities of our next generation of leaders. We believe we will continue to be the employer of choice in the industry.

Strong Management Team with Successful Track Record

Our management team has significant experience in designing, developing, marketing and operating integrated casino resorts. The members of our senior management team are highly respected in the hotel and gaming industries. Our existing management team has been responsible for the successful development and operation of some of the world’s best known gaming resorts.

Our Strategies

We aim to create shareholder value by continuing to pursue our management’s well established strategy of identifying opportunities for, and pursuing with the greatest attention to detail, the design, development and operation of luxury casino resorts in Macau. Our principal strategies are set forth below.

Capitalize on the International Reputation of the “WYNN” Brand

We seek to capitalize on our ability to use the internationally recognized “WYNN” brand to promote Wynn Macau and other projects, including Wynn Palace, to a VIP clientele throughout the world. We also intend to capitalize on our relationships in the Macau gaming industry, such as those with our gaming promoters, which we believe arise to a large degree as a result of the market-wide respect for, and recognition of, the proven track record of the “WYNN” brand in the global luxury casino resort industry.

Expand Our Client Network and Cultivate Client Relationships

Gaming Promoters. To help expand our client base and attract new players and clients, we maintain relationships with the strongest gaming promoters in Macau and have multiple junket operations. We believe the gaming promoters and their VIP clients are integral to the success of our Macau Operations and are a key factor in the expansion of our client base. We believe we have strong relationships with our gaming promoters. Our commission rates have remained stable throughout our operating history, and we have not needed to materially increase the levels of commissions advanced to gaming promoters in order to continue to attract their business. We recently adjusted our commission structure to reflect current market conditions. We intend to pursue opportunities to enter into relationships with gaming promoters who, along with a VIP client base, are capable of satisfying our high standards of probity and integrity in order to expand our revenue base.

In-house VIP Program. We hope to expand and develop our already substantial network of loyal international and domestic VIP clients. In addition to our internal marketing team, which as of June 30, 2020 had over 630 members focusing on marketing our Macau Operations to VIP players in Asia, we intend to continue to use the services of WIML, as well as independent marketing representatives in major cities around the world to market our Macau Operations. Our VIP clients are accustomed to enjoying the finest amenities when they travel, and we strive to satisfy their needs and desires. We are conscious of the ever changing demands and preferences of clients in the destination casino resort industry, particularly at the highest end. The Wynn Macau and Wynn Palace casino resorts offer clients both gaming and non-gaming amenities. We will endeavor to adapt our offering of luxury accommodations, private gaming salons, fine dining and premium retail offerings to cater to the evolving preferences of our clients, especially our VIP clients.

Premium Mass Market. In addition to our focus on providing luxury casino resorts targeted to VIP clients, we also seek to attract a significant percentage of the premium mass market clients visiting Macau from mainland China, Hong Kong and other regions. We also seek to attract these clients to our resorts through billboard, print and electronic media advertising. Wynn Macau's performance lake, with its music fountains and fire show, as well as its dramatic front feature of an interchangeable gold "prosperity tree" and "dragon-of-fortune," with its Chinese zodiac-inspired ceiling show and a descending chandelier, in addition to Wynn Palace's cable car ("SkyCab") ride, 8-acre performance lake, animated floral art displays and fine art displays, are designed to stand out to visitors to Macau and attract local clients. Our Macau Operations also offer promotions, including free shuttle services to and from the border gate, ferry terminal and Macau International Airport to attract mass market clients.

Our Properties and Projects

Wynn Palace Integrated Resort

Wynn Palace, one of our two existing Macau properties that we own and operate, opened to the public on August 22, 2016 in the Cotai area of Macau. Wynn Palace is a 6 million square foot integrated resort located in the Cotai area of Macau and adjacent to the Macau Light Rapid Transit.

We have continued with the design stages of developing the second phase of expansion of Wynn Palace. We currently expect that the next phase of our development at Wynn Palace will become a unique world-class cultural destination, incorporating an array of non-gaming amenities such as event space, interactive entertainment installations, food and beverage offerings, and additional hotel rooms.

Casino

The gaming area at Wynn Palace occupies approximately 424,000 square feet of casino space as of June 30, 2020, offering 24-hour gaming and a full range of games, including private gaming salons and sky casinos. As of June 30, 2020, it featured 102 VIP games, 223 mass market table games and 565 slot machines. We frequently adjust the mixture of gaming tables and slot machines based upon a number of factors, including the popularity of particular games. We offer most major types of table games such as baccarat, blackjack, poker, Caribbean stud poker, roulette and sic bo. Baccarat is the most popular game among our clients measured by the level of revenues generated per table. Many private gaming rooms have their own private dining rooms, and Wynn Palace derives a substantial majority of its gross gaming revenues from VIP play.

Hotels, Restaurants and Other Amenities

Wynn Palace features a luxury hotel with a total of 1,706 spacious rooms, suites and villas, in addition to approximately 106,000 square feet of high-end, brand-name retail shopping and 14 food and beverage outlets as of June 30, 2020. One of the restaurants at Wynn Palace, Sichuan Moon, was honored with two Michelin Stars.

Wynn Palace also offers recreation and leisure facilities, including a cable car (“SkyCab”) ride, health club, spa, salon and pool. Wynn Palace also features approximately 37,000 square feet of meeting and convention space as of June 30, 2020.

Land concession

The Group also owns a land concession for approximately 51 acres of land in the Cotai area of Macau (the “Cotai Land”) for a term of 25 years from May 2012. WRM pays annual rent of MOP8.5 million (HK\$8.3 million, or US\$1.1 million) for the land concession contract.

Wynn Macau Integrated Resort

Wynn Macau, one of our two existing Macau properties owned and operated by WRM, opened to the public on September 6, 2006 at the center of Macau’s first luxury gaming resort cluster, on the urban Macau peninsula. Encore at Wynn Macau, a further expansion of Wynn Macau that added a fully integrated resort hotel, opened on April 21, 2010. We completed the Encore tower room refresh project in December 2019. All 410 rooms in the tower were refreshed to replace selected furniture and fixtures. The project also includes upgrades to the room control system, entry door system and selected lighting upgrades.

In November 2019, we opened the first phase of our “Lakeside Casino” expansion at Wynn Macau which features 44 mass market table games and a refurbished high-limit slot area. We substantially completed the second phase, which will include two new restaurants and approximately 7,000 square feet of additional retail space, in December 2019, and expect to open portions of the second phase in the second half of 2020 depending on market conditions and other factors.

Casino

The gaming area at Wynn Macau occupied approximately 252,000 square feet as of June 30, 2020. It includes a sky casino for VIP clients, reserved areas for premium mass market clients, a poker pit, and multiple private gaming salons and VIP gaming rooms. As of June 30, 2020, it featured 91 VIP table games, 240 mass market table games and 477 slot machines. We frequently adjust the mixture of gaming tables and slot machines based upon a number of factors, including the popularity of particular games. We offer most major types of table games such as baccarat, blackjack, poker, Caribbean stud poker, roulette and sic bo. Baccarat is the most popular game among our clients measured by the level of revenues generated per table. Many private gaming rooms have their own private dining rooms, and Wynn Macau derives a substantial majority of its gross gaming revenues from VIP play.

Hotels, Restaurants and Other Amenities

The Wynn tower and the Encore tower, our two luxury hotel towers at Wynn Macau, together contained 1,010 spacious rooms and suites as of June 30, 2020. The combined two-tower and podium structure has a total floor area of approximately 3 million square feet. Our resort complex also offers luxury dining, shopping, and fitness and other facilities, including approximately 59,000 square feet of high-end, brand-name retail shopping, 12 food and beverage outlets and approximately 31,000 square feet of meeting and convention space as of June 30, 2020. Wynn Macau features Chinese and international restaurants, including three restaurants, Golden Flower, Wing Lei and Mizumi, which were awarded two Michelin stars in 2020. Wynn Macau also features extensive convention, meeting and reception space and provides fully catered wedding and banquet services. The Wynn Esplanade hosts dozens of high-end, brand-name retail stores and boutiques. We also own and operate two spas at our resort complex that have been recognized with the Forbes Five-Star award, as well as fitness centers, a swimming pool, a salon and other amenities.

Land Concession

The Macau government owns most of the land in Macau, and in most cases private interests in real property located in Macau are obtained through long-term leases and other grants of rights to use land from the government. In June 2004, WRM entered into a land concession contract and leased an approximately 16-acre parcel of land on the Macau peninsula from the Macau government. The land concession contract was subsequently amended to reflect the additional square feet added as a result of the construction of Encore at Wynn Macau. The term of the land concession contract is 25 years, which may be renewed with government approval for successive periods terminating no later than December 19, 2049. WRM pays annual rent of MOP4.2 million (HK\$4.1 million or US\$0.5 million) for the land concession contract.

Advertising and Marketing

Wynn Macau and Wynn Palace attract wealthy Chinese and international VIP gaming clients, due in part to the high degree of name recognition and client loyalty that we believe the “WYNN” brand has developed over the last two decades by operating some of the signature properties on the Las Vegas Strip. Our advertising and marketing strategy consists of positioning Wynn Macau and Wynn Palace as full service luxury resorts in the leisure, convention and tour and travel industries. We market these resorts directly to gaming customers using database marketing techniques, as well as traditional incentives, including reduced room rates and complimentary meals and suites. Our rewards system offers discounted and complimentary meals and beverages, lodging and entertainment for our guests. We also create general market awareness for our resorts through various media channels, including social media, radio, newspapers, magazines, the internet, direct mail and billboards. We also maintain, through third party operators, a fleet of shuttle buses and operates shuttle services to and from the Gongbei border gate, the primary ferry terminal, the new Taipa ferry terminal and the airport.

We had an internal marketing team with over 630 members at Wynn Macau and Wynn Palace as of June 30, 2020. We also make use of the marketing team of our affiliate WIML, which has offices in six locations in Asia and North America.

Gaming Promoters

Gaming promoters are responsible for a significant amount of our casino play. Gaming promoters, also known as junket operators, have historically played a critical role in the Macau gaming market and are important to our business.

Gaming promoters introduce VIP clients to Wynn Macau and Wynn Palace and typically assist those clients with their travel and entertainment arrangements. In addition, gaming promoters often extend credit to their clients. This extension of credit is one of the gaming promoters’ key functions. In exchange for their services, we pay our gaming promoters a commission that is a fixed percentage of the gross gaming win generated by their clients at our casino. The total amount of commissions paid to gaming promoters is netted against casino revenues.

In addition, our gaming promoters receive a monthly complimentary allowance based on a percentage of the total turnover generated by their clients for room, food and beverage and other expenses. Our gaming promoters required to generate certain amounts of turnover. If one of our gaming promoters fails to generate the required amounts of turnover, it is typically given a warning, and in some cases tables allocated to such gaming promoter may be reallocated to maximize the tables’ utility; termination would be used as a last resort. We believe that this revenue-based commission structure reduces the volatility of our earnings. Furthermore, we are not obligated to pay commissions to our gaming promoters in the event the gaming promoters’ players do not generate any gross gaming win during any monthly period. In addition, our junket contracts generally provide that if the aggregate gaming activity attributable to a given gaming promoter results in a loss during a month, the gaming promoter is obligated to pay Wynn Macau and Wynn Palace a fixed percentage of such loss in cash prior to commencing operations for the next month, unless Wynn Macau and Wynn Palace determines in its sole discretion to carry such amounts forward.

Our gaming promoters are screened and licensed by the DICJ. The DICJ examines the parties, including their corporate entities and ultimate owners, who operate and control the gaming promoters, as well as the gaming promoters' employees and business associates. The DICJ monitors each gaming promoter, its employees and any parties having business relationships with the gaming promoter and requires quarterly updates regarding the gaming promoters' personnel. Each gaming promoter is bound by Macau law and various DICJ regulations and is required to conduct its business in full accordance with the law at all times and to comply with all Macau anti-money laundering laws and regulations. The DICJ renews gaming promoter licenses on an annual basis and periodically conducts probity checks on the gaming promoters, their employees and business associates. In addition to the vetting performed by the DICJ, all of our gaming promoters undergo a thorough internal vetting process. Wynn Macau and Wynn Palace's corporate security and investigation teams, which comprised 23 employees as of June 30, 2020, conduct extensive background checks on and continually monitor each gaming promoter, its employees and business associates, and engage in periodic reviews of the gaming promoters. For more information regarding the risks associated with our relationships with gaming promoters, see "Risk Factors—Risks Related to Our Business—We depend upon gaming promoters for a significant portion of our gaming revenue. If we are unable to maintain, or develop additional, successful relationships with reputable gaming promoters, our ability to maintain or grow our gaming revenues could be adversely affected."

Loyalty Programs

For our mass table and slot customers, we offer a loyalty club called "Red Card". Players enrolled in the club earn points based on their play that can be redeemed for a variety of items such as, complimentary meals and lodging, various retail items, promotional chips and free tournament entries. The loyalty club is multi-tiered and as customers play more and move up in tier status they also earn benefits such as free limousine services, special VIP check-in area, a complimentary birthday gift and more. The Red Card loyalty club has been instrumental not only in retaining our valued customers but also in capturing new customers. The club's database of customers has grown significantly with the opening of Wynn Palace and continues to grow as more visitors come to Macau. Enhancements to the club will continue to evolve as the mass market of Macau grows and becomes even more competitive.

Intellectual Property

Our most important marks are trademarks and service marks that use the name "WYNN." We have been licensed the right to use certain "WYNN"-related trademarks and service marks from WRL and Wynn Resorts Holdings, LLC, an affiliate of WRL, in connection with our operation of hotel casinos in Macau in return for a monthly royalty payment. See "Risk Factors—Risks Related to Our Business—We license our right to use the "WYNN" trademark from the WRL Group; accordingly, if a third party successfully challenges our affiliate's ownership of, or right to use, the Wynn-related trademarks or service marks or if we are unable to stop unauthorized use of such marks, our business or results of operations could be harmed."

The WRL Group has filed applications with the U.S. Patent and Trademark Office to register a variety of "WYNN"-related trademarks and service marks in connection with a variety of goods and services, including the marks "WYNN MACAU", "ENCORE", "WYNN PALACE" as well as trademarks of the Chinese characters representing "WYNN." Some of the applications are based upon ongoing use and others are based upon a bona fide intent to use the marks in the future.

A common element of these marks is the use of the surname "WYNN." As a general rule, a surname (or a mark primarily constituting a surname) cannot be registered in the United States unless the surname has acquired "secondary meaning." To date, the WRL Group has been successful in demonstrating such secondary meaning for the Wynn name in certain applications, but there can be no assurance that they will be successful with other pending applications.

U.S. federal registrations are not completely dispositive of the right of such marks. Third parties who claim prior rights with respect to similar marks may nonetheless challenge our right to obtain registrations or our use of the marks and seek to overcome the presumptions afforded by such registrations.

The WRL Group has also filed applications with various patent and trademark registries, including registries in Macau, the PRC, Hong Kong, Japan, Taiwan, certain European countries and various other jurisdictions throughout the world to register a variety of “WYNN”-related trademarks and service marks in connection with a variety of goods and services. These marks include many of the same marks filed with the U.S. Patent and Trademark Office and include “WYNN MACAU” and “ENCORE.” The WRL Group has registered “WYNN PALACE”-related marks in Macau, the PRC, Hong Kong and various jurisdictions. Some of these applications are based upon ongoing use and others are based upon a bona fide intent to use the marks in the future. As part of a key design element of Wynn Macau, the marquee sign for Wynn Macau is also patented.

We recognize that our contractual rights to use certain intellectual property assets, especially the logo version of “WYNN,” are among our most valuable assets. The WRL Group has undertaken a program to register its trademarks and other intellectual property rights in all relevant jurisdictions, some of which pose a risk of unauthorized use or counterfeiting. We believe the WRL Group will take all reasonable steps to not only acquire but protect our intellectual property rights against such unauthorized use throughout the world.

The WRL Group has also registered various domain names, including www.wynnmacau.com, www.wynnmacaulimited.com and www.wynncotai.com, with various domain registrars around the world. Our domain registrations extend to various foreign countries such as “.com.cn” and “.com.hk.” We pursue domain related infringement on a case-by-case basis depending on the infringing domain in question. The information found on these websites is not a part of this Offering Memorandum.

Employees

The success of our Macau Operations will be affected by our success in hiring and retaining our employees. Wynn Macau and Wynn Palace compete with the large number of casino resort developments in Macau for limited qualified employees. We seek employees from Macau and other countries to adequately staff our Macau resorts, and policies announced publicly by the Macau government have affected our ability to import labor in certain job classifications. We coordinate with the Macau labor and immigration authorities to help ensure that our labor demand is satisfied, but we may not be able to recruit and retain a sufficient number of qualified employees for our Macau Operations or obtain the required work permits for those employees.

As of June 30, 2020, we had approximately 13,400 employees. Of our employees as of June 30, 2020, 30.8% were gaming employees, with the balance being primarily hotel, food and beverage employees. A small number of our employees are employed by Worldwide Wynn, a WRL Group company. These employees have been seconded to us and their costs are allocated to the Company pursuant to existing agreements. See “Related Party Transactions—Staff secondment payroll charges.” Our employees are selected, remunerated and promoted on the basis of their merit, qualifications, competence and contribution to the Company.

We make extensive efforts on employee retention with a focus on the particularities of the Macau labor market. Our human resource experience and familiarity with the Macau market has led to the creation of key policies, such as highly specialized health insurance and medical care packages that provide for non-conventional medical coverages. None of our employees are members of any labor union. We are not party to any collective bargaining or similar agreement with our employees. We believe that we have a good relationship with our employees. We hire a number of non-skilled foreign laborers through Wynn Manpower, Limited and non-skilled PRC laborers through Sociedade de Hotelaria Limitada, each an employment agent held by the WRL Group, in compliance with Macau government requirements.

Competition

We operate in a highly competitive industry. Gaming in Macau is permitted as a government-sanctioned monopoly concession awarded to three concessionaires, of which WRM is one. Each concessionaire has been permitted to grant and has granted one subconcession to another gaming operator, for a total of six concessionaires and subconcessionaires. There is no limit to the number of casinos each concessionaire or subconcessionaire is permitted to operate, but opening new casinos is subject to Macau government approval.

As of June 30, 2020, there were 41 casinos in Macau, including our casinos at Wynn Palace and Wynn Macau. SJM operates 22 casinos. Galaxy, which is controlled by Galaxy Entertainment Group, operates 6 casinos. Venetian Macau, which is controlled by Las Vegas Sands Corp., operates 5 casinos. Melco, which is controlled by Melco International Development Limited, operates 4 casinos. MGM Macau, which is controlled by MGM Resorts International and Pansy Catalina Ho Chiu-king, operates 2 casinos. We believe that the newer casinos are the most significant source of competition for VIP clients seeking the luxury amenities which we offer.

Our casino Concession Agreement allows the government to grant additional concessions for the operation of casinos. If the government of Macau awards additional concessions, we will face increased competition from casino operators in Macau. Resorts located on or near Macau compete with other hotels and with other hotel casinos in Macau on the basis of overall atmosphere, range of amenities, level of service, price, location, entertainment and size, among other factors.

We contributed new capacity in the market with the opening of Wynn Palace in August 2016. Several of our competitors have also opened facilities in the Cotai area over the past few years, which has significantly increased gaming and non-gaming offerings in Macau, with continued redevelopment and further openings in Cotai expected in the near future.

We also face competition from casinos throughout the world, including Singapore, South Korea, the Philippines, Malaysia, Vietnam, Cambodia, Australia, Las Vegas, cruise ships in Asia that offer gaming and other casinos throughout Asia. Additionally, certain Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan and Thailand, which could increase competition for our Macau Operations.

Insurance

We maintain property damage and business interruption insurance in the amount of US\$2.0 billion for Wynn Palace and US\$1.5 billion for Wynn Macau, as well as crime and fidelity insurance. Together with WRL, we are party to a terrorism insurance policy that provides us with no less than US\$1.0 billion of coverage of losses resulting from terrorist acts with respect to WRM.

We believe that our insurance coverage is consistent with industry and regional practice and adequate and appropriate for our operations and we expect to adjust our coverage going forward as appropriate.

Legal Proceedings

We are currently not a party to any material legal or administrative proceedings. The litigation matter set out below is disclosed on a voluntary basis and, as with all litigation, no assurances can be provided as to the outcome thereof. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

Macau Litigation Related to Dore

WRM has been named as a defendant in lawsuits filed in the Macau Court of First Instance by individuals who claim to be investors in or persons with credit in accounts maintained by Dore Entertainment Company Limited (“Dore”), an independent, Macau registered and licensed company that operates a gaming promoter business at Wynn Macau. In connection with the alleged theft, embezzlement, fraud and/or other crime(s) perpetrated by a former employee of Dore (the “Dore Incident”), the plaintiffs of the lawsuits allege that Dore failed to honor withdrawal of funds deposited with Dore as investments or gaming deposits that allegedly resulted in certain losses for these individuals. The principal allegations common to the lawsuits are that WRM, as a gaming concessionaire, should be held responsible for Dore’s conduct on the basis that WRM is responsible for the supervision of Dore’s activities at Wynn Macau that resulted in the purported losses. We made a voluntary announcement in connection with the Dore Incident on September 14, 2015.

Based on advice from Macau counsel, we believe the claim is without merit and is unfounded. We intend to vigorously defend against the claim pleaded against us in the above lawsuits.

REGULATION

General

As a casino concessionaire, WRM is subject to the regulatory control of the Government of Macau. The government has adopted laws and administrative regulations governing the operation of casinos in Macau. Only concessionaires or subconcessionaires are permitted to operate casinos. Subconcessions may be awarded subject to the approval of the Macau government and each concessionaire has issued one subconcession. Each concessionaire was required to enter into a concession agreement with the Macau government which, together with the laws and administrative regulations, forms the framework for the regulation of the activities of the concessionaire.

Under the laws and administrative regulations, concessionaires are subject to suitability requirements relating to background, associations and reputation, as are shareholders of 5% or more of a concessionaire's share capital, officers, directors and key employees. The same requirements apply to any entity engaged by a concessionaire to manage casino operations. Concessionaires are required to satisfy minimum capitalization requirements, demonstrate and maintain adequate financial capacity to operate the concession and submit to continuous monitoring of their casino operations by the Macau government. Concessionaires also are subject to periodic financial reporting requirements and reporting obligations with respect to, among other things, certain contracts, financing activities and transactions with directors, financiers and key employees. Transfers or the encumbering of interests in concessionaires must be reported to the Macau government and are ineffective without government approval. Concessionaires must procure that transfers or the encumbering of indirect interests in concessionaires amounting to 5% or more of their share capital are reported to the Macau government and made subject to government approval.

Each concessionaire is required to engage an executive director who must be a permanent resident of Macau and the holder of at least 10% of the capital stock of the concessionaire. Ms. Linda Chen, an executive director of WRM, currently meets the aforementioned requirements. Ms. Linda Chen has a 10% voting and social interest in WRM but her economic interest in WRM is limited to MOP1.00. The appointment of the executive director and of any successor is ineffective without the approval of the Macau government. All contracts placing the management of a concessionaire's casino operations with a third party also are ineffective without the approval of the Macau government.

Concessionaires are subject to a special gaming tax of 35% of gross gaming win and must also make an annual contribution of up to 4% of gross gaming win for the promotion of public interests, social security, infrastructure and tourism. Concessionaires are obligated to withhold, according to the rate in effect as set by the government, from any commissions paid to gaming promoters. Such withholding rate may be adjusted from time to time.

A gaming promoter, also known as a junket operator, is a person who, for the purpose of promoting casino gaming activity, arranges customer transportation and accommodations, and provides credit in their sole discretion, food and beverage services and entertainment in exchange for commissions or other compensation from a concessionaire. Macau law provides that gaming promoters must be licensed by and registered with the DICJ in order to do business with and receive compensation from concessionaires. For a license to be obtained, direct and indirect owners of 5% or more of a gaming promoter (regardless of its corporate form or sole proprietor status), its directors and its key employees must be found suitable. Applicants are required to pay the cost of license investigations and are required to maintain suitability standards during the period of licensure. The term of a gaming promoter's license is one calendar year, and licenses can be renewed for additional periods upon the submission of renewal applications. Natural person licensees are subject to a suitability verification process every three years and business entity licensees are subject to the same requirement every six years. Certain instructions relating to commissions payable to gaming promoters were set out in the Dispatch of the Secretary for Economy and Finance no. 83/2009, dated September 11, 2009. Such instructions also impose certain financial reporting and audit requirements on gaming promoters.

Under Macau law, licensed gaming promoters must identify outside contractors who assist them in their promotion activities. These contractors are subject to approval by the DICJ. Changes in the management structure of business entity gaming promoters licensees must be reported to the DICJ and any transfer or the encumbering of interests in such licensees is ineffective without prior government approval. To conduct gaming promotion activities licensees must be registered with one or more concessionaires and/ or sub-concessionaires and must have written contracts with such concessionaires and/ or sub-concessionaires, copies of which must be submitted to the DICJ.

Macau law further provides that concessionaires are jointly responsible with their gaming promoters for the activities of their representatives and their directors and contractors in the concessionaires' casinos, and for their compliance with applicable laws and regulations. Concessionaires must submit annual lists of their gaming promoters, and must update such lists on a quarterly basis. The Macau government may designate a maximum number of gaming promoters and specify the number of gaming promoters a concessionaire is permitted to engage. Concessionaires are subject to periodic reporting requirements with respect to commissions paid to their gaming promoters representatives and are required to oversee their activities and report instances of unlawful activity.

The government of Macau may assume temporary custody and control over the operation of a concession in certain circumstances. During any such period, the costs of operations must be borne by the concessionaire. The government of Macau also may redeem a concession starting at an established date after the entering into effect of a concession. The government of Macau also may terminate a concession for cause, including, without limitation, failure of the concessionaire to fulfill its obligations under law or the concession contract.

The Concession Agreement

The Concession Agreement between WRM and the Macau government required WRM to construct and operate one or more casino gaming properties in Macau, including, at a minimum, one full-service casino resort by the end of December 2006, and to invest not less than a total of MOP4.0 billion (US\$501.1 million) in Macau-related projects by June 2009. These obligations were satisfied upon the opening of Wynn Macau in 2006.

WRM was also obligated to obtain, and did obtain, a MOP700 million (US\$87.7 million) bank guarantee from Banco Nacional Ultramarino, S.A. ("BNU") that was effective until March 31, 2007. The amount of this guarantee was reduced to MOP300 million (US\$37.6 million) for the period from April 1, 2007 until 180 days after the end of the term of the Concession Agreement. This guarantee, which is for the benefit of the Macau government, assures WRM's performance under the Concession Agreement, including the payment of premiums, fines and indemnity for any material failure to perform the Concession Agreement. WRM is obligated, upon demand by BNU, to promptly repay any claim made on the guarantee by the Macau government. BNU is currently paid an annual fee by WRM for the guarantee of MOP2.3 million (US\$0.3 million).

The government of Macau may redeem the gaming concession beginning on June 24, 2017, and in such event WRM will be entitled to fair compensation or indemnity. The amount of such compensation or indemnity will be determined based on the amount of revenue generated during the tax year prior to the redemption multiplied for the remaining years under the gaming concession.

The government of Macau may unilaterally rescind the gaming concession if WRM fails to fulfill its fundamental obligations under the Concession Agreement. The Concession Agreement expressly provides a non-exhaustive list of facts and circumstances under which the Macau government may unilaterally rescind the Concession Agreement, including the case where WRM:

- conducts unauthorized games or activities that are excluded from its corporate purpose;
- abandons or suspends gaming operations in Macau for more than seven consecutive days (or more than 14 days in a calendar year) without justification;

- defaults in payment of taxes, premiums, contributions or other required amounts;
- systematically opposes the conduct of government inspections or supervision or does not comply with directions issued by the Macau government, in particular the DICJ;
- systematically fails to observe its obligations under the gaming concession system;
- fails to maintain bank guarantees or bonds as set out in its gaming concession;
- is the subject of bankruptcy proceedings or becomes insolvent;
- engages in serious fraudulent activity damaging to the public interest; or
- repeatedly violates applicable gaming laws.

If the government of Macau unilaterally rescinds the Concession Agreement, WRM will be required to compensate the government in accordance with applicable law, and the areas defined as casino under Macau law and all of the gaming equipment pertaining to our gaming operations will be automatically transferred to the Macau government free of charges or encumbrances and without compensation. In addition, the government of Macau may, in the public interest, unilaterally terminate the gaming concession at any time, in which case WRM would be entitled to reasonable compensation.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors

The following table sets forth information regarding our Board of Directors as of the date of this offering memorandum.

<u>Name</u>	<u>Position</u>	<u>Age</u>
Mr. Matthew O. Maddox	Executive Director and Chief Executive Officer	45
Mr. Ian Michael Coughlan	Executive Director and President	61
Ms. Linda Chen	Executive Director, Chief Operating Officer and Vice Chairman of the Board	54
Mr. Craig S. Billings	Non-executive Director	47
Dr. Allan Zeman, GBM, GBS, JP	Chairman of the Board and Independent Non-executive Director	72
Mr. Jeffrey Kin-fung Lam, GBS, JP	Independent Non-executive Director	69
Mr. Bruce Rockowitz	Independent Non-executive Director	62
Mr. Nicholas Sallnow-Smith	Independent Non-executive Director	70
Ms. Leah Dawn Xiaowei Ye	Independent Non-executive Director	62

The biography of each Director is set out below:

Executive Directors

Mr. Matthew O. Maddox has been the Chief Executive Officer of the Company since February 7, 2018. Mr. Maddox is responsible for overseeing the Group's operations, development and continued excellence. Mr. Maddox was a non-executive Director of the Company from March 28, 2013 until his re-designation as an executive Director on February 7, 2018. Mr. Maddox has been the Chief Executive Officer of Wynn Resorts, Limited since February 7, 2018. From November 2013 to May 2019, Mr. Maddox also served as the President of Wynn Resorts, Limited. Mr. Maddox has been a member of the board of directors of Wynn Resorts, Limited since August 3, 2018. From March 2008 to May 2014, Mr. Maddox was the Chief Financial Officer of Wynn Resorts, Limited. Since joining Wynn Resorts in 2002, Mr. Maddox has served as Wynn Resorts' Senior Vice President of Business Development and Treasurer, as the Senior Vice President of Business Development for Wynn Las Vegas, LLC, as the Chief Financial Officer of WRM, and as Wynn Resorts' Treasurer and Vice President—Investor Relations. Mr. Maddox also serves as an officer and/or director of several subsidiaries of Wynn Resorts, Limited and the Company including as Chief Executive Officer and Chairman of the board of directors of WRM. Prior to joining Wynn Resorts, Limited in 2002, Mr. Maddox worked in Corporate Finance for Caesars Entertainment, Inc. (formerly Park Place Entertainment, Inc.). Mr. Maddox has over 18 years of experience in the gaming, casino and hotel industry. Before joining Park Place Entertainment, Mr. Maddox worked as an investment banker for Bank of America Securities in the Mergers and Acquisitions Department.

Mr. Ian Michael Coughlan has been the President of the Company since September 30, 2016 and an Executive Director of the Company since September 16, 2009. Mr. Coughlan was the President of WRM from July 2007 until March 2017 when he relinquished this role after his appointment as President of the Company. Mr. Coughlan is responsible for the operation and strategic development of both Wynn Macau and Wynn Palace. Mr. Coughlan also serves as a director of several subsidiaries of the Company. Prior to these roles, Mr. Coughlan was Director of Hotel Operations—Worldwide for Wynn Resorts, Limited. Mr. Coughlan has over 35 years of hospitality experience with leading hotels across Asia, Europe and the United States. Before joining Wynn Resorts, Limited, he spent ten years with The Peninsula Group, including posts as General Manager of The Peninsula Hong Kong from September 2004 to January 2007, and General Manager of The Peninsula Bangkok from September 1999 to August 2004. His previous assignments include senior management positions at The Oriental Singapore, and a number of Ritz-Carlton properties in the United States. Mr. Coughlan holds a Diploma from Shannon College of Hotel Management, Ireland.

Ms. Linda Chen is the Vice Chairman, Chief Operating Officer and Executive Director of the Company, President and Executive Director of WRM, and President of Wynn International Marketing, Ltd. Ms. Chen is responsible for global marketing and strategic development of Wynn Resorts, Limited. Ms. Chen founded the Wynn Care charity brand in 2018 and established the Wynn Care Foundation as its chairman in 2020, leading Wynn's effort to actively fulfil its corporate social responsibilities. Ms. Chen was appointed as the Vice Chairman of the Company in April 2018, has been President of WRM since March 2017, Executive Director and Chief Operating Officer of the Company since September 2009, and Chief Operating Officer of WRM since June 2002. Ms. Chen played an integral role in the openings of Wynn Resorts, Limited's three integrated resorts, including Wynn Las Vegas, Wynn Macau and Wynn Palace. She was also in charge of establishing Wynn International Marketing, Ltd. She served as Director of Wynn Resorts, Limited from October 2007 to December 2012. Prior to joining Wynn Resorts, Limited, Ms. Chen was Executive Vice President of International Marketing for MGM Mirage from June 2000 to May 2002, responsible for the global marketing development of the three integrated resorts MGM Grand, Bellagio and The Mirage. Ms. Chen was involved in the opening of Bellagio in 1998 and served as the Executive Vice President of International Marketing. Prior to that, she was part of the opening team for the MGM Grand in 1993 and The Mirage in 1989. Currently, Ms. Chen is a member of the Nanjing Committee of the Chinese People's Political Consultative Conference (Macau), a Director of the Macau Chamber of Commerce, and a member of the Tourism Development Committee, Government of Macao S.A.R., as well as a member of the Cultural Industries Committee, Government of Macao S.A.R. Ms. Chen holds a Bachelor of Science Degree in Hotel Administration from Cornell University in 1989.

Non-executive Director

Mr. Craig S. Billings was appointed as a non-executive Director of the Company on August 17, 2018. Mr. Billings was appointed as the President of Wynn Resorts, Limited in May 2019 and has been the Chief Financial Officer and Treasurer of Wynn Resorts, Limited since March 2017. Prior to joining Wynn Resorts, Limited, Mr. Billings was an independent advisor and investor to the gaming industry from November 2015 through February 2017. From July 2012 to November 2015, Mr. Billings served in various roles at Aristocrat Leisure Ltd, including Chief Digital Officer and Managing Director of Strategy & Business Development. Mr. Billings served as the Chief Executive Officer and President of ZEN Entertainment, Inc. from March 2011 to June 2012. He served in various senior roles at International Game Technology from March 2009 to October 2010 and also worked in the Investment Banking Division of Goldman Sachs. He began his career in the audit practice of Deloitte & Touche. Mr. Billings served as a director and non-executive Chairman of NYX Gaming Group Limited, a company previously listed on the Toronto Stock Exchange, from December 2015 to January 2018. Mr. Billings graduated with a Bachelor of Science (Cum Laude) in Accounting from the University of Nevada, Las Vegas and received an M.B.A. from Columbia Business School, United States. Mr. Billings is a Certified Public Accountant.

Independent non-executive Directors

Dr. Allan Zeman, GBM, GBS, JP, was appointed as the non-executive Chairman of the Company on February 7, 2018. Dr. Zeman has been a Director of the Company since its inception and a non-executive Director of the Company since September 16, 2009 and was the Vice Chairman of the Company before his appointment as the non-executive Chairman of the Company. Effective from March 29, 2014, Dr. Zeman became an independent non-executive Director of the Company. He was also a non-executive director of Wynn Resorts, Limited, from October 2002 to December 2012. Dr. Zeman founded The Colby International Group in 1975 to source and export fashion apparel to North America. In late 2000, The Colby International Group merged with Li & Fung Limited. Dr. Zeman is the Chairman of Lan Kwai Fong Holdings Limited. He is also the owner of Paradise Properties Group, a property developer in Thailand.

Dr. Zeman is the Vice Patron of Hong Kong Community Chest, and serves as a director of The "Star" Ferry Company, Limited. Dr. Zeman also serves as a non-executive director of Pacific Century Premium Developments Limited, independent non-executive director of Sino Land Company Limited, Tsim Sha Tsui

Properties Limited, Television Broadcasts Limited (TVB), Global Brands Group Holding Limited and Fosun Tourism Group, all of which are listed on the Hong Kong Stock Exchange.

Having lived in Hong Kong for over 45 years, Dr. Zeman has been very involved in government services as well as community activities. Besides having been the Chairman of Hong Kong Ocean Park, a major theme park in Hong Kong, from July 2003 to June 2014 and is now a honorary advisor, he is also a member of the General Committee of the Hong Kong General Chamber of Commerce and Hong Kong China's representative to the Asia-Pacific Economic Cooperation (APEC) Business Advisory Council ("ABAC HK Members"). Dr. Zeman is a member of the board of Governors of The Canadian Chamber of Commerce in Hong Kong. Dr. Zeman was a member of the Board of West Kowloon Cultural District Authority, and the chairman of its Performing Arts Committee from 2008 to 2016 and is now a honorary advisor. In September 2014, Dr. Zeman was invited by former HKSAR Chief Executive Mr. CH Tung to be a Special Advisor to his Our Hong Kong Foundation, which is dedicated to promoting the long-term and overall interests of Hong Kong. In June 2015, Dr. Zeman was appointed as a Board Member of the Airport Authority of Hong Kong. In November 2015, Dr. Zeman was appointed to the board of directors of The Hong Kong Entrepreneurs Fund launched by Alibaba Group.

In March 2018, Dr. Zeman was appointed by the HKSAR Chief Executive as a member of the HKSAR Chief Executive's Council of Advisers on Innovation and Strategic Development which aims to provide advice to the Chief Executive on Hong Kong's strategic positioning in the global and regional contexts and direction of economic development aiming at enhancing Hong Kong's competitiveness and growth potential.

Dr. Zeman has been a member of the Human Resources Planning Commission (HRPC) since March 2018, which was a new initiative announced in the Chief Executive's 2017 Policy Address and is chaired by the HKSAR Chief Secretary. It aims at formulating coordinated human resources strategies for developing Hong Kong further into a high value-added and more diversified economy.

In 2001, Dr. Zeman was appointed as a Justice of the Peace in Hong Kong. He was awarded the Gold Bauhinia Star in 2004 and the Grand Bauhinia Medal in 2011. In 2008, Dr. Zeman was awarded Business Person of the Year by the Hong Kong Business Award. In 2012, he was awarded Honorary Doctorate Degrees of Business Administration from City University of Hong Kong and University of Science and Technology of Hong Kong. In November 2019, Dr. Zeman was awarded Honorary Doctorate Degree of Business Administration from Open University of Hong Kong.

Mr. Jeffrey Kin-fung Lam, GBS, JP has been an independent non-executive Director of the Company since September 16, 2009. Mr. Lam is a member of the National Committee of the Chinese People's Political Consultative Conference. He is also a member of the Legislative Council of the Hong Kong Special Administrative Region (the "HKSAR"), a non-official member of the Executive Council of the HKSAR, the chairman of the Independent Commission Against Corruption (ICAC) Complaints Committee, a general committee member of the Hong Kong General Chamber of Commerce, a vice chairman of The Hong Kong Shippers' Council and a director of the Hong Kong Mortgage Corporation Limited. Mr. Lam also holds a number of other public and community service positions in Hong Kong.

In addition, Mr. Lam is an independent non-executive director of Analogue Holdings Limited, CC Land Holdings Limited, China Overseas Grand Oceans Group Limited, Chow Tai Fook Jewellery Group Limited, CWT International Limited (formerly known as HNA Holding Group Co. Limited), i-CABLE Communications Limited and Wing Tai Properties Limited, all of which are listed on the Hong Kong Stock Exchange.

In 1996, Mr. Lam was appointed Justice of the Peace in Hong Kong and became a member of the Most Excellent Order of the British Empire. He was awarded the honor of the Gold Bauhinia Star in July 2011 and the Silver Bauhinia Star in 2004. Mr. Lam was conferred University Fellow of Tufts University in the United States and Hong Kong Polytechnic University in 1997 and in 2000, respectively.

Mr. Bruce Rockowitz has been an independent non-executive Director of the Company since September 16, 2009. Mr. Rockowitz was the CEO and Vice Chairman of Global Brands Group Holding Limited from 2014 to 2018 and was the Vice Chairman and non-executive director of the company from 2018 to 2019, a spinoff from Li & Fung Limited and listed on the Hong Kong Stock Exchange in July 2014. Mr. Rockowitz joined Li & Fung Limited as Executive Director in 2001 until June 2014. He was the President of the Li & Fung Group from 2004 to 2011, and Group President and Chief Executive Officer from 2011 to June 2014. He was also the co-founder and Chief Executive Officer of Colby International Limited, a large Hong Kong buying agent, prior to its acquisition by Li & Fung in 2000. In addition, Mr. Rockowitz is a co-founder of the Pure Group, a lifestyle, fitness and yoga chain operating in Hong Kong, Singapore, New York City and mainland China. He is currently the Chairman of Rock Media Ltd. and Legend Publishing Ltd.

Mr. Rockowitz is a member of the Advisory Board for the Wharton School's Jay H Baker Retailing Center, an industry research center for retail at the University of Pennsylvania. He is also a board member of the Education Foundation for Fashion Industries, the private fund-raising arm of the Fashion Institute of Technology in New York. In March 2012, he became a member of the Global Advisory Council of the Women's Tennis Association (WTA). In 2008, Mr. Rockowitz was ranked first by Institutional Investor for Asia's Best CEOs in the consumer category. In 2010 and 2011, he was also ranked as one of the world's 30 best CEOs by Barron's. In 2011, he was presented with the Alumni Achievement Award by the University of Vermont. In the years 2012, 2017 and 2018, Mr. Rockowitz was named Asia's Best CEO at Corporate Governance Asia's Excellence Recognition Awards, and he was also presented with an Asian Corporate Director Recognition Award by the same organization in 2012 and 2013.

Mr. Nicholas Sallnow-Smith has been an independent non-executive Director of the Company since September 16, 2009. Mr. Sallnow-Smith also served as the Chairman and an independent non-executive director of Link Asset Management Limited (formerly The Link Management Limited) between April 2007 and March 2016, when he also served as Chairman of Link Asset Management Limited's Finance and Investment, and Nominations Committees. Link Asset Management Limited is the manager to Link Real Estate Investment Trust (formerly The Link Real Estate Investment Trust), which is listed on the Hong Kong Stock Exchange. Mr. Sallnow-Smith is also a non-executive director of UCP Plc, which was listed on the London Stock Exchange. He was appointed an independent non-executive director of Livi Bank Ltd. in Hong Kong in April 2019. Prior to joining Link, Mr. Sallnow-Smith was Chief Executive of Hongkong Land Holdings Limited from February 2000 to March 2007. He has a wide ranging finance background in Asia and the United Kingdom for over 30 years, including his roles as Finance Director of Hongkong Land Holdings Limited from 1998 to 2000 and as Group Treasurer of Jardine Matheson Holdings Limited from 1993 to 1998.

Mr. Sallnow-Smith's early career was spent in the British Civil Service, where he worked for Her Majesty's Treasury in Whitehall, London from 1975 to 1985. During that time, he was seconded for two years to Manufacturers Hanover London, working in export finance and in their merchant banking division, Manufacturers Hanover Limited. He left the Civil Service in 1985, following a period working in the International Finance section of H. M. Treasury on Paris Club and other international debt policy matters, and spent two years with Lloyds Merchant Bank before moving into the corporate sector in 1987. Mr. Sallnow-Smith served as the Convenor of the Hong Kong Association of Corporate Treasurers from 1996 to 2000, as Chairman of the Matilda Child Development Centre in 1994 and 1995 and as Chairman of the Matilda International Hospital from 2003 to 2005.

He was an Executive Committee member of the Hong Kong Youth Arts Foundation from 2008 to 2020. He was a member of the Council of the Treasury Markets Association (Hong Kong Association of Corporate Treasurers Representative) from 2006 until June 2019. He was a member of the Board of Governors of Hong Kong Philharmonic Society Ltd. from 2007 until July 2019. He was the Chairman of Manpower Committee of the Hong Kong General Chamber of Commerce from 2014 to 2016. He was previously the Chairman of the General Committee of The British Chamber of Commerce in Hong Kong from 2012 to 2014. He was also a director of the Lion Rock Institute from 2016 until June 2019. He was a member of the Financial Reporting

Council of Hong Kong from 2012 to November 2018. Mr. Sallnow-Smith was educated at Gonville & Caius College, Cambridge, and the University of Leicester and is a Fellow of the Association of Corporate Treasurers. He holds M.A. (Cantab) and M.A. (Soc. of Ed.) Degrees.

Ms. Leah Dawn Xiaowei Ye was appointed as an independent non-executive Director of the Company with effect from April 1, 2019. Ms. Ye has been appointed as partner of Rimon Law with effect from August 3, 2020. Ms. Ye was the managing partner of the Beijing representative office of Morgan Lewis & Bockius LLP, an international law firm, from 2014 to 2018. Ms. Ye was also the co-managing partner of the Beijing representative office of Bingham McCutchen LLP from 2011 to 2014 before it had a merger with Morgan Lewis & Bockius LLP.

Ms. Ye has over 20 years of experience in Asia representing large Chinese companies, financial institutions and investment funds with respect to their overseas investments, project financing, and initial public listing and offerings. Ms. Ye has also represented multinationals in their investments and their regulatory matters in China. Prior to 2011, Ms. Ye was a resident partner at Allen & Overy and Jones Day in China from 2003 to 2004 and from 2004 to 2011, respectively. She also served as a senior lawyer at the Beijing representative office of Shearman & Sterling from 1995 to 2003.

Ms. Ye is admitted to practice law in the District of Columbia of the United States. Ms. Ye was also a member of the American Chamber of Commerce in the People's Republic of China from 2004 to 2018. Ms. Ye graduated with a Bachelor of Arts from Georgetown University in 1983 and obtained a Juris Doctor from Georgetown University Law Center in 1988.

Our Senior Management

The following table presents certain information concerning the senior management personnel of the Group (other than our Executive Directors) as of the date of this offering memorandum.

Wynn Resorts (Macau) S.A.

<u>Name</u>	<u>Position</u>	<u>Age</u>
Jason Schall	Executive Vice President and General Counsel ⁽¹⁾ , Executive Vice President—Legal	47
Craig Jeffrey Fullalove	Senior Vice President, Chief Financial Officer	39

Wynn Macau

<u>Name</u>	<u>Position</u>	<u>Age</u>
Ciarán Pearse Carruthers	Chief Operating Officer	51
Elsie Guerrero	Vice President—Casino Operations	64
Tak Meng Lau	Vice President—Human Resources	54

Wynn Palace

<u>Name</u>	<u>Position</u>	<u>Age</u>
Frederic Jean-Luc Luvisutto	Chief Operating Officer	49
Kristoffer Luczak	Executive Vice President—Food & Beverage	51
Mo Yin Mok	Senior Vice President—Human Resources ⁽¹⁾	59
Peter James Barnes	Senior Vice President—Security & Corporate Investigation	61

Note:

(1) Position held in the Company.

The biography of each member of the senior management team (other than our executive Directors) is set out below:

Wynn Resorts (Macau) S.A.

Mr. Jason Schall is the Executive Vice President and General Counsel of the Company, Executive Vice President—Legal of WRM, and General Counsel—Asia for Wynn Resorts, Limited. He has held senior legal positions with WRM since May 2006. Mr. Schall has over 20 years of experience in the legal field, including over 16 years in Macau and Hong Kong. Prior to joining the Group, Mr. Schall practiced United States law at a major law firm in the United States and in Hong Kong. Mr. Schall is a member of the State Bar of Texas. Mr. Schall holds a Bachelor of Arts Degree from Colorado College, an MBA from Tulane University, Freeman School of Business and a Juris Doctor (magna cum laude, Order of the Coif) from Tulane University School of Law.

Mr. Craig Jeffrey Fullalove is the Senior Vice President, Chief Financial Officer, effective January 13, 2020. In this position, Mr. Fullalove is responsible for the leadership and administration of WRM's finance division. Prior to joining the Group, Mr. Fullalove was the Senior Vice President and Chief Financial Officer for Asian Coast Development Limited (ACDL). Mr. Fullalove has over 16 years of international experience in finance, having worked previously in South Africa, the United Kingdom, Canada and Vietnam. Prior to joining ACDL, Mr. Fullalove had worked with Deloitte & Touche for 9 years in various roles within both audit and financial advisory. Mr. Fullalove is a qualified Chartered Accountant and holds a Bachelor of Commerce from the University of Cape Town.

Wynn Macau

Mr. Ciarán Pearse Carruthers is the Wynn Macau Chief Operating Officer, a position he has held since January 2017. Mr. Carruthers is responsible for overseeing all operations at Wynn Macau, including gaming operations. Prior to this position, Mr. Carruthers was the Senior Vice President and Director of the Venetian and Plaza Operations for Sands China Limited. Mr. Carruthers has been in the gaming industry for more than 30 years and in the Asia Pacific region since 1991 and Macau since 2002. Among others, Mr. Carruthers held positions as President & CEO of Asia Pacific Gaming and Chief Operating Officer of StarWorld Hotel & Casino and SVP Operations of City Clubs at Galaxy Entertainment Group Limited. He has also held a number of senior operational roles at casino resorts in South East Asia, the Philippines and the US Pacific Islands.

Ms. Elsie Guerrero is the Wynn Macau Vice President—Casino Operations, a position she has held since March 2018. Ms. Guerrero is responsible for overseeing VIP Gaming operations, expansion projects, staffing and training, budgeting and business operation for Wynn Macau. Prior to this position, she was the Casino Manager at Wynn Las Vegas from April 2008 to June 2015 and she was the Assistant Vice President—Wynn Club Gaming at Wynn Macau from July 2015 to February 2018. Ms. Guerrero started her gaming career as a Dealer at the former MGM Grand Hotel (now Bally's) in Las Vegas in 1980, and has amassed over 40 years of experience in the casino industry. Prior to joining Wynn Las Vegas, she held the position as a Baccarat Manager at Caesar Palace Las Vegas from April 2000 to June 2007 and was part of the pre-opening team in MGM Grand Macau as a Casino Shift Manager from July 2007 to March 2008.

Mr. Tak Meng Lau is the Wynn Macau Vice President—Human Resources, a position he has held since January 1, 2019. Mr. Lau is responsible for leading and overseeing Wynn Macau human resources operations. Prior to this position, he was the Executive Director—Human Resources from April to December 2018 and he was the Director—Human Resources from July 2007 to March 2018. He joined Wynn Macau pre-opening as Personnel Administration Manager in January 2005. Before joining Wynn Macau, Mr. Lau held a variety of human resources roles at hotels in Macau, including The Landmark Macau, New World Emperor Macau and Holiday Inn Macau. He has more than 29 years of experience in Macau's human resources and hospitality industry. He holds a Bachelor Degree of Business Administration at University of Macau, major in Human Resources Management.

Wynn Palace

Mr. Frederic Jean-Luc Luvisutto is the Wynn Palace Chief Operating Officer, a position he has held since January 2014. Mr. Luvisutto is responsible for overseeing all operations at Wynn Palace. Prior to this position, Mr. Luvisutto was the Managing Director of the Star Resort and Casino in Sydney, Australia. Before this he was the Managing Director of Jupiters Resort and Casino, Gold Coast, Australia. Mr. Luvisutto's hospitality and gaming career spans over 25 years and also includes appointments as Vice President of The Signature at MGM Grand in Las Vegas and Vice President—Hotel Operations at Monte Carlo Resort and Casino in Las Vegas. Mr. Luvisutto graduated from the Lausanne Hotel Management School, Switzerland.

Mr. Kristoffer Luczak is the Executive Vice President—Food & Beverage, a position he has held since September 2017. Mr. Luczak is responsible for overseeing the food and beverage division at both Wynn Macau and Wynn Palace, and providing group management oversight including all projects related to food and beverage concepts, design, products and service. Prior to joining the Group in June 2017, Mr. Luczak was the Senior Vice President of Food & Beverage of Melco Resorts & Entertainment Limited (formerly Melco Crown Entertainment Limited) where he served for more than a decade, overseeing all food and beverage strategy and directing food and beverage operations at their three integrated resorts in Macau (City of Dreams, Studio City and Altira). Mr. Luczak's hospitality career spans 30 years, the last 20 of which he has spent in senior operations roles throughout Asia, including Raffles Hotel Singapore, The Peninsula Bangkok, Dusit Thani Bangkok and The Oberoi, Bali.

Ms. Mo Yin Mok is the Senior Vice President—Human Resources of the Company, a position she has held since January 2017. Ms. Mok is responsible for overseeing and leading the human resources function of the Company. She joined Wynn Macau in June 2008 as Vice President—Human Resources and was promoted as Wynn Macau Senior Vice President—Human Resources in June 2014. Ms. Mok has an extensive 30-year background in hospitality and human resources, primarily in the luxury hotel sector at The Regent Four Seasons Hong Kong and The Peninsula Hong Kong. Prior to joining the Group, she led The Peninsula Group's worldwide human resources team and, in her position, supported eight Peninsula hotels with more than 5,000 staff, and orchestrated human resources activities for the opening of The Peninsula Tokyo. Ms. Mok also served at the front lines of the hospitality industry as the Director of Rooms Division at The Peninsula Hong Kong with responsibility for front office, housekeeping, security and spa departments. Ms. Mok currently serves on the Faculty of Business Administration Advisory Board of the University of Macau, the Bachelor of Business Administration in Gaming and Recreation Management Program Advisory Board of the Macau Polytechnic Institute and the Training and Development Committee of the Macau Productivity and Technology Transfer Centre.

Ms. Mok holds a Bachelor of Science Degree in Hospitality Management from Florida International University in the United States, where she received a Rotary International Ambassadorial Scholarship. She also obtained an MBA from the Chinese University of Hong Kong.

Mr. Peter James Barnes is the Wynn Palace Senior Vice President—Security & Corporate Investigation, a position he has held since May 2015. Mr. Barnes is responsible for all aspects of security and corporate investigations. Mr. Barnes also served as Executive Director—Security & Corporate Investigations of WRM between July 2008 and June 2012. Between July 2012 and April 2015, Mr. Barnes was Vice President Corporate Security at Galaxy Entertainment Group Limited. Mr. Barnes has 30 years of experience in the Hong Kong Police Force and has held various managerial positions involving serious crimes, homicide, organized crime and anti-riot operations. Mr. Barnes' experience includes serving as the Divisional Commander in charge of uniformed and criminal investigation department officers in Tsim Sha Tsui, Hong Kong, a position he held from 2004 until 2005 when he was promoted to the rank of Detective Senior Superintendent of Police in the Kowloon East region. Mr. Barnes has professional qualifications which cover security design, financial investigations, intermediate and senior command, criminal intelligence and surveillance operations. Mr. Barnes completed the 205th Session of the Federal Bureau of Investigation's National Academy Program in Quantico, Virginia, United States. Mr. Barnes was awarded the Commanding Officer's Commendations in 1983 and 1997.

Compensation of Directors and Senior Management of the Company

Details of the remuneration paid during the year ended December 31, 2019 to the directors of the Company are as follows:

Name of Directors	Fees	Salaries	Discretionary Bonus	Share-based Payments	Contributions to Retirement Plan	Other	Total	Total
				(HK\$ thousands)				(US\$ thousands)
Executive Directors:								
Matthew O. Maddox ⁽¹⁾	—	—	—	—	—	—	—	—
Linda Chen	—	10,287	8,272	28,808	—	685	48,052	6,200
Ian Michael Coughlan	—	11,755	9,368	18,945	588	2,890	43,546	5,619
Non-executive Director:								
Craig S. Billings ⁽²⁾	—	—	—	—	—	—	—	—
Independent non-executive Directors:								
Jeffrey Kin-fung Lam	1,050	—	—	2,061	—	—	3,111	401
Bruce Rockowitz	1,075	—	—	2,061	—	—	3,136	405
Nicholas Sallnow-Smith	1,325	—	—	2,061	—	—	3,386	437
Allan Zeman	1,075	—	—	4,306	—	—	5,381	694
Leah Dawn Xiaowei Ye ⁽³⁾	638	—	—	672	—	—	1,310	169

Notes:

- (1) In addition to the directors' emoluments disclosed in the table, the emolument for Mr. Maddox was charged to the Group, through a corporate allocation agreement, amounting to HK\$16.3 million for the year ended December 31, 2019.
- (2) In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Billings was charged to the Group, through a corporate allocation agreement, amounting to HK\$11.1 million for the year ended December 31, 2019.
- (3) Ms. Leah Dawn Xiaowei Ye was appointed as the independent non-executive Director of the Company with effect from April 1, 2019.

Transactions between the Company and its Directors and Senior Management

As of the date of this offering memorandum, there are no loans or guarantees provided and outstanding, other than those entered into in the Company's ordinary course of business, to any of its directors or executive officers. In addition, there have been no transactions during the current or previous audited fiscal year of the Company between the Company and any of its directors and its key managerial management personnel or the key managerial personnel of its Subsidiaries, which, because of their unusual nature or the circumstances into which they have been entered, are or will be required to be disclosed in the Company's accounts or approved by its shareholders and there are no such transactions during an earlier fiscal year which remain in any respect outstanding or unperformed.

Corporate Governance

The Board governs the Company and is responsible for overall leadership of the Group. The Board works to promote the success of the Group through oversight and direction of the Group's business dealings and has delegated the general day-to-day operations of the Group's business to the executive Directors and management team. The Board determines the overall strategic priorities for the Company, reviews and approves budgetary affairs and oversees and monitors the overall performance of management. The Board is provided with all necessary resources including the advice of external auditor, external attorneys and other independent professional advisors as needed.

The Company has a Board with a balanced composition of executive and non-executive Directors (including independent non-executive Directors). The main functions and constitution of the various Board committees are given below.

Audit and Risk Committee

The Company has set up an audit and risk committee in compliance with Rule 3.21 of the Listing Rules, the primary duties of which are to review and supervise the financial reporting process, internal control system and risk management system of the Group, maintain an appropriate relationship with the Company's auditor, review and approve connected transactions, and provide advice and comments to the Board.

The audit and risk committee consists of three members: Mr. Nicholas Sallnow-Smith, Mr. Bruce Rockowitz and Dr. Allan Zeman, all of whom are independent non-executive Directors. Mr. Nicholas Sallnow-Smith is the chairman of the audit and risk committee.

The audit and risk committee held four meetings during the year ended December 31, 2019.

Remuneration Committee

The Company has set up a remuneration committee, the primary duties of which are to assist the Board in determining the policy and structure for the remuneration of Directors, evaluating the performance of Directors and senior management, reviewing incentive schemes and Directors' service contracts and fixing the remuneration packages for all Directors and senior management. Pursuant to the delegated authority of the Board, the remuneration packages of Directors and senior management may be determined by the remuneration committee in accordance with the committee's written terms of reference. Determination of such matters is based on the Group's performance and the Directors' and senior management members' respective contributions to the Group.

The remuneration committee consists of four members: Mr. Craig S. Billings, a non-executive Director, and Mr. Nicholas Sallnow-Smith, Mr. Bruce Rockowitz and Mr. Jeffrey Kin-fung Lam, all of whom are independent non-executive Directors. Mr. Nicholas Sallnow-Smith is the chairman of the remuneration committee.

The remuneration committee held two meetings during the year ended December 31, 2019.

Nomination and Corporate Governance Committee

The Company has set up a nomination and corporate governance committee, the primary duties of which are to identify, screen and recommend to the Board appropriate candidates to serve as directors of the Company, to oversee the process for evaluating the performance of the Board, to develop and recommend to the Board nomination guidelines for the Company, to review the training and continuous professional development of Directors and senior management, to review and monitor the Company's policies and practices on compliance with legal and regulatory matters to develop a set of corporate governance principles for the Company, which shall be consistent with any applicable laws, regulations and listing standards and to review the Company's compliance with the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules as applicable on the date of this offering memorandum. In reviewing the composition of the Board, the nomination and corporate governance committee considers the skills, knowledge and experience and also the desirability of maintaining a balanced composition of executive and non-executive Directors (including independent non-executive Directors).

The nomination and corporate governance committee consists of four members: Mr. Nicholas Sallnow-Smith, Mr. Jeffrey Kin-fung Lam, Dr. Allan Zeman and Ms. Leah Dawn Xiaowei Ye, all of whom are independent non-executive Directors. Mr. Jeffrey Kin-fung Lam is the chairman of the nomination and corporate governance committee.

The nomination and corporate governance committee held two meetings during the year ended December 31, 2019.

PRINCIPAL SHAREHOLDERS' AND DIRECTORS' INTEREST

The shareholdings and options of the directors in the Company as of the date of this offering memorandum are provided in the table below:

<u>Name</u>	<u>Shareholding</u>	<u>Options</u>
Mr. Matthew O. Maddox	—	—
Mr. Ian Michael Coughlan	—	—
Ms. Linda Chen	—	—
Mr. Craig S. Billings	—	—
Dr. Allan Zeman ⁽¹⁾	662,800	7,060,200
Mr. Jeffrey Kin-fung Lam ⁽²⁾	—	3,781,000
Mr. Bruce Rockowitz ⁽³⁾	662,800	3,464,200
Mr. Nicholas Sallnow-Smith ⁽⁴⁾	286,000	3,801,000
Ms. Leah Dawn Xiaowei Ye ⁽⁵⁾	—	1,752,000

Notes:

- (1) Dr. Allan Zeman holds 662,800 shares in his personal capacity. Pursuant to the share option schemes, Dr. Allan Zeman was interested in share options for 5,068,200 shares as at June 30, 2020. On December 4, 2020, Dr. Allan Zeman was granted 1,992,000 share options under the Company's new share option scheme.
- (2) Pursuant to the share option schemes, Mr. Jeffrey Kin-fung Lam was interested in share options for 3,084,000 shares as at June 30, 2020. On December 4, 2020, Mr. Jeffrey Kin-fung Lam was granted 697,000 share options under the Company's new share option scheme.
- (3) Mr. Bruce Rockowitz holds 662,800 shares in his personal capacity. Pursuant to the share option schemes, Mr. Rockowitz was interested in share options for 2,767,200 shares as at June 30, 2020. On December 4, 2020, Mr. Bruce Rockowitz was granted 697,000 share options under the Company's new share option scheme.
- (4) Mr. Nicholas Sallnow-Smith is deemed to hold 276,000 shares jointly with his spouse, Ms. Lora Sallnow-Smith. Ms. Lora Sallnow-Smith is interested in 10,000 shares. Mr. Sallnow-Smith is deemed to be interested in the 10,000 shares held by his spouse under the SFO. Pursuant to the share option schemes, Mr. Sallnow-Smith was interested in share options for 3,104,000 shares as at June 30, 2020. On December 4, 2020, Mr. Nicholas Sallnow-Smith was granted 697,000 share options under the Company's new share option scheme.
- (5) Pursuant to the share option schemes, Ms. Leah Dawn Xiaowei Ye was interested in share options for 1,055,000 shares as at June 30, 2020. On December 4, 2020, Ms. Leah Dawn Xiaowei Ye was granted 697,000 share options under the Company's new share option scheme.

Our principal shareholders and their respective shareholdings in the Company as of the date of this offering memorandum are set forth below:

	<u>Direct Interest</u>		<u>Beneficial Interest</u>	
	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares⁽¹⁾</u>	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares⁽¹⁾</u>
Principal shareholders				
WM Cayman Holdings Limited I ⁽²⁾	3,750,000,000	72.15	3,750,000,000	72.15
Wynn Group Asia, Inc. ⁽²⁾	—	—	3,750,000,000	72.15
Wynn Resorts Finance, LLC ⁽²⁾	—	—	3,750,000,000	72.15
Wynn Resorts Holdings, LLC ⁽²⁾	—	—	3,750,000,000	72.15
Wynn Resorts, Limited	—	—	3,750,000,000	72.15
The Capital Group Companies, Inc. ⁽³⁾	—	—	465,237,221	8.95

Notes:

- (1) As a percentage of the issued share capital, comprising 5,197,188,600 shares.

- (2) WM Cayman Holdings Limited I is a wholly-owned subsidiary of Wynn Group Asia, Inc., which in turn is wholly-owned by Wynn Resorts Finance, LLC, which in turn is wholly-owned by Wynn Resorts Holdings, LLC, and which in turn is wholly-owned by Wynn Resorts, Limited. Therefore, Wynn Group Asia, Inc., Wynn Resorts Finance, LLC, Wynn Resorts Holdings, LLC and Wynn Resorts, Limited are deemed to be interested in the 3,750,000,000 shares which are beneficially owned by WM Cayman Holdings Limited I.
- (3) The Capital Group Companies, Inc. is deemed to be interested in 465,237,221 shares, comprised of
 - (i) 418,953,075 shares held by a wholly-owned subsidiary, Capital Research and Management Company;
 - (ii) 46,133,079 shares through Capital Group International, Inc., a wholly-owned subsidiary of Capital Research and Management Company, which is deemed interested 44,442,022 shares held by Capital International, Inc., 306,700 shares held by Capital International Limited and 1,384,357 shares held by Capital International Sarl, each being a wholly-owned subsidiary of Capital Group International, Inc.; and
 - (iii) 151,067 shares held by a wholly-owned subsidiary, Capital Bank & Trust Company.

RELATED PARTY TRANSACTIONS

The following is a summary of material transactions that we have engaged in with our direct and indirect shareholders, affiliates of our shareholders and other related parties, including those in which we or our management have a significant equity interest. We believe each of these arrangements, as described below, has been entered into on an arm's-length basis or on terms that we believe have been at least as favorable to us as similar transactions with non-related parties. We believe that the related party transactions were conducted in the ordinary and usual course of the Company's business. There were no significant charges from the Company to the related parties in 2017, 2018, 2019 or the six months ended June 30, 2019 and June 30, 2020. For a further discussion of related party transactions, see note 26 to our financial statements for the year ended December 31, 2018 included elsewhere in this offering memorandum, note 27 to our financial statements for the year ended December 31, 2019 and note 17 to the interim financial information for the six months ended June 30, 2020 included elsewhere in this offering memorandum.

The following table summarizes our related party transactions for the periods indicated.

Name of Related Companies	Relationship to Wynn Macau, Limited	Primary Nature of Transactions	Years Ended December 31,				Six Months Ended June 30,		
			2017	2018	2019	2019	2019	2020	2020
			HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
(in thousands)									
Wynn Resorts	Ultimate parent company	License fees ⁽ⁱ⁾	1,405,287	1,496,212	1,318,132	170,079	701,918	171,675	22,151
Wynn Resorts	Ultimate parent company	Corporate support services ⁽ⁱⁱ⁾	123,251	77,073	60,098	7,754	27,682	31,173	4,022
Wynn Resorts	Ultimate parent company	Share-based payment expenses	47,614	50,982	72,885	9,404	41,830	25,917	3,344
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts	Airplane usage charges ⁽ⁱⁱ⁾	5,114	6,865	12,486	1,611	5,548	—	—
WIML	Subsidiary of Wynn Resorts	International marketing expenses ⁽ⁱⁱⁱ⁾	47,765	46,832	48,476	6,255	25,396	20,712	2,672
Worldwide Wynn	Subsidiary of Wynn Resorts	Staff secondment payroll charges ^(iv)	170,723	131,452	119,025	15,358	82,532	42,395	5,470
Wynn Design & Development	Subsidiary of Wynn Resorts	Design / development payroll ^(v)	10,159	12,277	36,443	4,702	17,114	12,976	1,674

We had the following significant balances with our related parties as of the dates indicated:

<u>Name of Related Companies</u>	<u>Relationship to Wynn Macau, Limited</u>	<u>As of December 31,</u>			
		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>
		<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>US\$</u>
		<u>(in thousands)</u>			
Due from related companies—current					
WIML	Subsidiary of Wynn Resorts	164,487	229,598	182,155	23,504
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts	—	36,526	3,726	480
Wynn Manpower Limited	Subsidiary of Wynn Resorts	294	719	493	63
Wynn MA, LLC	Subsidiary of Wynn Resorts	—	72	324	42
Palo Manpower Hong Kong Limited	Subsidiary of Wynn Resorts	—	50	109	14
Palo Hong Kong Limited	Subsidiary of Wynn Resorts	—	48	107	14
SAC Hospitality Services HK Limited	Subsidiary of Wynn Resorts	—	—	47	6
Lumini Hospitality Services HK Limited	Subsidiary of Wynn Resorts	—	—	47	6
Harthor Hospitality Services HK Limited	Subsidiary of Wynn Resorts	—	—	47	6
SAC Hospitality Services Limited	Subsidiary of Wynn Resorts	—	—	13	2
Lumini Hospitality Services Limited	Subsidiary of Wynn Resorts	—	—	13	2
Harthor Hospitality Services Limited	Subsidiary of Wynn Resorts	—	—	13	2
Wynn Resorts Hotel Marketing and Sales (Asia), LLC	Subsidiary of Wynn Resorts	3	3	3	0
Palo Marketing Services Limited	Subsidiary of Wynn Resorts	16,302	12,874	—	—
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts	—	3,028	—	—
		<u>181,086</u>	<u>282,918</u>	<u>187,097</u>	<u>24,141</u>
Due to related companies—current					
Wynn Resorts	Ultimate parent company	159,050	148,362	103,400	13,342
Worldwide Wynn	Subsidiary of Wynn Resorts	18,371	5,766	4,679	604
Wynn Design & Development	Subsidiary of Wynn Resorts	1,793	6,068	1,605	207
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts	—	—	1,586	204
Palo Marketing Services Limited	Subsidiary of Wynn Resorts	—	—	257	33
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts	82,162	—	—	—
Wynn MA, LLC	Subsidiary of Wynn Resorts	225	—	—	—
		<u>261,601</u>	<u>160,196</u>	<u>111,527</u>	<u>14,390</u>

(i) License fees

Prior to our listing on the Hong Kong Stock Exchange, we had an arrangement with WRL and Wynn Resorts Holdings, LLC (together, the “Licensors”) under which the Licensors licensed to us certain trademarks and service marks, other marks and works, domain names, and hotel casino design, development and management know-how (collectively, the “Intellectual Property Rights”). On September 19, 2009, each of the Company and WRM entered into an intellectual property license agreement with the Licensors (together, the “IP License Arrangement”), which has a perpetual term. Pursuant to the IP License Arrangement, the Licensors licensed to each of the Company and WRM the right to use the Intellectual Property Rights using the same pricing basis as described below. The IP License Arrangement is also subject to restrictions in the agreements between Wynn Resorts Holdings, LLC or WRL and any third parties, in respect of a third party’s intellectual property, including any applicable limitations on the scope of the license, limitations on sub-licensing, termination (including change of control) under certain circumstances and other standard provisions.

The license fee payable to WRL equals the greater of (a) 3% of the IP gross monthly revenues and (b) US\$1.5 million (HK\$11.6 million) per month. For the purposes of each intellectual property license agreement, the term “IP gross revenues” refers to the licensee’s total operating revenues as adjusted by adding back (x) commissions and others which were netted against operating revenues and (y) promotional allowances, and the term “IP gross monthly revenues” refers to the licensee’s IP gross revenues accrued at the end of each

calendar month. The calculation of each licensee’s operating revenues, promotional allowances, and commissions and others in connection with the IP gross revenues stated in the intellectual property license agreements shall always be consistent with our accounting policies and prepared in accordance with IFRS as in effect from December 31, 2008.

The following table presents a reconciliation of our total operating revenues to our IP gross revenues as used for the purposes of the IP License Arrangement between us and the Licensors.

	Years Ended December 31,			
	2017	2018	2019	2019
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Total operating revenues	36,040,618	39,591,813	36,161,691	4,665,964
Commissions and others included in operating revenues . . .	8,472,031	10,331,885	7,779,942	1,003,851
Promotional allowances ⁽¹⁾	2,243,279	—	—	—
IP Gross Revenue	46,755,928	49,923,698	43,941,633	5,669,815

Note:

- (1) Upon adoption of IFRS 15 *Revenue for Contracts with Customers*, effective as of January 1, 2018, promotional allowances were no longer applicable in the calculation of IP gross revenue.

(ii) Corporate support services

WRL provides corporate support services to us. These services consist of a limited number of executives in relevant areas assisting us on certain matters. The assistance includes guidance on certain issues and ensuring that, from a regulatory standpoint, we follow and maintain WRL’s standard operating procedures. The annual fees for the services provided by WRL are based on an allocation of the actual proportion of WRL’s annual corporate departments’ costs (including salaries and benefits for such employees during the period in which such services are rendered) and overhead expense related to the provision of such services, and in any event, such annual fees charged by Wynn Resorts shall not exceed 50% of the aggregate annual corporate departments’ costs and overhead expenses incurred by WRL during any financial year.

Similarly, we have reciprocal arrangements to allow WRL or its subsidiaries (other than us) to have access to the services of any of our employees provided that such services do not materially interfere with such employees’ obligations to, and responsibilities with, the Company. For services provided by our employees, WRL shall pay for the services based on actual cost (including salaries and benefits for such employees during the period when such services are being rendered) and expense on a reimbursement basis.

WRL allows us to use aircraft assets owned by WRL and its subsidiaries (other than us) at hourly rates set by Las Vegas Jet, LLC, a subsidiary of WRL. Similarly, we have reciprocal arrangements to allow WRL or its subsidiaries (other than us) to use any aircraft assets that we could own in the future.

(iii) International marketing expenses

WIML, a subsidiary of WRL, (i) provides administrative, promotional and marketing services as well as a limited number of marketing executives to attract and introduce customers to WRM and (ii) employs certain non-Macau residents based in or to be based in Macau (“Foreign Resident Staff”) on our behalf and seconds such Foreign Resident Staff to us.

These administrative, promotional and marketing services are provided through branch offices located in various cities around the world under the direction and supervision provided by WIML. For the services provided under this arrangement, WIML charges a service fee equal to the total costs it incurs in rendering the services plus 5%.

(iv) Staff secondment payroll charges

Worldwide Wynn, a subsidiary of WRL, is responsible for supplying management personnel to WRM for pre-determined lengths of time through secondment arrangements. During the secondment period, employees are expected to devote their efforts and all of their business time and attention to the operations and functions of WRM. The seconded employees live and work in Macau for the duration of the secondment periods. Worldwide Wynn is compensated for these services with a service fee equal to its aggregate costs plus 5% to Worldwide Wynn of the seconded employees during the periods of secondment to WRM, including:

- wages-regular and overtime;
- bonuses and commissions;
- vacation pay and sick leave;
- employee benefit plans, including health insurance, life insurance and other insurance or 401k plans;
- employer-paid federal, state or local taxes or workers' compensation costs and unemployment taxes; and
- employer-paid business expenses and employee international allowances.

(v) Design/development payroll

Wynn Design and Development provides design and development services to us in connection with the construction and renovation works at Wynn Palace and Wynn Macau and Encore at Wynn Macau. Service fees are charged at the cost incurred by Wynn Design and Development to us for the services provided.

Home purchase

In May 2010, Worldwide Wynn entered into an employment agreement with Ms. Linda Chen, who is also a director of the Company. Under the terms of the employment agreement, Worldwide Wynn caused WRM to purchase a house in Macau for use by Ms. Chen. As at June 30, 2020, the net carrying amount of the house together with improvements and its land lease right was HK\$46.4 million (US\$6.0 million). Ms. Chen has the option to purchase the home for no consideration at any time before the expiration of her employment.

Compensation of senior/key management personnel of the Company

	Years Ended December 31,			
	2017	2018	2019	2019
	HK\$	HK\$	HK\$	US\$
		(in thousands)		
Salaries, bonuses, allowances and benefits in kind	177,597	158,151	135,022	17,422
Share-based payments	48,369	54,557	76,733	9,901
Retirement benefits	1,578	1,799	1,698	219
Total compensation paid to senior/key management personnel	227,544	214,507	213,453	27,542

Further details of directors' emoluments are included in Note 24 to our financial statements for the year ended December 31, 2018 included elsewhere in this offering memorandum and Note 25 to our financial statements for the year ended December 31, 2019 included elsewhere in this offering memorandum.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

As of September 30, 2020, we had total indebtedness of US\$6.01 billion in accordance with U.S. GAAP, comprised of secured bank loans and unsecured senior notes.

Wynn Macau Credit Facilities

On December 21, 2018, WRM's senior secured bank facilities were amended to, among other things, extend the maturity dates of the senior secured term loan and revolving credit facilities. As at September 30, 2020, the Wynn Macau Credit Facilities consisted of US\$2.06 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including a US\$1.31 billion equivalent fully funded senior term loan facility and a US\$0.75 billion equivalent senior revolving credit facility.

The amended term loan facility is repayable in graduating installments of between 2.875% and 4.50% of the principal amount on a quarterly basis commencing September 30, 2020, with a final installment of 75% of the principal amount repayable on June 26, 2022 (or if June 26, 2022 is not a business day, the immediately preceding business day). During the nine months ended September 30, 2020, we repaid US\$1.00 billion of the outstanding principal owed under the Wynn Macau Term Loan.

The final maturity of any outstanding borrowings from the revolving credit facility is June 26, 2022 (or if June 26, 2022 is not a business day, the immediately preceding business day), by which time any outstanding borrowings from the revolving credit facility must be repaid.

The borrowings under the Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.50% to 2.25% per annum based on WRM's leverage ratio. Customary fees and expenses were paid by WRM in connection with the Wynn Macau Credit Facilities.

Security and Guarantees

Borrowings under the Wynn Macau Credit Facilities are guaranteed by Palo Real Estate Company Limited, or Palo, and by certain subsidiaries of the Company that own equity interests in WRM, and are secured by substantially all of the assets of and equity interests in WRM and Palo.

Second Ranking Lender

WRM is also a party to a bank guarantee reimbursement agreement with Banco Nacional Ultramarino S.A. to secure a guarantee in favor of the Macau government as required under the Concession Agreement. The amount of this guarantee is MOP300 million (HK\$291.3 million) and it lasts until 180 days after the end of the term of the Concession Agreement. The guarantee assures WRM's performance under the Concession Agreement, including the payment of certain premiums, fines and indemnities for breach. The guarantee is secured by a second priority security interest in the same collateral package securing the Wynn Macau Credit Facilities.

Other Terms

The Wynn Macau Credit Facilities contain representations, warranties, covenants and events of default customary for casino development financings in Macau. The circumstances giving rise to an event of default includes if Wynn Resorts, the Company's controlling shareholder, ceases to own directly or indirectly at least 51% of the voting rights or issued capital of WRM or ceases to retain the ability or the right to direct or procure the direction of the management and policies of WRM. Upon an event of default, the lenders are entitled to exercise certain remedies including acceleration of the indebtedness repayable by WRM under the senior secured credit facilities. The Directors confirm that there is no non-compliance with the financial covenants or general covenants contained in the Wynn Macau Credit Facilities.

The Company is not a party to the credit facilities agreements and related agreements and has no rights or obligations thereunder.

As of September 30, 2020, we had no available borrowing capacity under the revolving credit facility of the Wynn Macau Credit Facilities. In November 2020, we repaid US\$25.1 million on the Wynn Macau Revolver, and as a result, we had approximately US\$25.1 million in available borrowing capacity as of November 30, 2020.

We plan to use the net proceeds from this offering of Additional Notes to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Credit Facilities. See “Use of Proceeds.”

2024 Notes, 2026 Notes, 2027 Notes, 2029 Notes and the Original Notes

On September 20, 2017, the Company issued US\$600 million 4.875% senior notes due 2024 (the “2024 Notes”) and US\$750 million 5.500% senior notes due 2027 (the “2027 Notes”). The Company used the net proceeds from the 2024 Notes and the 2027 Notes and cash on hand to fund the cost of extinguishing the then outstanding US\$1,350 million 5.250% senior notes due 2021. The 2024 Notes and the 2027 Notes were issued pursuant to indentures dated as of September 20, 2017 (together, the “2017 Indentures”). Interest on the 2024 Notes and the 2027 Notes is payable semi-annually in arrears. The 2024 Notes and the 2027 Notes, which are listed on the Hong Kong Stock Exchange mature on October 1, 2024 and October 1, 2027, respectively, in each case unless redeemed or repurchased earlier.

On December 17, 2019, the Company issued 5.125% senior notes due 2029 (the “2029 Notes”) in an aggregate principal amount of US\$1 billion (approximately HK\$7.75 billion). The Company expected to use certain amounts from the net proceeds from the 2029 Notes to facilitate the repayment of certain amounts outstanding of the term loan of the Wynn Macau Credit Facilities over the next two years, subject to business recovery from the effects of COVID-19 Pandemic. The 2029 Notes were issued pursuant to the indenture dated as of December 17, 2019 (the “2019 Indenture”), among, *inter alios*, the Company and Deutsche Bank Trust Company Americas, as trustee. Interest on the 2029 Notes is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2020. The 2029 Notes, which are listed on the Hong Kong Stock Exchange, mature on December 15, 2029, unless redeemed or repurchased earlier.

On June 19, 2020, the Company issued 5.500% Original 2026 Notes in an aggregate principal amount of US\$750 million (approximately HK\$5.81 billion). The Company expected to use the net proceeds from the Original 2026 Notes for general corporate purposes until business recovers from the effects of the COVID-19 Pandemic, and then to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Credit Facilities. On August 26, 2020, the Company issued Additional 2026 Notes in an aggregate principal amount of US\$250 million (approximately HK\$1.94 billion). The Company expected to use the net proceeds from the Additional 2026 Notes to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Term Loan. The 2026 Notes were issued pursuant to the indenture dated June 19, 2020 (the “2026 Notes Indenture”), among, *inter alios*, the Company and Deutsche Bank Trust Company Americas, as trustee. Interest on the 2026 Notes is payable semi-annually in arrears. The 2026 Notes, which are listed on the Hong Kong Stock Exchange, will mature on January 15, 2026, unless redeemed or repurchased earlier.

On August 26, 2020, the Company issued the 5.625% Original Notes of US\$600 million (approximately HK\$4.65 billion). The Company expected to use the net proceeds from Original Notes to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Term Loan. The Original Notes were issued pursuant to the Indenture dated August 26, 2020 (together with the 2026 Notes Indenture, the 2017 Indentures and the 2019 Indenture, the “WML Indentures”), among, *inter alios*, the Company and Deutsche Bank Trust Company Americas, as trustee. Interest on the Original Notes is payable semi-annually in arrears. The Original Notes, which are listed on the Hong Kong Stock Exchange, will mature on August 26, 2028, unless redeemed or repurchased earlier.

As of September 30, 2020, an aggregate principal amount of US\$600 million of the 2024 Notes, an aggregate principal amount of US\$750 million of the 2027 Notes, an aggregate principal amount of US\$1 billion of the 2029 Notes, an aggregate principal amount of US\$1 billion of the 2026 Notes and an aggregate principal amount of US\$600 million of the Original Notes remained outstanding.

The WML Indentures contain certain covenants, restricting us from, among other things, effecting a consolidation or merger and selling all or substantially all of our and our subsidiaries assets, taken as a whole. The WML Indentures contain certain customary events of default, including default in the payment of principal, or of any premium, on any of the 2024 Notes, the 2026 Notes, the 2027 Notes, the 2029 Notes and the Original Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the WML Indentures. If an event of default occurs and is continuing, the trustee under each of the WML Indentures or the holders of at least 25% of each of the outstanding 2024 Notes, the 2026 Notes, the 2027 Notes, the 2029 Notes and the Original Notes may declare the principal of such notes to be immediately due and payable.

At any time prior to October 1, 2020, June 15, 2022, October 1, 2022, December 15, 2024 and August 26, 2023, the Company may redeem the 2024 Notes, the 2026 Notes, the 2027 Notes, the 2029 Notes and the Original Notes, respectively, in whole or in part, at a redemption price equal to the greater of (a) 100% of the principal amount of the 2024 Notes, the 2026 Notes, the 2027 Notes, the 2029 Notes and the Original Notes, respectively, or (b) a “make-whole” amount as determined by an independent investment banker in accordance with the terms of each of the relevant WML Indentures. In either case, the redemption price of each of the Existing Notes would include accrued and unpaid interest.

In addition, (i) at any time prior to October 1, 2020, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2024 Notes and the 2027 Notes, at a redemption price equal to 104.875% of the aggregate principal amount of the 2024 Notes and 105.500% of the aggregate principal amount of the 2027 Notes, plus accrued and unpaid interest, if any; (ii) at any time prior to December 15, 2022, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2029 Notes at a redemption price equal to 105.125% of the aggregate principal amount of the 2029 Notes, plus accrued and unpaid interest, if any; (iii) at any time prior to June 15, 2022, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2026 Notes at a redemption price of 105.500% of the aggregate principal amount of the 2026 Notes, plus accrued and unpaid interest, if any; and (iv) at any time prior to August 26, 2023, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the Original Notes, at a redemption price equal to 105.625% of the aggregate principal amount of the Original Notes, plus accrued and unpaid interest, if any.

On or after October 1, 2020, October 1, 2022, December 15, 2024, June 15, 2022 and August 26, 2023, the Company may redeem the 2024 Notes, the 2027 Notes, the 2029 Notes, the 2026 Notes and the Original Notes, respectively, in whole or in part, at a premium decreasing annually from 102.438%, 102.750%, 102.563%, 104.125% and 102.813%, respectively, of the applicable principal amount to 100% of the applicable principal amount, plus accrued and unpaid interest to, but not including, the redemption date.

If the Company undergoes a Change of Control (as defined in the WML Indentures), it must offer to repurchase the 2024 Notes, the 2027 Notes, the 2029 Notes, the 2026 Notes and the Original Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. Under the 2017 Indentures, the circumstances that will constitute a Change of Control includes, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to the Company’s former Chairman and Chief Executive Officer or a related party of the Company’s former Chairman and Chief Executive Officer, the consummation of any transaction that results in any party other than the Company’s former Chairman and Chief Executive Officer and his related parties becoming the direct or indirect owner of more than 50% of the outstanding voting stock of WRL and the first day on which a

majority of the members of the Board are not continuing directors. Under the 2019 Indenture, the 2026 Notes Indenture and the Indenture, the circumstances that will constitute a Change of Control include, among others, the consummation of any transaction that results in any party other than WRL or any affiliate of WRL becoming the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests. In addition, the Company may redeem the 2024 Notes, the 2026 Notes, the 2027 Notes the 2029 Notes and the Original Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, in response to any change in or amendment to certain tax laws or tax positions. Further, if a holder or beneficial owner of the 2024 Notes, the 2026 Notes, the 2027 Notes, the 2029 Notes or the Original Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML Indentures), the Company may require the holder or beneficial owner to dispose of or redeem its 2024 Notes, the 2026 Notes, 2027 Notes, 2029 Notes or the Original Notes as applicable.

Upon the occurrence of (1) any event after which none of the Company or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same scope as it did on the date of the issuance of 2024 Notes, the 2026 Notes, the 2027 Notes, the 2029 Notes and the Original Notes, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the 2024 Notes, the 2026 Notes, the 2027 Notes, the 2029 Notes and the Original Notes will have the right to require the Company to repurchase all or any part of such holder's 2024 Notes, the 2026 Notes, 2027 Notes, 2029 Notes and the Original Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

DESCRIPTION OF THE NOTES

In this description, the words “Wynn Macau” refer to Wynn Macau, Limited and not to any of its subsidiaries. You can find the definitions of certain other terms used in this description under the subheading “Certain Definitions” below.

Wynn Macau will issue the Additional Notes under the indenture (as may be amended or supplemented from time to time) dated as of August 26, 2020 (the “**Indenture**”) between Wynn Macau and Deutsche Bank Trust Company Americas, as trustee (the “**Trustee**”), in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under, incorporate or include, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. Holders of Additional Notes will not be entitled to any registration rights. See “Notice to Investors” and “Transfer Restrictions.”

On August 26, 2020, Wynn Macau issued US\$600,000,000 aggregate principal amount of 5.625% Senior Notes due 2028 (the “**Original Notes**” and, together with the Additional Notes offered hereby, the “**Notes**”) under the Indenture and the Additional Notes will be consolidated and form a single series with the Original Notes. The terms for the Additional Notes are the same as those for the Original Notes in all respects except for the issue date and issue price; provided that the Additional Notes sold pursuant to Regulation S under the Securities Act will be subject to certain resale restrictions in the United States during the 40-day distribution compliance period pursuant to Regulation S under the Securities Act and will be fungible with the Original Notes held through the Regulation S Notes after the 40th day following the date of the delivery of such Additional Notes. The Additional Notes sold pursuant to Rule 144A under the Securities Act will be fungible with the Original Notes held in the Rule 144A Notes (as defined herein) from the settlement date of the Additional Notes. Holders of the Original Notes, the Additional Notes offered hereby and any further additional Notes subsequently issued under the Indenture (the “**Further Additional Notes**”) will vote as one class under the Indenture. Unless the context otherwise requires, for all purposes of the Indenture and this “Description of the Notes,” references to the Notes include the Original Notes, the Additional Notes and any Further Additional Notes.

The following description is a summary of the material provisions of the Indenture and the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture and the Notes. It does not restate those agreements in their entirety. We urge you to read the Indenture because it, and not this description, define your rights as holders of the Notes. Copies of the Indenture are available as set forth below under “—Additional Information.” Certain defined terms used in this description but not defined below under “—Certain Definitions” have the meanings assigned to them in the Indenture.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes

General Terms. The Notes:

- will be senior notes;
- will be redeemable at our option prior to maturity as described in “—Optional Redemption,” “—Gaming Redemption” and “—Redemption for Tax Reasons,” below; and
- will not be redeemable at the option of the holder, except pursuant to a repurchase offer upon the occurrence of a Change of Control Triggering Event or a Special Put Option Triggering Event, and will not have any provision for sinking funds.

Ranking. The Notes:

- will be general unsecured obligations of Wynn Macau;

- will rank *pari passu* with all of Wynn Macau’s existing and future senior Indebtedness, including the Existing Notes and any notes that are consolidated and form a single series with any series of the Existing Notes;
- will be effectively subordinated to all of Wynn Macau’s existing and future secured Indebtedness to the extent of the value of the collateral securing such Indebtedness; and
- will be effectively senior in right of payment to the obligations of Wynn Macau with respect to any existing and future subordinated Indebtedness and any related guarantees thereon.

None of Wynn Macau’s Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of Wynn Macau’s Subsidiaries, the Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to Wynn Macau. Assuming Wynn Macau had completed this offering of the Additional Notes and applied the net proceeds from such offerings as described under the section entitled “Use of Proceeds,” but without giving effect to (i) the issuance of US\$600 million aggregate principal amount of the Original Notes and US\$250 million aggregate principal amount of the Additional 2026 Notes issued on August 26, 2020, (ii) the actual repayment of US\$847.7 million on the Wynn Macau Term Loan in September 2020 using the proceeds from the issuance of the Original Notes and the Additional 2026 Notes on August 26, 2020 and (iii) the US\$1.0 million net repayment on the Wynn Macau Revolver subsequent to June 30, 2020, as of June 30, 2020, the Subsidiaries of Wynn Macau would have had total interest-bearing borrowings of HK\$16,415.7 million (US\$2,118.1 million) in accordance with IFRS, representing the outstanding amount under the Wynn Macau Credit Facilities, and the Notes would be effectively subordinated to such borrowings.

Principal, Maturity and Interest

Wynn Macau will issue US\$750.0 million in aggregate principal amount of Additional Notes in this offering. Wynn Macau may issue Further Additional Notes under the Indenture from time to time after this offering. Any issuance of Additional Notes is subject to all of the covenants in the Indenture; The Original Notes, the Additional Notes offered hereby and any Further Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase; *provided* that, if any issuance of Further Additional Notes is not fungible with the Notes for United States federal income tax purposes, such Further Additional Notes shall have different CUSIP and other identifying numbers than any previously issued Notes but shall otherwise be treated as a single class with all other Notes issued under the Indenture. Wynn Macau will issue the Additional Notes in denominations of US\$200,000 and integral multiples of US\$1,000 in excess of US\$200,000. The Original Notes, the Additional Notes offered hereby and any Further Additional Notes will mature on August 26, 2028.

Interest on the Notes will accrue at the rate of 5.625% per annum and is payable semi-annually in arrears on February 26 and August 26, with the first interest payment date being February 26, 2021. Interest on overdue principal and interest will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. Wynn Macau will make each interest payment to the holders of record on the immediately preceding February 11 and August 11, respectively.

Interest on the Notes accrues from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

All payments on the Notes will be made by wire by the paying agent and registrar unless Wynn Macau elects to make interest payments by check mailed to the holders of the Notes at their addresses set forth in the register of holders.

Paying Agent and Registrar for the Notes

Deutsche Bank Trust Company Americas will initially act as paying agent and registrar with respect to the Notes. Wynn Macau may change the paying agent and the registrar without prior notice to the holders of the Notes, and Wynn Macau or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the provisions of the Indenture. The registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. Wynn Macau will not be required to transfer or exchange any Note selected for redemption. Also, Wynn Macau will not be required to transfer or exchange any Note for a period of 15 days before the delivery of a notice of redemption of Notes to be redeemed.

Additional Amounts

All payments by or on behalf of Wynn Macau or the surviving entity described under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets” (the “**Surviving Person**”) under or with respect to (including any principal of, and premium (if any) and interest on) the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature (“**Taxes**”) imposed or levied by or within any jurisdiction in which Wynn Macau or the Surviving Person is organized, resident or doing business for tax purposes or any jurisdiction from or through which payment is made (including the jurisdiction of any paying agent), or, in each case, any political subdivision or taxing authority thereof or therein (each, as applicable, a “**Relevant Jurisdiction**”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law.

In the event that any such withholding or deduction is so required, Wynn Macau or the Surviving Person, as the case may be, will make such withholding or deduction, make payment of the amount so withheld or deducted to the appropriate governmental authority as required by applicable law and pay such additional amounts (“**Additional Amounts**”) as will result in receipt of such amounts that would have been received had no such withholding or deduction been required; *provided that* no Additional Amounts will be payable with respect to any Note:

(1) for or on account of:

(a) any Taxes that would not have been imposed but for:

(i) the existence of any present or former connection between the holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possession of power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, a trust, a partnership, or a corporation) of such Note, as the case may be, and the Relevant Jurisdiction, including without limitation, such holder or beneficial owner being or having been a citizen, domiciliary or resident of such Relevant Jurisdiction, being or having been treated as a resident of such Relevant Jurisdiction, being or having been present or engaged in a trade or business in such Relevant Jurisdiction or having or having had a permanent establishment in such Relevant Jurisdiction, other than any connection arising from the mere receipt, ownership, holding or disposition of such Note or the receipt of payments thereunder or merely by reason of the exercise or enforcement of rights under such Note;

(ii) the presentation of such Note (where presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium (if any) or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(iii) the failure of the holder or beneficial owner of such Note to comply with a timely request of Wynn Macau or the Surviving Person addressed to such holder or beneficial owner to provide information or other evidence concerning such holder's or beneficial owner's nationality, residence, identity or connection with the Relevant Jurisdiction; or

(iv) the presentation of such Note for payment by or on behalf of a holder of such Note who would have been able to avoid such withholding or deduction by presenting such Note to another paying agent;

(b) any estate, inheritance, gift, sales, transfer, capital gains, personal property or similar Tax or any excise Tax imposed on the transfer of Notes;

(c) any Taxes that are payable other than by withholding or deduction from payments of principal of, or premium (if any) or interest on the Note;

(d) any tax, duty, assessment or other governmental charge which is required to be deducted or withheld under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, or any amended or successor versions of such Sections ("FATCA"), any regulations or other guidance thereunder, or any agreement (including any intergovernmental agreement) entered into in connection therewith, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement in respect of FATCA; or

(e) any combination of Taxes referred to in the preceding clauses (a), (b), (c) and (d); or

(2) with respect to any payment of the principal of, or premium (if any) or interest on, such Note to or for the account of a fiduciary, partnership, limited liability company or other fiscally transparent entity or any other person (other than the sole beneficial owner of such payment) to the extent that a beneficiary or settlor with respect to that fiduciary, or a partner or member of that partnership or an interest holder in that limited liability company or fiscally transparent entity or a beneficial owner with respect to such other person, as the case may be, would not have been entitled to such Additional Amounts had such beneficiary, settlor, partner, member, interest holder or beneficial owner held directly the Note with respect to which such payment was made.

In addition to the foregoing, Wynn Macau and the Surviving Person will pay and indemnify the holder for any present or future stamp, issue, registration, court, property or documentary taxes, or any other excise or property taxes, charges or similar levies or taxes (including without limitation, interest and penalties with respect thereto) levied by any Relevant Jurisdiction on the execution, delivery, registration or enforcement of any of the Notes, the Indenture or any other document or instrument referred to therein or on the receipt of any payments with respect thereto (limited, solely in the case of taxes attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Relevant Jurisdiction that are not excluded under clauses (1)(a) through (c) (or any combination thereof) or clause (2) and excluding, for the avoidance of doubt, any net income taxes imposed on the receipt of any payments with respect thereto).

If Wynn Macau or the Surviving Person, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes, Wynn Macau or the Surviving Person, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises, or Wynn Macau or the Surviving Person becomes aware of such obligation, after the 30th day prior to that payment date, in which case Wynn Macau or the Surviving Person, as the case may be, shall notify the Trustee in writing promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the paying agent to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary and shall not be responsible for the calculation of any Additional Amounts. Upon request, Wynn Macau or the Surviving Person will provide the Trustee with documentation reasonably satisfactory to such Trustee evidencing the payment of Additional Amounts.

Wynn Macau or the Surviving Person will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant tax authority in accordance with applicable law. Wynn Macau or the Surviving Person will provide to the Trustee an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to the Trustee evidencing the payment of any Taxes so deducted or withheld. Upon written request, the Trustee will make available to holders copies of those receipts or other documentation, as the case may be. The Trustee will not be responsible for ensuring that the withholding and deduction of any amount has been properly made.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligation will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to Wynn Macau is organized, resident or doing business for tax purposes or any jurisdiction from or through which payment is made.

Optional Redemption

At any time prior to August 26, 2023, Wynn Macau may on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes issued under the Indenture (including Additional Notes and Further Additional Notes if any) at a redemption price of 105.625% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided that*:

- (1) at least 65% of the aggregate principal amount of the Notes originally issued under the Indenture (excluding the Notes held by Wynn Macau and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and
- (2) the redemption occurs within 60 days of the date of the closing of such Equity Offering.

At any time prior to August 26, 2023, Wynn Macau may on any one or more occasions redeem all or part of the Notes, upon not less than 10 nor more than 60 days' notice, at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; or
- as determined by an Independent Investment Banker, the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued to (but excluding) the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 50 basis points, plus, in either of the above cases, accrued and unpaid interest to (but excluding) the date of redemption on the Notes to be redeemed.

Except pursuant to the preceding paragraphs and as set forth under “—Gaming Redemption” and “—Redemption for Tax Reasons,” the Notes will not be redeemable at Wynn Macau’s option prior to August 26, 2023.

On or after August 26, 2023, Wynn Macau may on any one or more occasions redeem all or a part of the Notes, upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but excluding) the applicable date of redemption, if redeemed during the twelve-month period beginning on August 26 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

<u>Year</u>	<u>Percentage</u>
2023	102.813%
2024	101.406%
2025 and thereafter	100.000%

For purpose of this section:

“Adjusted Treasury Rate” means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life (as defined below), yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate shall be calculated on the third Business Day preceding the redemption date or, in the case of a satisfaction and discharge or a defeasance, on the third Business Day prior to the date on which Wynn Macau deposits the amount required under the Indenture.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such securities (**“Remaining Life”**).

“Comparable Treasury Price” means (1) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Equity Offering” means any public sale or private issuance of Capital Stock (other than Disqualified Stock) of (1) Wynn Macau or (2) a direct or indirect parent of Wynn Macau to the extent the net proceeds from such sale or issuance are contributed in cash to the common equity capital of Wynn Macau (in each case other than pursuant to a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of Wynn Macau).

“**Independent Investment Banker**” means one of the Reference Treasury Dealers appointed by Wynn Macau.

“**Reference Treasury Dealer**” means any primary U.S. Government securities dealer in New York City selected by Wynn Macau.

“**Reference Treasury Dealer Quotations**” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date or, in the case of a satisfaction and discharge or a defeasance, on the third Business Day prior to the date on which Wynn Macau deposits the amount required under the Indenture.

Any such redemption and notice as set forth in the preceding paragraphs may, at the discretion of Wynn Macau, be subject to the satisfaction of one or more conditions precedent. If such redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in Wynn Macau’s discretion, the redemption date may be delayed until such time (*provided, however*, that any delayed redemption date shall not be more than 60 days after the date the relevant notice of redemption was sent) as any or all such conditions shall be satisfied, or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date or by the redemption date as so delayed. In addition, Wynn Macau may provide in such notice that payment of the redemption price and performance of Wynn Macau’s obligations with respect to such redemption may be performed by another Person.

Unless Wynn Macau defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

In connection with a discharge or defeasance of Wynn Macau’s obligations under the Indenture, Wynn Macau may deliver a notice of redemption more than 60 days in advance of the date of redemption.

See “—*Satisfaction and Discharge.*”

Gaming Redemption

Notwithstanding any other provision hereof, if any Gaming Authority requires a holder or beneficial owner of Notes to be licensed, qualified or found suitable under any applicable Gaming Law and the holder or beneficial owner (1) fails to apply for a license, qualification or finding of suitability within 30 days after being requested to do so (or such lesser period as required by the Gaming Authority) or (2) is notified by a Gaming Authority that it will not be licensed, qualified or found suitable, Wynn Macau will have the right, at its option, to:

(1) require the holder or beneficial owner to dispose of its Notes within 30 days (or such lesser period as required by the Gaming Authority) following the earlier of:

(a) the termination of the period described above for the holder or beneficial owner to apply for a license, qualification or finding of suitability if the holder fails to apply for a license, qualification or finding of suitability during such period; or

(b) the receipt of the notice from the Gaming Authority that the holder or beneficial owner will not be licensed, qualified or found suitable by the Gaming Authority; or

(2) redeem the Notes of the holder or beneficial owner at a redemption price equal to:

(a) the price required by applicable law or by order of any Gaming Authority; or

(b) the lesser of:

(i) the principal amount of the Notes; and

(ii) the price that the holder or beneficial owner paid for the Notes,

in either case, together with accrued and unpaid interest on the Notes to (but excluding) the earlier of (1) the date of redemption or such earlier date as is required by the Gaming Authority or (2) the date of the finding of unsuitability by the Gaming Authority, which may be less than 30 days following the notice of redemption.

Immediately upon a determination by a Gaming Authority that a holder or beneficial owner of Notes will not be licensed, qualified or found suitable, the holder or beneficial owner will not have any further rights with respect to the Notes to:

(1) exercise, directly or indirectly, through any Person, any right conferred by the Notes; or

(2) receive any interest or any other distribution or payment with respect to the Notes, or any remuneration in any form from Wynn Macau for services rendered or otherwise, except the redemption price of the Notes described in this section.

Wynn Macau is not required to pay or reimburse any holder or beneficial owner of Notes who is required to apply for such license, qualification or finding of suitability for the costs relating thereto. Those expenses will be the obligation of the holder or beneficial owner.

Redemption for Tax Reasons

The Notes may be redeemed, at the option of Wynn Macau, as a whole but not in part, upon giving not less than 10 days' nor more than 60 days' notice to the holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to (but excluding) the date fixed by Wynn Macau or the Surviving Person, as the case may be, for redemption if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or

(2) any change in, or amendment to, an existing official position, or the stating of an official position, regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change, amendment, application or interpretation is proposed and becomes effective or, in the case of an official position, is announced, on or after (i) with respect to Wynn Macau, the date of the Indenture or (ii) with respect to any Surviving Person, the date such Surviving Person becomes a Surviving Person with respect to any payment due or to become due under the Notes or the Indenture, Wynn Macau or the Surviving Person, as the case may be, is, or on the next interest payment date would be, required to pay Additional Amounts, and such requirement cannot be avoided by Wynn Macau or the Surviving Person, as the case may be, taking reasonable measures available to it; *provided that* changing the jurisdiction of incorporation of Wynn Macau or any Subsidiary shall not be considered a reasonable measure; and *provided, further, that* no such notice of redemption will be given earlier than 90 days prior to the earliest date on which Wynn Macau or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due and unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

Prior to the delivery of any notice of redemption of the Notes pursuant to the foregoing, Wynn Macau or the Surviving Person, as the case may be, will deliver to the Trustee:

- (1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by Wynn Macau or the Surviving Person, as the case may be, taking reasonable measures available to it; and
- (2) an opinion of counsel of recognized international standing to the effect that the requirement to pay such Additional Amounts results from the circumstances referred to in the prior paragraph.

The Trustee be entitled to conclusively rely on such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the holders of the Notes.

Any Notes that are redeemed will be canceled.

Mandatory Redemption

Wynn Macau is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Open Market Purchases and Cancellation of Notes

Wynn Macau or any Subsidiary may purchase any of the Notes in the open market or by tender or by any other means at any price, as long as such acquisition does not otherwise violate the terms of the Indenture. All Notes purchased or otherwise redeemed by Wynn Macau or any Subsidiary will not be reissued or resold to any Person other than Wynn Macau or a Subsidiary.

Repurchase at the Option of Holders

Change of Control

If a Change of Control Triggering Event occurs, each holder of the Notes will have the right to require Wynn Macau to repurchase all or any part (equal to US\$200,000 or an integral multiple of US\$1,000 in excess of US\$200,000) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, Wynn Macau will offer a payment (the "**Change of Control Payment**") in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest on the Notes repurchased to (but excluding) the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent Wynn Macau has previously or concurrently elected to redeem the Notes in full as described under "**—Optional Redemption**" or "**—Redemption for Taxation Reasons.**"

Within ten days following any Change of Control Triggering Event, Wynn Macau will mail a notice to each holder of the Notes with a copy to the Trustee describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase Notes on the date (the "**Change of Control Payment Date**") specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice.

On the Change of Control Payment Date, Wynn Macau will, with respect to the Notes, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by Wynn Macau.

The paying agent will promptly deliver to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and deliver (or cause to be transferred by book-entry) to each holder a Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. Wynn Macau will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

A Change of Control Offer may be made in advance of a Change of Control Triggering Event, and conditioned upon such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the holders of the Notes to require that Wynn Macau repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Wynn Macau will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by Wynn Macau and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (2) a notice of redemption has been given pursuant to the Indenture as described above under the captions "—Optional Redemption," "—Gaming Redemption" or "—Redemption for Tax Reasons," pursuant to which Wynn Macau has exercised its right to redeem the Notes in full, unless and until there is a default in payment of the applicable redemption price.

The definition of "Change of Control" includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of Wynn Macau and its Subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," under New York law, which governs the Indenture, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require Wynn Macau to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Wynn Macau and its Subsidiaries, taken as a whole, to another Person or group may be uncertain.

The agreements governing other Indebtedness of Wynn Macau and its Subsidiaries contain, and future agreements of Wynn Macau and its Subsidiaries may contain, prohibitions of certain events, including events that would constitute a Change of Control Triggering Event and including repurchases of or other prepayments in respect of the Notes. The exercise by the holders of Notes of their right to require Wynn Macau to repurchase the Notes upon a Change of Control Triggering Event may cause a default under these other agreements, even if the Change of Control Triggering Event itself does not. In the event a Change of Control Triggering Event occurs at a time when Wynn Macau is prohibited from purchasing the Notes, Wynn Macau could seek the consent of its senior lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If Wynn Macau does not obtain a consent or repay those borrowings, Wynn Macau will breach the terms of such borrowings by purchasing the Notes. In that case, Wynn Macau's failure to purchase tendered Notes would constitute an Event of Default under the Indenture which could, in turn, constitute a default under the other Indebtedness. Finally, Wynn Macau's ability to pay cash to the holders of Notes upon a repurchase as well as its ability to refinance any borrowings from senior lenders may be limited by Wynn Macau's then existing financial resources. See "*Risk Factors—Risks Related to the Notes—We may not be able to repurchase the Notes upon the occurrence of certain events.*"

Special Put Option

If a Special Put Option Triggering Event occurs, each holder of the Notes will have the right to require Wynn Macau to repurchase all or any part of such holder's Notes pursuant to a Special Put Option Offer (as defined below) on the terms set forth in the Indenture. In the Special Put Option Offer, Wynn Macau will offer to purchase the Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but excluding) the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent Wynn Macau has previously or concurrently elected to redeem the Notes in full as described under "—Optional Redemption" or "—Redemption for Taxation Reasons."

(1) Within ten days following the occurrence of a Special Put Option Triggering Event, Wynn Macau shall deliver a notice (a "**Special Put Option Offer**") to each holder of the Notes with a copy to the Trustee and the paying agent stating:

(2) that a Special Put Option Triggering Event has occurred and that such holder has the right to require Wynn Macau to repurchase such holder's Notes at a repurchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but excluding) the date of repurchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date);

(3) the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is delivered); and

(4) the instructions determined by Wynn Macau, consistent with this covenant, that a holder must follow in order to have its Notes repurchased.

On the date of repurchase pursuant to a Special Put Option Offer, Wynn Macau will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Special Put Option Offer;

(2) deposit with the paying agent an amount equal to the repurchase price, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but excluding) the date of repurchase (the "**Special Put Option Payment**"), in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee, the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by Wynn Macau.

The paying agent will promptly deliver to each holder of Notes properly tendered the Special Put Option Payment for such Notes, and the Trustee will promptly authenticate and deliver (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any.

The provisions described above that require Wynn Macau to make a Special Put Option Offer following a Special Put Option Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Special Put Option Triggering Event, the Indenture does not contain provisions that permit the holders of the Notes to require that Wynn Macau repurchase or redeem the Notes in the event of a termination, rescission or expiration of any Gaming License held by Wynn Macau and its Subsidiaries.

Wynn Macau will not be required to make a Special Put Option Offer upon a Special Put Option Triggering Event if (1) a third party makes the Special Put Option Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Special Put Option Offer made by Wynn Macau and purchases all Notes properly tendered and not withdrawn under the Special Put Option Offer,

or (2) a notice of redemption has been given in accordance with the terms of the Indenture, as described above under the caption “—Optional Redemption” or “—Redemption for Taxation Reasons,” pursuant to which Wynn Macau has exercised its right to redeem the Notes in full, unless and until there is a default in payment of the applicable redemption price.

Notes repurchased by Wynn Macau pursuant to a Special Put Option Offer will have the status of Notes issued but not outstanding or will be retired and canceled at the option of Wynn Macau. Notes purchased by a third party pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

The agreements governing other Indebtedness of Wynn Macau and its Subsidiaries contain, and future agreements of Wynn Macau and its Subsidiaries may contain, prohibitions of certain events, including events that would constitute a Special Put Option Triggering Event and including repurchases of or other prepayments in respect of the Notes. The exercise by the holders of Notes of their right to require Wynn Macau to repurchase the Notes upon a Special Put Option Triggering Event may cause a default under these other agreements, even if the Special Put Option Triggering Event itself does not. In the event a Special Put Option Triggering Event occurs at a time when Wynn Macau is prohibited from purchasing the Notes, Wynn Macau could seek the consent of its senior lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If Wynn Macau does not obtain a consent or repay those borrowings, Wynn Macau will breach the terms of such borrowings by purchasing the Notes. In that case, Wynn Macau’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture which could, in turn, constitute a default under the other Indebtedness. Finally, Wynn Macau’s ability to pay cash to the holders of Notes upon a repurchase as well as its ability to refinance any borrowings from senior lenders may be limited by Wynn Macau’s then existing financial resources. See “*Risk Factors—Risks Related to the Notes—We may not be able to repurchase the Notes upon the occurrence of certain events.*”

Compliance with Securities Laws

To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control or Special Put Option Offer provisions of the Indenture, Wynn Macau will not be deemed to have breached its obligations under these provisions of the Indenture by virtue of its compliance with such laws and regulations.

Selection and Notice

If fewer than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a pro rata basis, by lot or by any other method the Trustee deems fair and appropriate, unless otherwise required by law or applicable stock exchange or depository requirements. No Notes of US\$200,000 or less can be redeemed or purchased in part. However, if all of the Notes of a holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such holder, even if less than US\$200,000, will be redeemed or purchased.

Notices of redemption or purchase will be delivered at least 10 but not more than 60 days before the redemption or purchase date to each holder of Notes to be redeemed or purchased at its registered address, except that redemption or purchase notices may be delivered more than 60 days prior to a redemption or purchase date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture, and that no minimum notice period is required for a redemption as described under “—Gaming Redemption”.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of a Note upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Certain Covenants

Merger, Consolidation or Sale of Assets

As long as any Notes are outstanding, Wynn Macau will not, directly or indirectly, (1) consolidate or merge with or into another Person (whether or not Wynn Macau is the surviving entity) or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of Wynn Macau and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

(1) either (a) Wynn Macau is the surviving entity or (b) the Person formed by or surviving any such consolidation or merger (if other than Wynn Macau) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of Hong Kong, Macau, Singapore, the Cayman Islands, the British Virgin Islands, Bermuda, the Isle of Man, the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than Wynn Macau) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of Wynn Macau under the Notes and the Indenture pursuant to a supplemental indenture; and

(3) immediately after such transaction, no Default or Event of Default shall have occurred and is continuing.

For the avoidance of doubt, a pledge, mortgage, charge, lien, encumbrance, hypothecation or grant of any other security interest on an asset or property shall not be considered as a sale, assignment, transfer, conveyance or disposal of such asset or property.

Reports

(1) As long as any Notes are outstanding and the ordinary shares of Wynn Macau are listed on The Stock Exchange of Hong Kong Limited (the “HKSE”) or another internationally recognized stock exchange, Wynn Macau will file with the Trustee and furnish to the Holders upon request, within 10 days after they are filed with such exchange, true and correct copies of all financial and other reports in the English language filed with such exchange.

(2) If at any time the Notes are outstanding and the ordinary shares of Wynn Macau are not listed on an internationally recognized stock exchange, Wynn Macau will file with the Trustee:

(a) within 120 days after the end of each fiscal year, an annual report in a form substantially similar to Wynn Macau’s annual report for the year ended December 31, 2019 filed with the HKSE, including (A) a “Management Discussion and Analysis” of financial condition and results of operations and (B) consolidated financial statements (including statements of comprehensive income, financial position, changes in equity and cash flows) prepared in accordance with IFRS and audited by an internationally recognized firm of independent accountants; and

(b) within 90 days after the end of the second quarter of each fiscal year, a semi-annual report in a form substantially similar to Wynn Macau’s interim report for the six months ended June 30, 2020 filed with the HKSE, including (A) a “Management Discussion and Analysis” of financial condition and results of operations and (B) half-year consolidated financial statements (including statements of comprehensive income, financial position, changes in equity and cash flows) prepared in accordance with IFRS and reviewed pursuant to Hong Kong Standard on Review Engagements 2410 (or any equivalent or successor provision) by an internationally recognized firm of independent accountants.

(3) If at any time Notes are outstanding and the common stock of Wynn Resorts is not listed on the Nasdaq Global Select Market or another internationally recognized stock exchange, Wynn Macau will file with the Trustee, within 45 days after the end of the first and third quarters of each fiscal year, an unaudited quarterly condensed consolidated income statement of Wynn Macau prepared in accordance with IFRS.

(4) If Wynn Macau is required to file any reports under paragraphs (2) or (3) above, Wynn Macau will also:

(a) issue a press release to an internationally recognized wire service no fewer than three Business Days prior to the first public disclosure of each such report, announcing the date on which such report will become publicly available and directing noteholders, prospective investors, broker-dealers and securities analysts to contact the investor relations office of Wynn Macau to obtain copies of such report;

(b) issue a press release to an internationally recognized wire service no fewer than three Business Days prior to the date of any conference call which may be required to be held in accordance with paragraph 4(a) above, announcing the time and date of such conference call and either including all information necessary to access the call or directing noteholders, prospective investors, broker-dealers and securities analysts to contact the appropriate person at Wynn Macau to obtain such information; and

(c) maintain a website to which noteholders, prospective investors, broker-dealers and securities analysts are given access and to which the reports and press releases required by paragraphs (2), (3), 4(a) and 4(b) above are posted within the time periods required.

(5) During any period in which Wynn Macau is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, Wynn Macau shall provide to (i) any holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act upon the request of any holder or beneficial owner of a Note.

(6) Delivery of the reports, information and documents described in this “Reports” covenant to the Trustee is for informational purposes only, and the Trustee’s receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including Wynn Macau’s compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely exclusively on an Officers’ Certificate). The Trustee shall have no responsibility to determine if reports have been provided to holders or if Wynn Macau has complied with the obligations set forth in paragraph (4) above.

Events of Default and Remedies

Each of the following is an “**Event of Default**”:

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in the payment when due (at maturity, upon redemption, repurchase or otherwise) of the principal of, or premium, if any, on the Notes;

(3) failure by Wynn Macau:

(a) to comply with any payment obligations (including, without limitation, obligations as to the timing or amount of such payments) described under the caption “—Repurchase at the Option of Holders—Change of Control” or “—Repurchase at the Option of Holders—Special Put Option,”

or

(b) to comply with the provisions described under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets;”

(4) failure by Wynn Macau for 60 days after receipt of written notice from the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in the Indenture not identified in clauses (1), (2) or (3) above;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Wynn Macau or any of its Subsidiaries (or the payment of which is guaranteed by Wynn Macau or any of its Subsidiaries), whether such Indebtedness

or guarantee existed on the date of the Indenture, or is created after the date of the Indenture, if that default results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness the maturity of which has been so accelerated, aggregates US\$50.0 million or more (or the Dollar Equivalent thereof), if such acceleration is not annulled within 30 days after written notice as provided in the Indenture;

(6) failure by Wynn Macau or any of its Significant Subsidiaries to pay final non-appealable judgments (not paid or covered by insurance as to which the relevant insurance company has not denied responsibility) rendered against Wynn Macau or any Significant Subsidiary aggregating in excess of US\$50.0 million (or the Dollar Equivalent thereof), which judgments are not paid, bonded, discharged or stayed for a period of 60 days; or

(7) certain events of bankruptcy or insolvency described in the Indenture.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of the Notes unless such holders have offered to the Trustee indemnity or security reasonably satisfactory to it against any loss, liability, claim or expense. Except to enforce the right to receive payment of principal, interest or premium, if any, when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security or indemnity reasonably satisfactory to it against any loss, liability, claim or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest or premium, if any, on, or the principal of, the Notes.

Wynn Macau is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, Wynn Macau is required to deliver to the Trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No past, present or future director, officer, employee, incorporator, organizer, equity holder or member of Wynn Macau, as such, will have any liability for any obligations of Wynn Macau under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the United States federal securities laws.

Legal Defeasance and Covenant Defeasance

Wynn Macau may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes (“**Legal Defeasance**”) except for:

- (1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on, such Notes when such payments are due from the trust referred to below;
- (2) Wynn Macau’s obligations with respect to the Notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee and Wynn Macau’s obligations in connection therewith; and
- (4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, Wynn Macau may, at its option and at any time, elect to have the obligations of Wynn Macau released with respect to certain covenants (including its obligation to make Change of Control Offers) that are described in the Indenture (“**Covenant Defeasance**”) and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption “—Events of Default and Remedies” will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) Wynn Macau must irrevocably deposit with the Trustee or its designee, in trust, for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and Wynn Macau must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;
- (2) in the case of Legal Defeasance, Wynn Macau must deliver to the Trustee an opinion of counsel reasonably acceptable to such Trustee confirming that (a) Wynn Macau has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the date of the Indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, Wynn Macau must deliver to the Trustee an opinion of counsel reasonably acceptable to such Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance

and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which Wynn Macau is a party or by which Wynn Macau is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which Wynn Macau is a party or by which any such Person is bound;

(6) in the case of Legal Defeasance, Wynn Macau must deliver to the Trustee an opinion of counsel to the effect that, assuming no intervening bankruptcy of Wynn Macau between the date of deposit and the 183rd day following the deposit and assuming that no holder of Notes is an “insider” of Wynn Macau under applicable bankruptcy law, after the 183rd day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally;

(7) Wynn Macau must deliver to the Trustee an Officer’s Certificate stating that the deposit was not made by Wynn Macau with the intent of preferring the holders of Notes over the other creditors of Wynn Macau with the intent of defeating, hindering, delaying or defrauding any creditors of Wynn Macau or others; and

(8) Wynn Macau must deliver to the Trustee an Officer’s Certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture and the Notes may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Without the consent of holders of at least 90% in aggregate principal amount of the then outstanding Notes, an amendment, supplement or waiver may not:

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption “—Repurchase at the Option of Holders—Change of Control”);

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest or premium, if any, on, the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption “—Repurchase at the Option of Holders—Change of Control”); or

(8) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, Wynn Macau and the Trustee may amend or supplement the Indenture or the Notes:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of Certificated Notes (*provided that* the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the U.S. Internal Revenue Code of 1986, as amended);

(3) to provide for the assumption of Wynn Macau’s obligations to holders of the Notes in the case of a merger or consolidation or sale of all or substantially all of Wynn Macau’s assets, as applicable, in accordance with the Indenture;

(4) to make any change that would provide any additional rights or benefits to the holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such holder;

(5) to conform the text of the Indenture or the Notes to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision of the Indenture or Notes;

(6) to provide for the issuance of Additional Notes and Further Additional Notes in accordance with the limitations set forth in the Indenture as of the date of the Indenture;

(7) to evidence and provide for the acceptance of appointment by a successor Trustee;

(8) to comply with the procedures of DTC, Euroclear or Clearstream;

(9) to allow a Person to Guarantee Wynn Macau’s obligations under the Indenture and the Notes by executing a supplemental indenture with respect to the Notes (or to release any such Person from such a Guarantee as provided or permitted by the terms of the Indenture and such Guarantee);

(10) to comply with requirements of applicable Gaming Laws or to provide for requirements imposed by applicable Gaming Authorities; or

(11) to provide for the Notes to become secured (or to release such security as permitted by the Indenture and the applicable security documents).

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to Wynn Macau, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation will become due and payable by reason of the delivery of a notice of redemption or otherwise or will become due and payable within one year and Wynn Macau has irrevocably deposited or caused to be deposited with the Trustee or its designee as trust funds in trust solely for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in

amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal and premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which Wynn Macau is a party or by which Wynn Macau is bound;

(3) Wynn Macau has paid or caused to be paid all sums payable by Wynn Macau under the Indenture; and

(4) Wynn Macau has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, Wynn Macau must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Concerning the Trustee

If the Trustee becomes a creditor of Wynn Macau, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions. However, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its rights under the Indenture, to use the degree of care of a prudent person in the conduct of his/her own affairs.

Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of the Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability, claim or expense.

Indemnification for Judgment Currency

The obligations of Wynn Macau to any holder of the Notes or the Trustee under the Indenture or the Notes will, notwithstanding any judgment in a currency (the "**Judgment Currency**") other than U.S. dollars, be discharged only to the extent that on the day following receipt by such party of any amount in the Judgment Currency, such party may in accordance with normal banking procedures purchase U.S. dollars with the Judgment Currency.

If the amount of U.S. dollars so purchased is less than the amount originally to be paid to such party in U.S. dollars, Wynn Macau agrees as a separate obligation and notwithstanding such judgment, to the extent permitted by applicable law, to pay the difference, and, if the amount of U.S. dollars so purchased exceeds the amount originally to be paid to such party, such party agrees to pay to or for the account of such payor such excess; *provided that* such party shall not have any obligation to pay any such excess as long as an Event of Default has occurred and is continuing, in which case such excess may be applied by such party to such obligations.

Governing Law, Consent to Jurisdiction and Service of Process

The Indenture and the Notes provide, with certain exceptions, for the application of the internal laws of the State of New York. Wynn Macau will irrevocably submit to the jurisdiction of any New York state or United

States federal court located in The Borough of Manhattan, City of New York, State of New York in relation to any legal action or proceeding (i) arising out of, related to or in connection with the Indenture or the Notes and (ii) arising under any United States federal or state securities laws. Wynn Macau will appoint C T Corporation System as its agent for service of process in any such action or proceeding.

Enforceability of Judgments

Since substantially all of the assets of Wynn Macau and its Subsidiaries are outside the United States, any judgment obtained in the United States against Wynn Macau, including judgments with respect to the payment of principal, premium, interest and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the Indenture without charge by writing to Wynn Macau, Avenida da Nave Desportiva, Cotai, Macau SAR, Attention: Legal Department.

Book-Entry, Delivery and Form

The Additional Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A (together with the Original Notes so offered and sold, “**Rule 144A Notes**”). The Additional Notes also may be offered and sold in offshore transactions in reliance on Regulation S (together with the Original Notes so offered and sold, “**Regulation S Notes**”). Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess of US\$200,000. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the “**Rule 144A Global Notes**”). Regulation S Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the “**Regulation S Global Notes**” and, together with the Rule 144A Global Notes, the “**Global Notes**”). The Global Notes will be deposited upon issuance with the Trustee as custodian for The Depository Trust Company (“**DTC**”), in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “**Restricted Period**”), beneficial interests in the Regulation S Global Notes may be held only through the Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”) (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See “—*Exchanges between Regulation S Notes and Rule 144A Notes.*”

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive Notes in registered certificated form (“**Certificated Notes**”) except in the limited circumstances described below. See “—*Exchange of Global Notes for Certificated Notes.*” Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Transfer Restrictions.” Regulation S Notes will also bear the legend as described under “Transfer Restrictions.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Wynn Macau takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised Wynn Macau that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “**Participants**”) and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the “**Indirect Participants**”). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised Wynn Macau that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) that are Participants. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Restricted Period (but not earlier), investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank SA/NV, as operator of Euroclear, and Clearstream Banking S.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or “holders” thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture.

Under the terms of the Indenture, Wynn Macau and the Trustee will treat the Persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither Wynn Macau, the Trustee nor any agent of Wynn Macau or the Trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised Wynn Macau that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or Wynn Macau. Neither Wynn Macau nor the Trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the Notes, and Wynn Macau and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositories; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised Wynn Macau that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute such Notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of Wynn Macau, the Trustee and any of their respective

agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

- (1) DTC (a) notifies Wynn Macau that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, Wynn Macau fails to appoint a successor depositary;
- (2) Wynn Macau, at its option, notifies the Trustee in writing that it elects to cause the issuance of the Certificated Notes; or
- (3) if DTC or a successor depositary so requests following a Default or Event of Default with respect to the Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legends referred to in “Transfer Restrictions,” unless such legends are not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See “*Transfer Restrictions*.”

Exchanges Between Regulation S Notes and Rule 144A Notes

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if:

- (1) such exchange occurs in connection with a transfer of such Notes pursuant to Rule 144A; and
- (2) the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a Person:
 - (a) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;
 - (b) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and
 - (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

Same Day Settlement and Payment

Wynn Macau will make payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, and interest, if any), by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. Wynn Macau will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. Wynn Macau expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a Business Day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised Wynn Macau that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the Business Day for Euroclear or Clearstream following DTC's settlement date.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided that* Ms. Chen Chih Ling, Linda shall not, by virtue of meeting any of the foregoing criteria as a result of the shares held by her in the Concessionaire as of the date of the Indenture or as a result of her role as executive director of Wynn Macau, be an Affiliate of Wynn Macau, Wynn Resorts or any of their respective Subsidiaries. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“**Beneficial Owner**” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all

securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “**Beneficially Owns**” and “**Beneficially Owned**” have a corresponding meaning.

“Board of Directors” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the Person or Persons who are the managing member, members or managers or any controlling committee or managing members or managers thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“**Business Day**” means any day other than a Legal Holiday.

“**Capital Lease Obligation**” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with IFRS as in effect as of December 31, 2018, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“**Capital Stock**” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests (whether general or limited); and
- (4) any other interests or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“**Change of Control**” means the occurrence of any of the following:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Wynn Macau and its Subsidiaries, taken as a whole, to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act), other than to Wynn Resorts or any of its Affiliates;
- (2) the adoption of a plan relating to the liquidation or dissolution of Wynn Macau or any successor thereto;
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “person” (as defined in clause (1) above), other than Wynn Resorts or any Affiliate of Wynn Resorts becomes the Beneficial Owner, directly or indirectly, of more than 50% of the outstanding Voting Stock of Wynn Macau, measured by voting power rather than number of Equity Interests;
- (4) the first day on which a majority of the members of the Board of Directors of Wynn Macau are not Continuing Directors;
- (5) the first day on which Wynn Macau ceases to own, directly or indirectly, at least 60% of the outstanding Equity Interests of (and at least a 60% economic interest in) the Concessionaire; or

(6) the 30th day following the date on which Wynn Macau ceases to be entitled to use the “WYNN” trademark.

Notwithstanding the preceding or any provision of Section 13(d)(3) of the Exchange Act, a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement.

“**Change of Control Offer**” has the meaning assigned to that term in the Indenture.

“**Change of Control Triggering Event**” means the occurrence of a Change of Control and, if the Notes are rated by both Rating Agencies, a Ratings Event.

“**Concessionaire**” means Wynn Resorts (Macau) S.A., a company incorporated under the laws of Macau.

“**Continuing Directors**” means, as of any date of determination, with respect to any Person, any member of the Board of Directors of such Person who:

- (1) was a member of such Board of Directors on the date of the Indenture; or
- (2) was nominated for election, or was elected or appointed, to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment.

“**Default**” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“**Disqualified Stock**” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock.

“**Dollar Equivalent**” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“**Equity Interests**” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended.

“**Existing Notes**” means, collectively, Wynn Macau’s outstanding: (i) US\$600,000,000 4.875% Senior Notes due 2024, (ii) US\$1,000,000,000 5.500% Senior Notes due 2026, (iii) US\$750,000,000 5.500% Senior Notes due 2027 and (iv) US\$1,000,000,000 5.125% Senior Notes due 2029.

“**Fair Market Value**” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by (1) an appropriate

officer of Wynn Macau, in the case of any value equal to or less than US\$25.0 million (or the Dollar Equivalent thereof) or (2) the Board of Directors of Wynn Macau, in the event of any value greater than US\$25.0 million (or the Dollar Equivalent thereof), in each case, unless otherwise provided in the Indenture.

“Gaming Authority” means any agency, authority, board, bureau, commission, department, office or instrumentality of any nature whatsoever of any national or foreign government, any state, province or city or other political subdivision or otherwise, whether on the date of the Indenture or thereafter in existence, including the Government of the Macau Special Administrative Region and any other applicable gaming regulatory authority or agency, in each case, with authority to regulate the sale or distribution of liquor or any gaming operation (or proposed gaming operation) owned, managed or operated by Wynn Macau or any of their respective Affiliates, including the Concessionaire.

“Gaming Law” means the gaming laws, rules, regulations or ordinances of any jurisdiction or jurisdictions to which Wynn Resorts, Wynn Macau or any of their respective Affiliates, including the Concessionaire, is, or may be, at any time subject.

“Gaming License” means the license, concession, subconcession or other authorization from any Government Authority which authorizes, permits, concedes or allows Wynn Macau or any of its Subsidiaries, at the relevant time, to own or manage casino or gaming areas or operate casino games of fortune and chance.

“Government Securities” means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America; which, in either case, are not callable or redeemable at the option of the issuer thereof, and will include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Security or a specific payment of principal of or interest on any such Government Security held by such custodian for the account of the holder of such depository receipt; *provided that* (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Security or the specific payment of principal of or interest on the Government Security evidenced by such depository receipt.

“Guarantee” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner, including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“Hedging Obligations” means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates and/or commodity prices.

“Holder” or **“holder”** means any registered holder, from time to time, of the Notes. Only registered holders will have any rights under the Indenture.

“**IFRS**” means International Financial Reporting Standards as in effect from time to time.

“**Indebtedness**” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker’s acceptances;
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed; or
- (6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS. In addition, the term “**Indebtedness**” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (2) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness;
- (3) in the case of a Guarantee of Indebtedness, the maximum amount of the Indebtedness guaranteed under such Guarantee; and
- (4) in the case of Indebtedness of others secured by a Lien on any asset of the specified Person, the lesser of:
 - (a) the face amount of such Indebtedness (plus, in the case of any letter of credit or similar instrument, the amount of any reimbursement obligations in respect thereof), and
 - (b) the Fair Market Value of the asset(s) subject to such Lien.

Notwithstanding anything contained in the Indenture to the contrary, any obligation of Wynn Macau incurred in the ordinary course of business in respect of casino chips or similar instruments shall not constitute “**Indebtedness**” for any purpose under the Indenture.

“**Investment Grade**” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating categories of Moody’s), a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P) or the equivalent Investment Grade credit rating from any additional Rating Agency or Rating Agencies selected by Wynn Macau, as applicable.

“**Issue Date**” means the date on which the Notes (other than any Additional Notes and Further Additional Notes) are originally issued.

“**Legal Holiday**” means a Saturday, a Sunday or a day on which banking institutions in New York, New York, Hong Kong, Macau or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

“**Lien**” means, with respect to any asset, (i) any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, (ii) any lease in the nature thereof or (iii) any agreement to deliver a security interest in any asset.

“**Moody’s**” means Moody’s Investors Service, Inc., or any successor to its statistical rating business, except that any reference to a particular rating by Moody’s will be deemed to be a reference to the corresponding rating by any such successor.

“**Officer**” means the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President or Vice President, Treasurer or Secretary of Wynn Macau, or any Director of the Board of Wynn Macau or any Person acting in that capacity.

“**Officer’s Certificate**” means a certificate signed on behalf of Wynn Macau by an Officer of Wynn Macau which meets the requirements set forth in the Indenture.

“**Person**” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“**Rating Agencies**” means (a) each of Moody’s and S&P and (b) if either Moody’s or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of Wynn Macau’s control, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act selected by Wynn Macau (as certified by a resolution of Wynn Macau’s Board of Directors) as a replacement agency for Moody’s or S&P, or each of them, as the case may be.

“**Rating Category**” means (1) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories), (2) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories) and (3) the equivalent of any such category of S&P or Moody’s used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “1,” “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” or from “BB” to “BB-,” will constitute a decrease of one gradation).

“**Rating Date**” means the date that is 60 days prior to the earlier of (a) a Change of Control or (b) public notice of the occurrence of a Change of Control or the intention by Wynn Macau to affect a Change of Control.

“**Ratings Event**” means the occurrence of the events described in (1) or (2) of this definition on, or within 60 days after the earlier of (i) the occurrence of a Change of Control or (ii) public notice of the occurrence of a Change of Control or the intention by Wynn Macau to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies):

(1) if the Notes are rated by one or both Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes shall be reduced so that the Notes are rated below Investment Grade by both Rating Agencies; or

(2) if the Notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the Notes by either Rating Agency shall decrease by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“**S&P**” means Standard & Poor’s Ratings Group or any successor to its statistical rating business, except that any reference to a particular rating by S&P shall be deemed to be a reference to the corresponding rating by any such successor.

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Significant Subsidiary**” means any Subsidiary that (a) contributed at least 10% of Wynn Macau’s and its Subsidiaries’ total consolidated income from continuing operations before income taxes and extraordinary items for the most recently ended fiscal year of Wynn Macau or (b) owned at least 10% of Total Assets as of the last day of the most recently ended fiscal year of Wynn Macau.

“**Special Put Option Triggering Event**” means:

(1) any event after which none of Wynn Macau or any Subsidiary of Wynn Macau has such licenses, concessions, subconcessions or other permits or authorizations as are necessary for Wynn Macau and its Subsidiaries to own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as Wynn Macau and its Subsidiaries are entitled to at the Issue Date, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of Wynn Macau and its Subsidiaries, taken as a whole; or

(2) the termination, rescission, revocation or modification of any Gaming License which has had a material adverse effect on the financial condition, business, properties, or results of operations of Wynn Macau and its Subsidiaries, taken as a whole.

“**Stated Maturity**” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the first date it was incurred in compliance with the Indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“**Subsidiary**” means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof); or

(3) any limited liability company (a) the manager or managing member of which is such Person or a Subsidiary of such Person or (b) the only members of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

“**Total Assets**” means at any date, the total assets of Wynn Macau and its Subsidiaries at such date, determined on a consolidated basis in accordance with IFRS.

“**Voting Stock**” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“**Wynn Resorts**” means Wynn Resorts, Limited, a Nevada corporation, and its successors.

TAXATION

Prospective investors should consult their professional advisers regarding the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

Cayman Islands

The following is a discussion of certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands law, payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. No stamp duty is payable in respect of the issue of the Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands.

Hong Kong

No Hong Kong taxes are required to be withheld from or chargeable on payments of principal, premium (if any) or interest in respect of the Notes. No Hong Kong stamp duty is payable on the sale and purchase or other disposal of bonds or notes denominated in a currency other than the Hong Kong dollar provided that the bonds or notes are not redeemable, and may not at the option of any person be redeemed, in Hong Kong dollars. Therefore, a sale or purchase or other disposal of the Notes will not be subject to Hong Kong stamp duty. Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets). Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance of Hong Kong (Chapter 112, the Laws of Hong Kong)) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Any capital gains from the sale of the Notes will not be subject to taxes in Hong Kong, except that Hong Kong profits tax may be chargeable in the case of owners of the Notes who carry on a trade, profession or business in Hong Kong and such gains form part of the revenue or profits of such trade, profession or business.

Certain United States Federal Income Tax Considerations

The following discussion summarizes the anticipated U.S. federal income tax consequences of the ownership and disposition of the Additional Notes. It applies only to U.S. Holders (as defined below) that acquire Additional Notes pursuant to this offering (disregarding sales to bond houses, brokers or similar persons acting as

underwriters, placement agents or wholesalers) and hold such Additional Notes as capital assets (generally, property held for investment purposes). This section does not apply to holders subject to special rules, including brokers, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, tax-exempt organizations, insurance companies, banks, thrifts and other financial institutions, U.S. expatriates, persons subject to the alternative minimum tax, persons that hold an interest in an entity that holds the Additional Notes, persons that will own, or will have owned, directly, indirectly or constructively, 10% or more (by vote or value) of our equity, persons that hold the Additional Notes as part of a hedging, integration, conversion or constructive sale transaction or a straddle, persons subject to the base erosion and anti-abuse tax, persons subject to special tax accounting rules as a result of any item of gross income with respect to the Additional Notes being taken into account in an applicable financial statement and persons whose functional currency is not the U.S. dollar.

This discussion does not purport to be a complete analysis of all of the potential U.S. federal income tax considerations that may be relevant to U.S. Holders in light of their particular circumstances. Further, it does not address any aspect of non-U.S., state, local or estate or gift taxation or the 3.8% Medicare tax imposed on certain net investment income. Each prospective investor should consult its tax advisor as to the U.S. federal, state, local, non-U.S. and any other tax consequences of the purchase, ownership and disposition of the Additional Notes. This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, U.S. Treasury Regulations, rulings by the U.S. Internal Revenue Service (the “IRS”), and published court decisions, all as in effect as of the date hereof, and any of which may be repealed, revoked or modified (possibly with retroactive effect) so as to result in U.S. federal income tax consequences different from those discussed below.

A “U.S. Holder” is a beneficial owner of the Additional Notes who, for U.S. federal income tax purposes, is a citizen or individual resident of the United States, a corporation (or other entity that is classified as a corporation) that is created or organized in or under the laws of the United States or any State thereof or the District of Columbia, an estate whose income is subject to U.S. federal income tax regardless of its source, or a trust (i) if a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership or other pass-through entity holds the Additional Notes, the U.S. federal income tax treatment of a partner, beneficiary, or other stakeholder will generally depend on the status of that person and the tax treatment of the pass-through entity. A partner, beneficiary, or other stakeholder in a pass-through entity holding the Additional Notes should consult its tax advisor with regard to the U.S. federal income tax consequences of its investment in the Additional Notes.

Qualified Reopening

We intend to treat the issuance of the Additional Notes as a “qualified reopening” of the Original Notes for U.S. federal income tax purposes. Debt instruments issued in a qualified reopening are deemed to be part of the same issue as the original debt instruments. If the issuance of the Additional Notes is so treated, then the Additional Notes will have the same issue date, the same issue price (100.0%) and the same adjusted issue price as the Original Notes for U.S. federal income tax purposes. Accordingly, the Additional Notes will be considered to be issued at par, even though, considered separately, the Additional Notes might be considered to be issued at a premium or a discount to par. In order for the Additional Notes to be considered part of a “qualified reopening” of the Original Notes, various factual requirements must be satisfied. We expect the Additional Notes to satisfy all such factual requirements and therefore to be properly characterized as issued in a qualified reopening. However, it is possible that our position may be challenged by a taxing authority and the Additional Notes may be treated as a separate issue from the Original Notes. The remainder of this discussion assumes that the issuance of the Additional Notes will be treated as a qualified reopening of the Original Notes for U.S. federal income tax purposes.

Pre-Issuance Accrued Interest

A portion of the purchase price of the Additional Notes is attributable to the amount of interest accrued prior to the date the Additional Notes are actually issued (the “pre-issuance accrued interest”). We intend to take the position that, on the first payment date, a portion of the interest received in an amount equal to the pre-issuance accrued interest is treated as a return of a portion of the purchase price paid for the Additional Notes that is allocable to the pre-issuance accrued interest and not as a payment of interest on the Additional Notes. Amounts treated as a return of pre-issuance accrued interest should not be taxable when received but should be excluded from a U.S. Holder’s adjusted tax basis in the Additional Notes.

Market Discount

A U.S. Holder will be treated as having purchased an Additional Note with market discount to the extent the principal amount of the Additional Note exceeds the purchase price of the Additional Note (excluding any amount treated as paid for pre-issuance accrued interest), unless such excess is less than 0.25% of the principal amount of the Additional Note multiplied by the number of complete years remaining until the Additional Note’s maturity date. A U.S. Holder that acquires an Additional Note with market discount will be required to treat any gain recognized on the disposition (including certain non-taxable dispositions) of the Additional Note as ordinary income (rather than capital gain) to the extent of any accrued market discount, unless the U.S. Holder has elected to include market discount in income as it accrues as discussed below. A U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Additional Note or the earlier disposition (including certain non-taxable dispositions) of the Additional Note, the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Additional Note.

If a U.S. Holder elects to accrue market discount currently, the U.S. Holder’s adjusted tax basis in an Additional Note will be increased by the amount of any accrued market discount included in income with respect to such Additional Note. The election to include market discount in income currently, once made, will also apply to all market discount obligations acquired by such U.S. Holder in or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Market discount will accrue ratably during the period from the date of acquisition to the maturity date of an Additional Note unless a U.S. Holder makes an election to accrue on constant yield method. This election applies only to the Additional Note with respect to which it is made and is irrevocable. U.S. Holders are urged to consult their tax advisors about the application of the market discount rules to their particular situations.

Payments of Interest

Except as described above under “—Pre-Issuance Accrued Interest” or below under “—Amortizable Bond Premium,” payments of interest on an Additional Note (including the amount of taxes withheld (if any) on such payments and any Additional Amount paid with respect thereto) will be taxable to a U.S. Holder as ordinary income at the time such payments are received or accrued, depending on the U.S. Holder’s method of accounting for U.S. federal income tax purposes. Interest paid or accrued on the Additional Notes will generally be treated as foreign source “passive category income,” or, in the case of certain U.S. Holders, “general category income,” for U.S. foreign tax credit purposes. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisors regarding the impact of a purchase of an Additional Note on the availability of foreign tax credits in their particular circumstances.

Amortizable Bond Premium

If a U.S. Holder’s initial tax basis in an Additional Note (excluding any amount attributable to pre-issuance accrued interest) is greater than the principal amount of the Additional Note, the U.S. Holder will be considered

to have acquired the Additional Note with amortizable “bond premium.” A U.S. Holder generally may elect to amortize the premium over the remaining term of the Additional Note on a constant yield method as an offset to interest when includible in income (and not as a separate item of deduction) under the U.S. Holder’s regular method of accounting for U.S. federal income tax purposes. A U.S. Holder’s tax basis in an Additional Note will be reduced by the amount of bond premium so amortized. If a U.S. Holder does not elect to amortize bond premium, it will be required to report the full amount of interest on the Additional Note as ordinary income, even though it may be required to recognize a capital loss (which may not be available to offset ordinary income) on a sale or other disposition of the Additional Note. An election to amortize bond premium, once made, would apply to all debt instruments held or subsequently acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Because under certain circumstances we may call the Additional Notes at a price in excess of their principal amount, the amount payable on the Additional Notes (other than payments of interest) may not equal the stated principal amount for purposes of determining the amount of any amortizable bond premium, and any amortization of bond premium may be eliminated, reduced or delayed. The bond premium rules are complex, and U.S. Holders are urged to consult their tax advisors regarding the application of these rules to the Additional Notes.

Sale, Exchange and Redemption of the Additional Notes

A U.S. Holder generally will recognize gain or loss upon the sale, exchange, redemption or other taxable disposition of an Additional Note in an amount equal to the difference, if any, between the amount realized upon the sale, exchange, redemption or other taxable disposition (reduced by any amounts attributable to accrued but unpaid interest, which will be taxable as described above under “—Payments of Interest”) and the U.S. Holder’s adjusted tax basis in the Additional Note. A U.S. Holder’s initial tax basis in an Additional Note will generally equal the amount that the U.S. Holder paid for the Additional Note (excluding any amount attributable to pre-issuance accrued interest), increased by any market discount included in income by such U.S. Holder with respect to such Additional Note and decreased by any bond premium previously amortized by such U.S. Holder with respect to such Additional Note. Subject to the market discount rules discussed above, if applicable, any gain or loss that a U.S. Holder recognizes on a disposition of an Additional Note will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the Additional Note for more than one year on the date of disposition. Long-term capital gain recognized by non-corporate U.S. Holders (including individuals) is generally eligible for reduced rates of taxation. Such gain or loss will generally be treated as U.S. source income or loss for U.S. foreign tax credit purposes. A U.S. Holder’s ability to deduct capital losses may be limited.

Backup Withholding and Information Reporting

Information returns will be filed with the IRS in connection with payments on the Additional Notes and the proceeds from a sale or other disposition of the Additional Notes. A U.S. Holder will be subject to U.S. backup withholding tax on these payments if the U.S. Holder fails to provide its taxpayer identification number to the paying agent and comply with certain certification procedures or does not otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding withheld from a payment to a U.S. Holder may be allowed as a credit against such U.S. Holder’s U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is furnished to the IRS in a timely manner. U.S. Holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

Required Disclosure with Respect to Foreign Financial Assets

Certain U.S. Holders are required to report information relating to an interest in the Additional Notes, subject to certain exceptions (including an exception for Additional Notes held in accounts maintained by certain financial institutions), by attaching a completed IRS Form 8938, Statement of Specified Foreign Financial

Assets, with their tax return for each year in which they hold an interest in the Additional Notes. U.S. Holders are urged to consult their tax advisors regarding information reporting requirements relating to their ownership of the Additional Notes, including potential significant penalties for non-compliance.

PLAN OF DISTRIBUTION

Deutsche Bank AG, Singapore Branch is acting as representative of each of the Initial Purchasers named below. Subject to the terms and conditions set forth in a purchase agreement among us and the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of the Additional Notes set forth opposite its name below.

<u>Initial Purchaser</u>	Principal Amount of the Additional Notes (US\$)
Deutsche Bank AG, Singapore Branch	150,000,000
Goldman Sachs & Co. LLC	37,500,000
Banco Nacional Ultramarino, S.A.	11,250,000
Bank of China Limited, Macau Branch	101,250,000
Bank of Communications Co., Ltd. Macau Branch	3,750,000
BNP Paribas	33,750,000
BOCI Asia Limited	11,250,000
BofA Securities, Inc.	78,750,000
DBS Bank Ltd.	52,500,000
Industrial and Commercial Bank of China (Macau) Limited	112,500,000
J.P. Morgan Securities plc	7,500,000
Scotia Capital (USA) Inc.	33,750,000
SMBC Nikko Securities America, Inc.	63,750,000
United Overseas Bank Limited, Hong Kong Branch (incorporated in Singapore with limited liability)	52,500,000
Total	750,000,000

Subject to the terms and conditions set forth in the purchase agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Additional Notes sold under the purchase agreement if any of these Additional Notes are purchased. If an Initial Purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

Commissions and Discounts

The representative has advised us that the Initial Purchasers propose initially to offer the Additional Notes at the issue price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed. Initial Purchasers may offer and sell the Additional Notes through certain of their affiliates.

Additional Notes Are Not Being Registered

The Additional Notes have not been registered under the Securities Act or any state securities laws. The Initial Purchasers propose to offer the Additional Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S.

The Initial Purchasers will not offer or sell the Additional Notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of Additional Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Additional Notes will be deemed to have made acknowledgments, representations and agreements as described under “Transfer Restrictions.”

Listing

The Company will seek a listing of the Additional Notes on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and has received a confirmation of the eligibility of a listing of the Additional Notes on the Hong Kong Stock Exchange. We have been advised by certain of the Initial Purchasers that they presently intend to make a market in the Additional Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Additional Notes. If an active trading market for the Additional Notes does not develop, the market price and liquidity of the Additional Notes may be adversely affected. If the Additional Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Additional Notes will be made to investors on or about December 22, 2020, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as “T+5”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Additional Notes on the day of pricing or the next two business days will be required, by virtue of the fact that the Additional Notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Additional Notes who wish to trade the Additional Notes on the day of pricing or the next two business day should consult their advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 60 days after the date of this offering memorandum, without first obtaining the prior written consent of Deutsche Bank AG, Singapore Branch directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any of our debt securities or securities exchangeable for or convertible into our debt securities, except for the Additional Notes sold to the Initial Purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the Initial Purchasers may purchase and sell the Additional Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Additional Notes than they are required to purchase in the offering. The Initial Purchasers must close out any short position by purchasing Additional Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Additional Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the Initial Purchasers’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Additional Notes or preventing or retarding

a decline in the market price of the Additional Notes. As a result, the price of the Additional Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Additional Notes. In addition, neither we nor any of the Initial Purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Certain of the Initial Purchasers and their affiliates are agents, arrangers and/or lenders under the Wynn Macau Credit Facilities and, accordingly, may receive a portion of the net proceeds of this offering through any repayment of borrowings under the Wynn Macau Credit Facilities, and an affiliate of Deutsche Bank AG, Singapore Branch, is the trustee of the 2024 Notes, the 2026 Notes, the 2027 Notes, the 2029 Notes and the Original Notes and will be the trustee of the Additional Notes. See “Description of Other Material Indebtedness.”

Furthermore, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge or are likely to hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Additional Notes offered hereby. Any such short positions could adversely affect future trading prices of the Additional Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with the offering of the Additional Notes, each of the Initial Purchasers and their respective affiliates may act as an investor for its own account and may take up Additional Notes in the offering and in that capacity may retain, purchase or sell for its own account the Additional Notes and any other securities of the Company or related investments and may offer or sell such Additional Notes, other securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Additional Notes being offered should be read as including any offering of the Additional Notes to the Initial Purchasers and their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Selling Restrictions

General

No action has been or will be taken by us or the Initial Purchasers that would permit a public offering of the Additional Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Additional Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Additional Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any jurisdiction except in compliance with any applicable rules and regulations of such jurisdiction.

United Kingdom

Each Initial Purchaser has agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Additional Notes in circumstances in which Section 21(1) of FSMA does not apply to us; and
- it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Additional Notes in, from or otherwise involving the United Kingdom.

Hong Kong

No Additional Notes will be offered or sold in Hong Kong, by means of any document, other than (i) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong (the “SFO”) and any rules made thereunder, or (ii) in circumstances that do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (the “CO”) of the laws of Hong Kong or that do not constitute an offer or invitation to the public within the meaning of the CO or the SFO. No invitation, advertisement or document relating to the Additional Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been or will be issued, whether in Hong Kong or elsewhere, other than with respect to the Additional Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors,” as defined under the SFO and any rule made thereunder.

Macau

The Additional Notes may not be offered, sold or delivered to members of the public in Macau.

Cayman Islands

The Additional Notes may not be offered or sold in the Cayman Islands.

Canada

The Additional Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Additional Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

Prohibition of Sales to EEA and UK Retail Investors

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Additional Notes to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - a. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - b. a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - c. (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Additional Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Additional Notes.

Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the “MAS”) and the Additional Notes will be offered pursuant to exemptions under the SFA. Accordingly, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Additional Notes may not be circulated or distributed, nor may the Additional Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Additional Notes are subscribed or purchased in reliance of an exemption under Section 274 or 275 of the SFA, the Additional Notes shall not be sold within the period of six months from the date of the initial acquisition of the Additional Notes, except to any of the following persons (a) an institutional investor, (b) a relevant person, or (c) any person pursuant to an offer referred to in Section 275(1A) of the SFA, unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Where the Additional Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the Additional Notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined under Section 275(2) of the SFA or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA, (2) where no consideration is or will be given for the transfer, (3) where the transfer is by operation of law, (4) as specified in Section 276(7) of the SFA, or (5) as specified in

Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B(1)(c) of the SFA—In connection with this offering, the classification of the Additional Notes offered or sold under this offering are “prescribed capital markets” products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Additional Notes offered hereby.

We have not registered the Additional Notes under the Securities Act, and the Additional Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person except to (i) “qualified institutional buyers” in reliance on Rule 144A under the Securities Act and (ii) certain persons in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above and otherwise in this section of the offering memorandum have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

Each purchaser of Additional Notes will be deemed to have represented and agreed as follows:

- (1) You understand and acknowledge that the Additional Notes have not been registered under the Securities Act or any other applicable securities laws and that the Additional Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.

You are not our “affiliate” (as defined in Rule 144 under the Securities Act), you are not acting on our behalf and you are either:

- (a) a qualified institutional buyer and are aware that any sale of these Additional Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another qualified institutional buyer; or
 - (b) not a “U.S. person” as defined in Regulation S under the Securities Act or purchasing for the account or benefit of a U.S. person (other than a distributor) and you are purchasing the Additional Notes in an offshore transaction in accordance with Regulation S.
- (2) You acknowledge that none of us, the Initial Purchasers or any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offer or sale of any of the Additional Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Additional Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning us and the Additional Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.
 - (3) You are purchasing these Additional Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Additional Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Additional Notes, and each subsequent holder of these Additional Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to the date which is one year after the later of the date of the original issue of these Additional Notes and the last date on which we or any of our affiliates were the owner of such

Additional Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the “Resale Restriction Termination Date”) only:

- (a) to us;
- (b) pursuant to a registration statement which has been declared effective under the Securities Act;
- (c) for so long as the Additional Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a qualified institutional buyer that purchases for its own account or for the account of another qualified institutional buyer to whom you give notice that the transfer is being made in reliance on Rule 144A;
- (d) pursuant to offers and sales to non-U.S. persons occurring outside the United States within the meaning of Regulation S under the Securities Act; or
- (e) pursuant to any other available exemption from the registration requirements of the Securities Act; subject in each of the foregoing cases to any requirement of law that the disposition of the seller’s property or the property of an investor account or accounts be within the seller or account’s control, and in compliance with any applicable state securities laws.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. You acknowledge that we, the trustee and the registrar reserve the right prior to any offer, sale or other transfer of the Additional Notes offered hereby pursuant to clause (d) above prior to the end of the 40-day distribution compliance period within the meaning of Regulation S under the Securities Act or pursuant to clause (e) above prior to the Resale Restriction Termination Date of the Additional Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us, the trustee and the registrar.

Each purchaser acknowledges that each Note offered hereby will contain a legend substantially in the following form:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A “QIB”) OR (B) IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, PRIOR TO THE DATE [IN THE CASE OF RULE 144A NOTES: ON WHICH THE ISSUER INSTRUCTS THE TRUSTEE THAT THIS RESTRICTIVE LEGEND SHALL BE DEEMED REMOVED (WHICH INSTRUCTION IS EXPECTED TO BE GIVEN ON OR ABOUT THE ONE-YEAR ANNIVERSARY OF THE ISSUANCE OF THIS NOTE)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE)] RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (3) AGREES THAT IT

WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS NOTE OR ANY INTEREST HEREIN WITHIN THE TIME PERIOD REFERRED TO ABOVE, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATIONS UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS.”

If you purchase Additional Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Additional Notes as well as to holders of these Additional Notes.

- (4) You acknowledge that the registrar will not be required to accept for registration of transfer any Additional Notes acquired by you, except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth herein have been complied with.
- (5) You acknowledge that:
 - (a) we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and
 - (b) if you are acquiring any Additional Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
 - (i) you have sole investment discretion; and
 - (ii) you have full power to make the foregoing acknowledgements, representations and agreements.
- (6) You agree that you will give to each person to whom you transfer these Additional Notes notice of any restrictions on the transfer of the Additional Notes.
- (7) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S under the Securities Act, you acknowledge that until the expiration of the “distribution compliance period” (as defined below), you shall not make any offer or sale of these Additional Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a Rule 144A Global Note. The “distribution compliance period” means the 40-day period following the issue date for the Additional Notes.
- (8) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would permit a public offering of the Additional Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Additional Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Additional Notes will be subject to the selling restrictions set forth under “Plan of Distribution.”

The Additional Notes offered hereby may not be sold or transferred to, and you as a purchaser, by your purchase of the Additional Notes shall be deemed to have represented and covenanted that you are not acquiring the Additional Notes for or on behalf of, and will not transfer the Additional Notes to, any pension or welfare plan (as defined in Section 3 of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), or any entity whose assets include assets of such a plan pursuant to 29 C.F.R. Section 2510-101 or

otherwise (each, a “Plan Entity”) except that such a purchase for or on behalf of a pension or welfare plan shall be permitted:

- (1) to the extent such purchase is made by or on behalf of a bank collective investment fund maintained by the purchaser in which no Plan Entity (together with any other plans maintained by the same employer or employee organization) has an interest in excess of 10% of the total assets in such collective investment fund and the conditions of Section III of Prohibited Transaction Class Exemption 91-38 issued by the U.S. Department of Labor are satisfied;
- (2) to the extent such purchase is made by or on behalf of an insurance company pooled separate account maintained by the purchaser in which, at any time while the Additional Notes are outstanding, no Plan Entity (together with any other plans maintained by the same employer or employee organization) has an interest in excess of 10% of the total of all assets in such pooled separate account and the conditions of Section III of Prohibited Transaction Class Exemption 90—1 issued by the U.S. Department of Labor are satisfied;
- (3) to the extent such purchase is made on behalf of a Plan Entity by:
 - (a) an investment advisor registered under the U.S. Investment Advisers Act of 1940, as amended, that had as of the last day of its most recent fiscal year total client assets under its management and control in excess of US\$85.0 million and had shareholders’ or partners’ equity in excess of US\$1,000,000, as shown in its most recent balance sheet prepared in accordance with generally accepted accounting principles;
 - (b) a bank as defined in Section 202(a)(2) of the U.S. Investment Advisers Act of 1940, as amended, with equity capital in excess of US\$1.0 million as of the last day of its most recent fiscal year; or
 - (c) an insurance company that is qualified under the laws of more than one state to manage, acquire or dispose of any assets of a Plan Entity, which insurance company has as of the last day of its most recent fiscal year, net worth in excess of US\$1.0 million and which is subject to supervision and examination by a state authority having supervision over insurance companies and, in any case, such investment advisor, bank or insurance company is an independent fiduciary and is otherwise a qualified professional asset manager, as such terms are used in Prohibited Transaction Class Exemption 84-14 issued by the U.S. Department of Labor, and the assets of that Plan Entity when combined with the assets or other plans established or maintained by the same employer (or affiliate thereof) or employee organization and managed by such investment advisor, bank or insurance company, do not represent more than 20% of the total client assets managed by such investment advisor, bank or insurance company, and the conditions of Part 1 of such exemption are otherwise satisfied;
- (4) to the extent such purchase is made with funds from an insurance company general account, the conditions of Sections I and IV of Prohibited Transactions Class Exemption 95-60 issued by the U.S. Department of Labor are satisfied;
- (5) to the extent such plan is a governmental plan (as defined in Section 3 of ERISA) which is not subject to the provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code;
- (6) to the extent an in-house asset manager makes such purchase on behalf of a Plan Entity and the conditions of Part I of Prohibited Transactions Class Exemption 96-23 issued by the U.S. Department of Labor are satisfied; or
- (7) to the extent such purchase is made for or on behalf of a plan as to which any other statutory, regulatory, administrative or other exemption from the prohibited transaction rules set forth in Section 406 of ERISA and Section 4975 of the Code applies.

LEGAL MATTERS

We are being represented by Kirkland & Ellis and Affiliates with respect to certain matters of United States federal, New York and Hong Kong laws. Certain legal matters with respect to legal matters of United States federal and New York laws in connection with this offering will be passed upon for the Initial Purchasers by White & Case. Certain legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder (Hong Kong) LLP. Certain legal matters as to Macau law will be passed upon for the Initial Purchasers by Henrique Saldanha—Advogados & Notários.

INDEPENDENT ACCOUNTANTS

Our audited consolidated financial statements as of and for the fiscal years ended December 31, 2017, 2018 and 2019 included in this offering memorandum have been audited by Ernst & Young, independent accountants.

The offices of Ernst & Young are located at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF WYNN MACAU, LIMITED

	<u>Page</u>
Audited Financial Statements	
Independent Auditor's Report	F-2
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Years Ended December 31, 2017 and 2018	F-9
Consolidated Statement of Financial Position as at December 31, 2017 and 2018	F-11
Consolidated Statement of Changes in Equity for the Years Ended December 31, 2017 and 2018	F-13
Consolidated Statement of Cash Flows for the Years Ended December 31, 2017 and 2018	F-14
Notes to Financial Statements for the Year Ended December 31, 2018	F-15
Audited Financial Statements	
Independent Auditor's Report	F-100
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Years Ended December 31, 2018 and 2019	F-107
Consolidated Statement of Financial Position as at December 31, 2018 and 2019	F-109
Consolidated Statement of Changes in Equity for the Years Ended December 31, 2018 and 2019	F-111
Consolidated Statement of Cash Flows for the Years Ended December 31, 2018 and 2019	F-112
Notes to Financial Statements for the Year Ended December 31, 2019	F-113
Interim Financial Information (unaudited)	
Report on Review of Interim Financial Information	F-200
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Six Months Ended June 30, 2019 and 2020	F-202
Condensed Consolidated Statement of Financial Position as of December 31, 2019 and June 30, 2020	F-203
Condensed Consolidated Statement of Changes in Equity for the Six Months Ended June 30, 2020	F-205
Condensed Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2019 and 2020	F-206
Notes to Interim Financial Information for the Six Months Ended June 30, 2020	F-207

Independent Auditor's Report



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**To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)**

OPINION

We have audited the consolidated financial statements of Wynn Macau, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 107 to 197, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in *the Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for expected credit losses</i>	
<p>Referring to note 2.5 to the Group's consolidated financial statements for significant accounting judgments and estimates, the Group uses provision matrix to calculate the expected credit losses ("ECLs") for trade receivables. The provision matrix is calibrated to adjust the historical credit loss experience with known customer information and forward-looking information. Management's assessment of the correlation between historical observed default rates, forecast economic conditions and the ECLs can provide significant change in the estimate between periods. Further disclosures on the ECLs of the Group's trade receivables are in note 13 to the consolidated financial statements.</p>	<p>We evaluated and tested the design and operating effectiveness of the controls over the accounting process of provision for ECLs of trade receivables.</p> <p>We evaluated management's assumptions and judgments by comparing to the Group's provisioning rates against historical collection data.</p> <p>We considered the support for credits granted to gaming patrons and/or their subsequent settlements when performing analysis of receivables' aging brackets and write-offs as a percentage of gross trade receivables.</p> <p>We corroborated management's representations with the source data for specific provisions made for certain individual casino patrons, performed ratio analysis on the Group's provision for ECLs; and re-calculated the provision for ECLs using management's model and considered the adequacy of the provision.</p> <p>We assessed the Group's provisioning policy applied from 1 January 2018, which included assessing whether the calculation was in accordance with IFRS 9.</p> <p>We assessed the time value of money considered in the ECLs impairment model and tested the mathematical accuracy of the calculations.</p> <p>We assessed the adequacy of the Group's disclosures regarding provision for ECLs of trade receivables.</p>

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Independent Auditor's Report



**To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)**

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Samuel Yuen Ka Cheong.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2019

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the year ended 31 December	
		2018 HK\$	2017 HK\$
		(in thousands)	
			(restated)
Operating revenues			
Casino		34,096,436	29,519,830
Rooms		2,222,337	1,695,558
Food and beverage		1,465,549	1,279,559
Retail and other		1,807,491	1,536,970
		39,591,813	34,031,917
Operating costs and expenses			
Gaming taxes and premiums		18,928,022	16,736,688
Staff costs	3.1	4,986,764	4,611,673
Other operating expenses	3.2	5,098,242	4,404,471
Depreciation and amortization	3.3	2,726,414	2,775,977
Property charges and other	3.4	153,916	133,464
		31,893,358	28,662,273
Operating profit		7,698,455	5,369,644
Finance revenues	3.5	102,592	14,964
Finance costs	3.6	(1,495,646)	(1,269,784)
Net foreign currency differences		(40,132)	(169,773)
Loss on extinguishment of debt		(7,452)	(223,928)
Others		—	(8,202)
		(1,440,638)	(1,656,723)
Profit before tax		6,257,817	3,712,921
Income tax expense	4	12,427	12,427
Net profit attributable to owners of the Company		6,245,390	3,700,494

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the year ended 31 December	
		2018 HK\$	2017 HK\$
		(in thousands)	
			(restated)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Currency translation reserve		—	(208)
Other comprehensive income for the year		—	(208)
Total comprehensive income attributable to owners of the Company		6,245,390	3,700,286
Basic and diluted earnings per Share	6	HK\$1.20	HK\$0.71

Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2018 HK\$ (in thousands)	2017 HK\$
Non-current assets			
Property and equipment and construction in progress	8	31,943,188	33,504,269
Leasehold interests in land	9	1,590,281	1,686,452
Goodwill	10	398,345	398,345
Deposits for acquisition of property and equipment		51,426	35,092
Other non-current assets	11	686,582	791,819
Restricted cash and cash equivalents	15	11,322	6,032
Total non-current assets		34,681,144	36,422,009
Current assets			
Inventories	12	312,625	331,644
Trade and other receivables	13	1,135,474	676,669
Prepayments and other current assets	14	136,462	133,787
Amounts due from related companies	26	282,918	181,086
Restricted cash and cash equivalents	15	6,745	10,854
Cash and cash equivalents	16	9,526,423	5,239,690
Total current assets		11,400,647	6,573,730
Current liabilities			
Accounts payable	17	766,905	681,147
Interest-bearing borrowings	19	—	449,259
Construction and retentions payables		393,424	456,299
Other payables and accruals	18	9,703,870	9,969,074
Amounts due to related companies	26	160,196	261,601
Income tax payables		12,427	12,427
Other current liabilities		28,109	46,492
Total current liabilities		11,064,931	11,876,299
Net current assets/(liabilities)		335,716	(5,302,569)
Total assets less current liabilities		35,016,860	31,119,440

Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2018 HK\$	2017 HK\$
(in thousands)			
Non-current liabilities			
Interest-bearing borrowings	19	33,078,147	27,674,046
Construction retentions payable		1,293	1,862
Other payables and accruals	18	203,943	265,992
Other long-term liabilities		215,018	176,782
Total non-current liabilities		33,498,401	28,118,682
Net assets		1,518,459	3,000,758
Equity			
Equity attributable to owners of the Company			
Issued capital	20	5,197	5,196
Share premium account	21	385,288	267,315
Shares held for employee ownership scheme	20	(160,749)	(112,062)
Reserves	21	1,288,723	2,840,309
Total equity		1,518,459	3,000,758

Approved and authorized for issue by the Board on 28 March 2019.

Matthew O. Maddox
Director

Ian Michael Coughlan
Director

Financial Statements

Consolidated Statement of Changes in Equity

	Notes	Attributable to owners of the Company								
		Issued Capital HK\$	Share Premium Account HK\$ (Note 21)	Shares Held for Employee Ownership Scheme HK\$	Share Option Reserve* HK\$	Other Reserves* HK\$	Statutory Reserve* HK\$ (Note 21)	Retained Earnings* HK\$	Currency Translation Reserve* HK\$	Total Equity HK\$
(in thousands)										
As at 1 January 2017		5,196	161,746	(109,000)	623,451	554,740	48,568	1,151,055	17,308	2,453,064
Net profit for the year		—	—	—	—	—	—	3,700,494	—	3,700,494
Changes in currency translation reserve		—	—	—	—	—	—	—	(208)	(208)
Total comprehensive income for the year		—	—	—	—	—	—	3,700,494	(208)	3,700,286
Share-based payments	22	—	—	—	115,825	—	—	—	—	115,825
Exercise of share options		—	7,360	—	(1,861)	—	—	—	—	5,499
Transfer to share premium upon vesting of awards under the employee ownership scheme		—	98,209	3	(98,212)	—	—	—	—	—
Shares purchased for employee ownership scheme	20	—	—	(3,065)	—	—	—	—	—	(3,065)
Returned dividend from forfeited awards under the employee ownership scheme		—	—	—	—	—	—	2,433	—	2,433
Dividends declared	5	—	—	—	—	—	—	(3,273,284)	—	(3,273,284)
As at 31 December 2017 and 1 January 2018		5,196	267,315	(112,062)	639,203	554,740	48,568	1,580,698	17,100	3,000,758
Net profit for the year		—	—	—	—	—	—	6,245,390	—	6,245,390
Changes in currency translation reserve		—	—	—	—	—	—	—	—	—
Total comprehensive income for the year		—	—	—	—	—	—	6,245,390	—	6,245,390
Share-based payments	22	—	—	—	98,325	—	—	—	—	98,325
Exercise of share options		1	18,663	—	(4,390)	—	—	—	—	14,274
Transfer to share premium upon vesting of awards under the employee ownership scheme		—	99,310	4	(99,314)	—	—	—	—	—
Shares purchased for employee ownership scheme	20	—	—	(48,691)	—	—	—	—	—	(48,691)
Returned dividend from forfeited awards under the employee ownership scheme		—	—	—	—	—	—	3,656	—	3,656
Dividends declared	5	—	—	—	—	—	—	(7,795,253)	—	(7,795,253)
As at 31 December 2018		5,197	385,288	(160,749)	633,824	554,740	48,568	34,491	17,100	1,518,459

* These reserve accounts comprised the consolidated reserves of HK\$1.29 billion and HK\$2.84 billion in the consolidated statements of financial position as at 31 December 2018 and 2017, respectively.

"Other reserves" as at 1 January 2017, 1 January 2018 and 31 December 2018 was composed of HK\$194.3 million of issued capital of WRM and HK\$360.4 million of issued capital of Wynn Resorts International, Ltd..

Financial Statements

Consolidated Statement of Cash Flows

	Notes	For the year ended 31 December	
		2018	2017
		HK\$	HK\$
		(in thousands)	
Operating activities			
Profit before tax		6,257,817	3,712,921
Adjustments to reconcile profit before tax to net cash flows from operating activities:			
Depreciation of property and equipment	3.3	2,631,084	2,680,647
Amortization of leasehold interests in land	3.3	95,330	95,330
Property charges and other	3.4	153,916	133,464
Provision/(reversal of provision) for doubtful accounts, net	3.2	23,140	(56,090)
Expense of share-based payments	3.1	106,303	111,061
Changes in fair value of interest rate swaps		—	8,202
Finance revenues	3.5	(102,592)	(14,964)
Finance costs	3.6	1,495,646	1,269,784
Loss on extinguishment of debt		7,452	223,928
Net foreign currency differences		40,132	169,773
Working capital adjustments:			
Decrease in inventories		19,019	6,379
(Increase)/decrease in trade and other receivables		(469,197)	112,470
Decrease in prepayments and other assets		57,910	54,502
Increase in accounts payable		78,463	163,488
(Decrease)/increase in other payables, accruals and other liabilities		(459,641)	3,970,601
(Decrease)/increase in net amounts due to related companies		(206,728)	38,182
Income taxes paid		(12,427)	(12,427)
Net cash flows generated from operating activities		9,715,627	12,667,251
Investing activities			
Purchases of property and equipment and other assets, net of construction and retentions payables		(1,188,837)	(1,261,136)
Proceeds from sale of property and equipment and other assets		8,683	6,206
Proceeds from insurance claims		—	78,036
Interest received		89,851	14,916
Net cash flows used in investing activities		(1,090,303)	(1,161,978)
Financing activities			
(Increase)/decrease in restricted cash and cash equivalents		(1,181)	5,223
Proceeds from borrowings		4,889,494	11,951,431
Repayment of borrowings		—	(16,069,224)
Payments of debt financing costs		(69,573)	(396,322)
Shares purchased for employee ownership scheme	20	(48,691)	(3,065)
Proceeds from exercise of share options		14,274	5,499
Interest paid		(1,328,279)	(1,079,418)
Dividends paid	5	(7,790,067)	(3,272,494)
Net cash flows used in financing activities		(4,334,023)	(8,858,370)
Net increase in cash and cash equivalents		4,291,301	2,646,903
Cash and cash equivalents as at 1 January		5,239,690	2,591,442
Effect of foreign exchange rate changes, net		(4,568)	1,345
Cash and cash equivalents as at 31 December	16	9,526,423	5,239,690

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 September 2009. The Company's Shares were listed on the Main Board of the Hong Kong Stock Exchange on 9 October 2009. The Company's registered office address is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as the Directors may from time to time decide.

The Group owns and operates hotel and casino resorts in Macau, namely Wynn Palace and Wynn Macau. WRM conducts gaming activities in our casinos in Macau under a concession contract signed with the Macau government on 24 June 2002. The 20-year concession period commenced on 27 June 2002 and will expire on 26 June 2022.

The Group owns land concessions for approximately 51 acres of land in the Cotai area of Macau (the "Cotai Land") where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located for terms of 25 years from May 2012 and August 2004, respectively.

WM Cayman Holdings Limited I owns approximately 72% of the shares of the Company and approximately 28% of the shares of the Company is owned by public shareholders. The ultimate parent company of Wynn Macau, Limited is Wynn Resorts, Limited, a publicly-traded company incorporated in the United States of America.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries

The following is a list of subsidiaries of the Company as at 31 December 2018:

Name	Place of Incorporation/ Operation	Principal Activities	Nominal Value of Issued Share/ Registered Capital	Interest Held
WM Cayman Holdings Limited II	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%
Wynn Resorts International, Ltd.	Isle of Man	Investment holding	Ordinary shares — GBP2	100%
Wynn Resorts (Macau) Holdings, Ltd.	Isle of Man	Investment holding	Ordinary shares — Class A shares: GBP343 — Class B shares: GBP657	100%
Wynn Resorts (Macau), Limited	Hong Kong	Investment holding	Ordinary shares — HK\$100	100%
Wynn Resorts (Macau) S.A.	Macau	Operator of hotel casino and related gaming businesses	Share capital — MOP200,100,000	100%**
Palo Real Estate Company Limited	Macau	Development, design and preconstruction activities	Share capital — MOP1,000,000	100%
WML Finance I Limited	Cayman Islands	Entity facilitates lending within the Group	Ordinary shares — US\$1	100%
WML Corp. Ltd.	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%*

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

* Shares directly held by the Company

** 10% of the shares were held by a Macau-resident investor which entitle the holder to 10% of the voting rights and social rights and the rights to maximum dividend or payment upon dissolution of one MOP. The remaining 90% of the shares held by the Group are entitled to 90% of the voting rights and 100% of the profit participation or economic interest.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

Contribution to Trust

The Company has consolidated an operating entity within the Group without any legal interests. Due to the implementation of the employee ownership scheme of the Group mentioned in note 22, the Company has set up a structured entity, Trust, and its particulars are as follows:

Structured Entity	Principal Activities
Trust	Administering and holding the Company's Shares acquired for the employee ownership scheme, which is set up for the benefits of eligible persons of the scheme

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements also comply with the accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements. They have been prepared on a historical cost basis. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The subsidiaries are fully consolidated from the date on which control is transferred to the Group, and will continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

On 15 May 2014, the Board of Directors approved an employee ownership scheme under which shares may be awarded to employees of the Group in accordance with the related terms and conditions. Pursuant to the rules of the employee ownership scheme, the Group has set up a Trust for the purpose of administering the employee ownership scheme and holding the awarded shares before they vest. As the Group has control over the Trust, the Directors of the Company consider that it is appropriate to consolidate the Trust.

All intra-group balances, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full on consolidation. Unrealized gains and losses resulting from transactions between Group companies are eliminated, except where unrealized losses provide evidence of an impairment of the asset transferred.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognized in the consolidated statement of profit or loss and other comprehensive income as a gain on bargain purchase.

Goodwill arising on acquisition is recognized in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating unit ("CGU") of the Group, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU or the group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or the group of CGUs is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU or a group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair values were measured. The gain or loss arising on translation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the currency translation reserve.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment, other than construction in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repair and maintenance costs, are recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the asset if the recognition criteria for a provision are met.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The estimated useful lives used are as follows:

Buildings and improvements	10 to 45 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements (shorter of remaining lease period and estimated useful life)	1 to 5 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Residual values, useful lives and methods of depreciation are reviewed at least at each financial year end and adjusted prospectively, if appropriate.

Construction in progress represents assets under development or construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction.

Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasehold interests in land

Leasehold interests in land under operating leases are payments made on entering into or acquiring land-use rights over extended periods of time. The total lease payments are amortized on a straight-line basis over the lease terms in accordance with the expected pattern of consumption of the economic benefits embodied in the land-use right.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a CGU's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

The Group bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired assets.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The Group determines the classification of its financial assets on initial recognition and, it shall reclassify the affected financial assets when, only when the Group changes its business model for managing financial assets.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets consist of trade and other receivables, deposits, amounts due from related companies, cash and cash equivalents and restricted cash and cash equivalents that are subsequently measured at amortized cost using the effective interest rate ("EIR") method less any allowances for impairments. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired, as well as through the amortization process.

Impairment of financial assets

Financial assets at amortized cost

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The carrying amount of the asset is reduced through use of an allowance account and the loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Financial assets at amortized cost (continued)

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience from customers, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default and a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the transaction. Impaired debts are written off when they are assessed as uncollectible.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out, weighted average or specific identification methods as appropriate. Net realizable value is based on estimated selling prices less estimated costs to be incurred on completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows comprise cash at banks and on hand and short term deposits with an original maturity of generally three months or less, which are subject to an insignificant risk of changes in value and are not restricted as to use.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include accounts payable, other payables, amounts due to related companies, interest-bearing bank loans, construction and retentions payables and other current and long-term liabilities and are subsequently measured at amortized cost, using the EIR method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Interest-bearing bank loans

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing bank loans are subsequently measured at amortized cost, using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay cash flow receipts in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets and liabilities (continued)

Financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of profit or loss and other comprehensive income.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions and other post employment benefits

The Group operates a defined contribution retirement benefit scheme (the "Scheme"). The Scheme allows eligible employees to contribute 5% of their salary to the Scheme and the Group matches the contributions with an equal amount. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's matching contributions vest to the employees at 10% per year with full vesting in ten years. Forfeitures of unvested contributions are used to reduce the Group's liability for its contributions payable under the Scheme. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the Scheme.

Share-based payments

Employees (including senior executives and directors) of the Group receive remuneration in the form of share-based payments; whereby, employees render services as consideration for equity instruments in the form of common shares or options to purchase common shares of the ultimate parent company, Wynn Resorts, and beginning in September 2009, the Company.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured as the difference between the fair value of the share-based payment transactions and the fair value of any identifiable goods or services received at the grant date. This is then capitalized or expensed as appropriate.

Equity-settled transactions

The cost of equity-settled transactions with employees, for awards granted after 7 November 2002, is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 22.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Equity-settled transactions (continued)

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognized as of the beginning and end of that period and is recognized in staff costs.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. When awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment, or is otherwise beneficial to the employee as measured at the date of modification.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Equity-settled transactions (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled awards are treated equally.

The dilutive effect of outstanding options and non-vested shares are reflected as additional share dilution in the computation of diluted earnings per share.

As disclosed in note 22 to the financial statements, the Group has set up the Trust for the employee ownership scheme, where the Trust purchases Shares issued by the Group and the consideration paid by the Company, including any directly attributable incremental costs, is presented as "Shares held for employee ownership scheme" and deducted from the Group's equity.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at its inception and whether the fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset.

Group as a lessee

Leases where substantially all the risks and benefits of ownership of the asset are not transferred to the Group and remain with the lessor are classified as operating leases. Operating lease payments are recognized as an operating expense in the consolidated statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Assets leased by the Group under operating leases are included in the consolidated statement of financial position based on the nature of the asset and rentals receivable are credited to the consolidated statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue recognition

Revenue from contracts with customers

The Group's revenue from contracts with customers consist of casino wagers; providing services of rooms, food and beverage; and sales of retail and other goods.

Gross casino revenues are measured by the aggregate net difference between gaming wins and losses. The Company applies a practical expedient by accounting for its casino wagering transactions on a portfolio basis versus an individual basis as all wagers have similar characteristics. Commissions rebated to customers either directly or indirectly through gaming promoters and other cash incentives earned by customers are recorded as a reduction of casino revenues. In addition to the wager, casino transactions typically include performance obligations related to complimentary goods or services provided to incentivize future gaming or in exchange for points earned under the Group's loyalty programs.

For casino transactions that include complimentary goods or services provided by the Group to incentivize future gaming, the Group allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Costs of complimentary goods or services that are provided under the Group's control and discretion and supplied by third parties are recorded as other operating expense.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

Under the Group's loyalty program, customers earn points based on their level of table games and slots play, which can be redeemed for free play, gifts and complimentary goods or services provided by the Group. For casino transactions that include points earned under the Group's loyalty programs, the Group defers a portion of the revenue by recording the estimated standalone selling price of the earned points that are expected to be redeemed as a liability. Upon redemption of the points for Group-owned goods or services, the standalone selling price of each good or service is allocated to the appropriate revenue type based on the good or service provided. Upon the redemption of the points with third parties, the redemption amount is deducted from the liability and paid directly to the third party.

After allocating amounts to the complimentary goods or services provided and to the points earned under the Group's loyalty programs, the residual amount is recorded as casino revenue.

The transaction price for rooms, food and beverage, retail and other transactions is based on the net amounts collected from other customers for similar goods and services provided and is recorded as revenue when the goods are provided or services are performed. Advance deposits on rooms are performance obligations that are recorded as customer deposits until services are provided to the customer. Revenues from contracts with multiple goods or services are allocated to each good or service based on its relative standalone selling price.

Revenue from other sources

Retail and other revenue primarily includes rental income which is recognized on a time proportion basis over the lease terms. Contingent rental income is recognized when the right to receive such rental income is established according to the lease agreements.

Finance revenue is accrued on a time basis by reference to the principal outstanding and at the applicable interest rates.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes (continued)

Deferred income tax (continued)

Deferred income tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are only recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent it is probable the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gaming taxes and premiums

According to the Concession Agreement granted by the Macau government and the relevant legislation, the Group is required to pay a 35% gaming tax on gross gaming win. The Group is also required to pay an additional 4% of gross gaming win as public development and social related contributions. The Group also makes certain variable and fixed payments to the Macau government based on the number of slot machines and table games in operation on a monthly and yearly basis, respectively. These expenses are reported as "gaming taxes and premiums" in the consolidated statement of profit or loss and other comprehensive income.

Fine art

The Group's fine art is stated at cost less any impairment losses. Any fine art impairment is assessed based on the CGU to which it belongs. No impairment has been recognized for the years ended 31 December 2018 and 2017.

Fine art is derecognized upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Dividends

Dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Interim/special dividends are simultaneously proposed and declared because the Company's memorandum and articles of association grant the Directors the authority to declare interim/special dividends. Consequently, interim/special dividends are recognized immediately as a liability when they are proposed and declared.

Statutory reserve

In accordance with the provisions of the Macau Commercial Code, Wynn Macau, Limited's subsidiaries incorporated in Macau are required to transfer a minimum of 10% of their annual net profit to a legal reserve until that reserve equals 25% of their issued capital. This reserve is not distributable to shareholders.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.3 IMPACT OF NEW AND REVISED IFRSs

The Group has adopted the following new and revised standards effective as of 1 January 2018:

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>
IFRIC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments to IFRS 1 and IAS 28
Amendments to IAS 40	<i>Transfers of Investment Property</i>

The Group applied IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") and IFRS 9 *Financial Instruments* ("IFRS 9") for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have a material impact on the consolidated financial statement of the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.3 IMPACT OF NEW AND REVISED IFRSs (CONTINUED)

IFRS 15 Revenue from Contracts with Customers (continued)

The Group adopted IFRS 15 using the full retrospective method of adoption. The effect of adopting IFRS 15 is, as follows:

Impact on the consolidated statement of profit or loss and other comprehensive income (increase/(decrease)) for the year ended 31 December 2017:

	Adjustments	For the Year Ended 31 December 2017 HK\$ (in thousands)
Operating revenues		
Casino	(a) (b)	(4,111,427)
Rooms	(a)	1,274,092
Food and beverage	(a)	751,030
Retail and other	(a)	<u>77,604</u>
		<u>(2,008,701)</u>
Other operating expenses	(a) (b)	<u>(2,008,701)</u>
Operating profit		<u>—</u>
Profit before tax		<u>—</u>
Net profit attributable to owners of the Company		<u>—</u>

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.3 IMPACT OF NEW AND REVISED IFRSs (CONTINUED)

IFRS 15 Revenue from Contracts with Customers (continued)

The Group's revenue contracts with customers consist of casino wagers; providing services of rooms, food and beverage; and sales of retail and other goods.

- (a) Gross casino revenues are measured by the aggregate net difference between gaming wins and losses. The Group applies a practical expedient by accounting for its casino wagering transactions on a portfolio basis versus an individual basis as all wagers have similar characteristics. Commissions rebated to customers either directly or indirectly through gaming promoters and other cash incentives earned by customers are recorded as a reduction of casino revenues. In addition to the wager, casino transactions typically include performance obligations related to complimentary goods or services provided to incentivize future gaming or in exchange for points earned under the Group's loyalty programs.

Upon adoption of IFRS 15, for casino transactions that include complimentary goods or services provided by the Group to incentivize future gaming, the Group allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Costs of complimentary goods or services that are provided under the Group's control and discretion and supplied by third parties are recorded as other operating expense. After allocating amounts to the complimentary goods or services provided and to the points earned under the Group's loyalty programs, the residual amount is recorded as casino revenue. The transaction price for rooms, food and beverage, retail and other transactions is based on the net amounts collected from other customers for similar goods and services provided and is recorded as revenue when the goods are provided or services are performed. Advance deposits on rooms are performance obligations that are recorded as customer deposits until services are provided to the customer. Revenues from contracts with multiple goods or services are allocated to each good or service based on its relative standalone selling price.

- (b) Upon adoption of IFRS 15, the portion of gaming promoters' commissions previously recorded as other operating expenses is now recorded as a reduction of casino revenue.
- (c) Presentation and disclosure requirements

The Group disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 7 for the disclosure on disaggregated revenue for each reportable segment.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.3 IMPACT OF NEW AND REVISED IFRSs (CONTINUED)

IFRS 15 Revenue from Contracts with Customers (continued)

There is no impact on the consolidated statement of financial position. The contract liabilities consist of outstanding chip liabilities, customer deposits, customer loyalty program and related liabilities and other gaming-related liabilities included in other payables and accruals. There is no impact on the consolidated statement of changes in equity, consolidated statement of cash flows and basic and diluted earnings per Share.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods on or after 1 January 2018. The accounting policies under IAS 39, applicable before 1 January 2018, are disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2017. The effect of retrospectively adopting IFRS 9 is as follows:

(a) Classification and measurement

The adoption of IFRS 9 does not have a significant impact on the classification and measurement of the Group's financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. The requirements in IFRS 9 for adjusting the amortized cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition. The gain or loss arising on modification of a financial liability that does not result in derecognition, is calculated by discounting the change in contractual cash flows using the original EIR, and is immediately recognized in profit or loss. The adoption of IFRS 9 does not result in a material difference in the carrying amounts of the Group's financial liabilities, and hence does not result in a material impact on the consolidated financial statements.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortized cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group has applied the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. The adoption of IFRS 9 does not have a significant impact on the provision for impairment on its trade receivables.

There is no impact on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and basic and diluted earnings per Share.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.4 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 16	<i>Leases¹</i>
IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatments¹</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation¹</i>
<i>Annual Improvements</i>	<i>Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23¹</i>
<i>2015-2017 Cycle</i>	
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement¹</i>
Amendments to IFRS 3	<i>Definition of a Business²</i>
Amendments to IAS 1	<i>Definition of Material²</i>
and IAS 8	

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.4 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize assets and liabilities for most leases. The standard includes two recognition exemptions for lessees-leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. IFRS 16 will be effective from 1 January 2019. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognize the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. The Group has estimated the lease liability will range from HK\$503.4 million to HK\$615.2 million as at 1 January 2019. In addition, the Group will reclassify certain prepaid rent and deferred rent balances to the right-of-use asset as at 1 January 2019. The adoption of this standard will not have a material impact to the opening of retained earnings.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates may result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. Key sources of estimation uncertainty and critical judgments in applying the Group's accounting policies, which have a significant effect on the consolidated financial statements are set out below.

Useful lives of property and equipment

The useful lives of assets are based on management's estimations. Management considers the impact of changes in technology, customer service requirements, availability of capital funding and the required return on assets and equity to determine the optimum useful life expectation for each of the individual categories of property and equipment. The estimations of residual values of assets are also based on management's judgments as to whether the assets will be sold or used to the end of their useful lives and what their condition will be like at that time. Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. Management's periodic reviews on the estimations made could result in changes in depreciable lives and, therefore, depreciation expense in future periods.

Impairment of non-financial assets

Management is required to make judgments concerning the cause, timing and amount of impairments. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessments to its separate CGUs. This requires management to make significant judgments concerning the existence of impairment indicators, identification of separate CGUs' remaining useful lives of assets and estimates of projected cash flows and fair values less costs of disposal. For non-financial assets other than goodwill, management's judgments are also required when assessing whether a previously recognized impairment loss should be reversed. Where impairment indicators exist, the determination of the recoverable amount of a CGU requires management to make assumptions to determine the fair value less costs of disposal and value-in-use. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Impairment of non-financial assets (continued)

Key assumptions on which management has based its determinations of fair values less costs of disposal include the existence of binding sale agreements, and for the determination of values in use include projected revenues, gross margins, and average revenue per asset component, capital expenditures, expected customer base and market share. Management is also required to choose suitable discount rates in order to calculate the present values of those cash flows. Changes in key assumptions on which the recoverable amounts of assets are based could significantly affect the Group's financial condition and results of operations.

Provision for ECLs of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days outstanding for groupings of customers that have shared credit risk characteristics.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with known customer information and forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the gaming sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 13.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. For management purposes, during the year ended 31 December 2018, the Group reviewed Wynn Palace and Wynn Macau as two reportable segments.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Fair value estimation — Black-Scholes pricing model

The Group uses the Black-Scholes pricing model to value Wynn Resorts, Limited's and Wynn Macau, Limited's grants of options. The Black-Scholes pricing model uses assumptions of expected volatility, risk-free interest rates, the expected terms of options granted, and expected rates of dividends. Changes in these assumptions could materially affect the estimated fair values. Expected volatility is based on implied and historical factors related to Wynn Resorts, Limited's and Wynn Macau, Limited's common stock. Expected term represents the weighted average time between the option's grant date and its exercise date. The risk-free interest rate used is equal to the U.S. Treasury yield curve and the Hong Kong Exchange Fund Bills for the WRL Omnibus Plan and Wynn Macau, Limited's share option scheme, respectively, at the time of grant for the period equal to the expected term.

Income taxes

Income taxes represent the sum of income taxes currently payable and any deferred taxes. The calculation of deferred income taxes and any associated tax reserve is subject to a significant amount of judgment. The Group's income tax returns may be examined by governmental authorities. Accordingly, the Group reviews any potentially unfavorable tax outcome and, when an unfavorable outcome is identified as probable and can be reasonably estimated, a tax reserve is established.

3. OTHER REVENUES AND EXPENSES

3.1 Staff costs

	For the year ended 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Wages and salaries	4,266,339	3,915,266
Retirement plan contributions	130,565	124,214
Expense of share-based payments	106,303	111,061
Employee relations and training	27,700	19,189
Social security costs	10,130	11,895
Other costs and benefits	445,727	430,048
	4,986,764	4,611,673

"Other costs and benefits" includes residential rental expense for operating staff of approximately HK\$73.0 million for the year ended 31 December 2018 (2017: HK\$72.8 million).

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.2 Other operating expenses

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
		(restated)
License fees	1,496,212	1,405,287
Cost of sales	774,404	609,678
Repairs and maintenance	517,420	404,639
Advertising and promotions	488,121	397,843
Operating supplies and equipment	459,276	399,310
Utilities and fuel	355,221	344,385
Contracted services	354,319	302,513
Corporate support services and other	83,938	128,365
Operating rental expenses	58,826	59,114
Other support services	53,091	55,933
Provision/(reversal of provision) for doubtful accounts, net	23,140	(56,090)
Auditor's remuneration	8,263	8,187
Other expenses	426,011	345,307
	5,098,242	4,404,471

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.3 Depreciation and amortization

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Depreciation of property and equipment	2,631,084	2,680,647
Amortization of leasehold interests in land	95,330	95,330
	2,726,414	2,775,977

Depreciation and amortization expenses of approximately HK\$4,035,000 and HK\$841,000, respectively, for the year ended 31 December 2018 (2017: HK\$3,783,000 and HK\$841,000, respectively) are excluded from the table above and are classified as staff costs and included in other costs and benefits in note 3.1 to the financial statements. Such balances are related to a home purchased by WRM for use by one of the Group's executives as described in note 26 to the financial statements.

3.4 Property charges and other

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Loss on disposals and abandonment of assets, net	153,916	185,073
Other casualty loss	—	26,427
Proceeds from insurance claims	—	(78,036)
	153,916	133,464

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.5 Finance revenues

	For the year ended 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
Interest income from cash at banks	102,592	14,964

3.6 Finance costs

	For the year ended 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
Interest expense	1,341,566	1,109,451
Amortization of debt financing costs	142,622	134,323
Bank fees for unused facilities	11,708	26,010
Less: capitalized interest	(250)	—
Total	1,495,646	1,269,784

For the year ended 31 December 2018, interest of approximately HK\$250,000 was capitalized using a weighted average rate of 4.33%. No interest was capitalized during the year ended 31 December 2017.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

4. INCOME TAX EXPENSE

The major components of the income tax expense for the years ended 31 December 2018 and 2017 were:

	For the year ended 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
Income tax expense:		
current — overseas	12,427	12,427

No provision for Hong Kong profits tax for the year ended 31 December 2018 has been made as there was no assessable profit generated in Hong Kong (2017: nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (2017: 12%).

The tax position for the years ended 31 December 2018 and 2017 reconciles to profit before tax as follows:

	For the year ended 31 December			
	2018		2017	
	HK\$	%	HK\$	%
	(in thousands, except for percentages)			
Profit before tax	6,257,817		3,712,921	
Tax at the applicable income tax rate	750,938	12.0	445,551	12.0
Income not subject to tax	(1,233,563)	(19.7)	(939,393)	(25.2)
Macau dividend tax	12,427	0.2	12,427	0.3
Deferred tax not recognized	377,706	6.0	360,745	9.7
Others	104,919	1.7	133,097	3.5
Effective tax expense for the year	12,427	0.2	12,427	0.3

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

4. INCOME TAX EXPENSE (CONTINUED)

The Group incurred Macau tax losses of approximately HK\$2.68 billion, HK\$2.44 billion and HK\$2.46 billion during the tax years ended 31 December 2018, 2017 and 2016, respectively. These tax losses will expire in 2021, 2020, and 2019, respectively. As at 31 December 2018, the Group's deferred tax assets relating to the pre-opening costs and other, University of Macau Development Foundation contribution, share-based payment plan, executive compensation, fixed assets and tax loss carryforwards and others amounting to HK\$1.31 billion (2017: HK\$1.06 billion) were not recognized as the Group determined it was not probable that future taxable profits will be available against which the deferred tax assets could be utilized.

On 15 October 2015, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits (the "Tax Holiday") effective through 31 December 2020. Accordingly, the Group was exempted from the payment of approximately HK\$757.1 million in such tax for the year ended 31 December 2018 (2017: HK\$491.3 million). The Group's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its Concession Agreement.

In August 2016, WRM renewed the WRM Shareholder Dividend Tax Agreement with the Macau Special Administration Region that provided for annual payments of MOP12.8 million (approximately HK\$12.4 million) to the Macau Special Administration Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits for each of the years 2016 through 2020.

The Group is exempted from income tax in the Isle of Man and the Cayman Islands. The Group's subsidiaries file income tax returns in Macau and various foreign jurisdictions as required by law. The Group's income tax returns are subject to examination by tax authorities in the locations where it operates. The Group's 2014 to 2017 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Macau Special Administration Region (the "Financial Services Bureau"). In March 2017 and July 2017, the Financial Services Bureau commenced examination of the WRM and Palo's 2013 and 2014 Macau Complementary tax returns. In February 2018, the Financial Services Bureau issued its final tax assessments for Palo for the years 2013 and 2014 and the examination resulted in no change to the tax returns. In July 2018, the Financial Services Bureau issued final tax assessments for WRM for the years 2013 and 2014, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

4. INCOME TAX EXPENSE (CONTINUED)

Quarterly, the Group undertakes reviews for any potentially unfavorable tax outcomes and when an unfavorable outcome is identified as being probable and can be reasonably estimated, the Group then establishes a tax reserve for such possible unfavorable outcome. Estimating potential tax outcomes for any uncertain tax issues is highly judgmental and may not be indicative of the ultimate settlement with the tax authorities.

As at 31 December 2018, the Group had unrecognized tax losses of HK\$7.58 billion (2017: HK\$5.93 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authorities. The Group believes that it has adequately provided reasonable reserves for foreseeable outcomes related to uncertain tax matters.

5. DIVIDENDS

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
2017 final dividend of nil per Share declared (2016: HK\$0.42 per Share)	—	2,182,121
2017 special dividend of HK\$0.75 per Share declared (2016: nil)	3,897,534	—
2018 interim dividend of HK\$0.32 per Share declared (2017: HK\$0.21 per Share)	1,663,027	1,091,163
2018 special dividend of HK\$0.43 per Share declared	2,234,692	—
	7,795,253	3,273,284

The Board has recommended that a final dividend of HK\$0.45 per Share in respect of the year ended 31 December 2018, which is subject to Shareholders' approval at the forthcoming annual general meeting of the Company.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

6. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per Share for the year ended 31 December 2018 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares in issue of 5,185,494,355 during the year (2017: 5,181,324,925), excluding Shares reserved and purchased for the Company's employee ownership scheme. 2,650,000 Shares (2017: Shares of 125,000) were purchased and nil Shares (2017: nil) were issued and reserved for the Company's employee ownership scheme during the year. 3,565,245 Shares vested under the Company's employee ownership scheme during the year.

The calculation of diluted earnings per Share for the year ended 31 December 2018 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares of 5,193,287,221 (2017: 5,189,138,935) including the weighted average number of Shares in issue of 5,185,494,355 during the year (2017: 5,181,324,925) plus the weighted average number of potential Shares of 7,792,866 (2017: 7,814,010) arising from the deemed exercise of share options and deemed vesting of awards under the Company's employee ownership scheme (see also note 22).

7. SEGMENT INFORMATION

The Group's principal operating activities occur in Macau, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its operating segments. Wynn Palace, which opened on 22 August 2016, is managed as an operating segment and a reportable segment. Wynn Macau and Encore at Wynn Macau are managed as a single integrated resort and are aggregated as one operating segment, which is also a reportable segment ("Wynn Macau"). The Group identifies each integrated resort as a reportable segment considering operations within each integrated resort have similar economic characteristics, type of customers, types of services and products, the regulatory environment of the operations and the Group's organizational and management reporting structure. Other Macau primarily represents cash held at the Company.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

7. SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
Wynn Palace:		(restated)
Casino	18,463,485	13,362,599
Rooms	1,332,801	948,481
Food and beverage	867,036	748,796
Retail and other	947,127	764,370
Wynn Macau:		
Casino	15,632,951	16,157,231
Rooms	889,536	747,077
Food and beverage	598,513	530,763
Retail and other	860,364	772,600
Total operating revenues	39,591,813	34,031,917

Financial Statements
Notes to Financial Statements
For the year ended 31 December 2018

7. SEGMENT INFORMATION (CONTINUED)

	Notes	For the year ended 31 December	
		2018 HK\$	2017 HK\$
		(in thousands)	
Adjusted EBITDA			
Wynn Palace		5,760,532	3,397,708
Wynn Macau		5,016,486	5,099,814
		10,777,018	8,497,522
Other operating costs and expenses			
Depreciation and amortization	3.3	2,726,414	2,775,977
Property charges and other	3.4	153,916	133,464
Share-based payments	3.1	106,303	111,061
Wynn Macau, Limited corporate expenses		91,930	107,376
Operating profit		7,698,455	5,369,644
Non-operating income and expenses			
Finance revenues	3.5	102,592	14,964
Finance costs	3.6	(1,495,646)	(1,269,784)
Net foreign currency differences		(40,132)	(169,773)
Loss on extinguishment of debt		(7,452)	(223,928)
Others		—	(8,202)
Profit before tax		6,257,817	3,712,921
Income tax expense	4	12,427	12,427
Net profit attributable to owners of the Company		6,245,390	3,700,494

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

7. SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
Capital expenditures		
Wynn Palace	697,921	900,056
Wynn Macau	490,916	361,080
Total	1,188,837	1,261,136

	As at 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
Total assets		
Wynn Palace	30,286,168	31,359,875
Wynn Macau	15,354,131	10,386,475
Other Macau	441,492	1,249,389
Total	46,081,791	42,995,739

	As at 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
Non-current assets		
Macau	34,668,858	36,414,420
Foreign countries	12,286	7,589
Total	34,681,144	36,422,009

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

8. PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

A summary of the property and equipment and construction in progress is set forth below.

	Buildings and Improvements HK\$	Furniture Fixtures and Equipment HK\$	Leasehold Improvements HK\$ (in thousands)	Construction in Progress HK\$	Total Property and Equipment HK\$
Cost:					
As at 1 January 2017	38,243,176	5,623,529	27,352	62,871	43,956,928
Additions	87,324	133,224	893	392,842	614,283
Transfers	149,429	114,460	392	(264,281)	—
Adjustment to project costs	(90,709)	(1,656)	—	4	(92,361)
Abandonments/disposals	(173,665)	(81,012)	(1,537)	(7,716)	(263,930)
As at 31 December 2017 and 1 January 2018	38,215,555	5,788,545	27,100	183,720	44,214,920
Additions	251,751	199,297	2,458	803,583	1,257,089
Transfers	543,857	141,031	—	(684,888)	—
Adjustment to project costs	(5,541)	(13,990)	—	45	(19,486)
Abandonments/disposals	(272,089)	(129,836)	(887)	(205)	(403,017)
As at 31 December 2018	38,733,533	5,985,047	28,671	302,255	45,049,506
Depreciation:					
As at 1 January 2017	5,488,457	2,590,904	19,511	—	8,098,872
Depreciation charged for the year	1,927,544	754,116	2,770	—	2,684,430
Abandonments/disposals	(12,874)	(58,294)	(1,483)	—	(72,651)
As at 31 December 2017 and 1 January 2018	7,403,127	3,286,726	20,798	—	10,710,651
Depreciation charged for the year	1,857,302	775,041	2,776	—	2,635,119
Abandonments/disposals	(135,340)	(103,225)	(887)	—	(239,452)
As at 31 December 2018	9,125,089	3,958,542	22,687	—	13,106,318
Net carrying amount:					
As at 31 December 2018	29,608,444	2,026,505	5,984	302,255	31,943,188
As at 31 December 2017	30,812,428	2,501,819	6,302	183,720	33,504,269
As at 1 January 2017	32,754,719	3,032,625	7,841	62,871	35,858,056

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

9. LEASEHOLD INTERESTS IN LAND

The Group has the leasing rights for approximately 51 acres of the Cotai Land where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located. Both pieces of leased land are under land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively. The land concessions are granted by the Macau Government in return for the payment of a premium, all installments of which were paid before 31 December 2016 and 31 December 2009, respectively.

Land concessions in Macau are generally renewable for additional periods, subject to applicable legislation.

Leasehold interests in land which recognize the premiums and other capitalized costs are set forth below.

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Cost:		
As at beginning and end of the year	2,384,022	2,384,022
Amortization:		
As at beginning of the year	697,570	601,399
Amortization charge for the year	96,171	96,171
As at end of the year	793,741	697,570
Net carrying amount	1,590,281	1,686,452

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

10. GOODWILL

In September 2004, the Group acquired all of the 17.5% indirect ownership interests in WRM held by third parties, in exchange for 1,333,333 shares of Wynn Resorts, Limited's common stock. As a result of the acquisition, WRM became an indirectly wholly-owned subsidiary of the Group.

In accordance with the Group's accounting policy for the acquisition of non-controlling interests, the assets and liabilities of WRM were not restated to reflect their fair values at the date of the acquisition. The difference between the purchase price and the non-controlling interests' share of the assets and liabilities reflected within the consolidated statement of financial position of HK\$398.3 million at the date of the acquisition was recorded as goodwill.

The recoverable amount of a CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% that is determined based on past performance and expectations for market development. The weighted average growth rate used is consistent with the forecasts used in the industry. The discount rate applied to the cash flow projections is 10.76% (2017: 8.10%). The discount rate used is pre-tax and reflects specific risks relating to the Group.

During the year ended 31 December 2018, there was no impairment of any of its CGUs containing goodwill with indefinite useful lives (2017: nil).

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

11. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following as at 31 December 2018 and 2017:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Fine art	387,565	387,565
China, glass, silverware and other	158,606	217,602
Deposits and others	139,391	185,632
Memberships	1,020	1,020
	686,582	791,819

12. INVENTORIES

Inventories consisted of the following as at 31 December 2018 and 2017:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Operating supplies	172,806	154,924
Food and beverage	79,553	67,396
Retail merchandise	60,266	109,324
	312,625	331,644

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following as at 31 December 2018 and 2017:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Casino	1,041,909	575,415
Retail leases and other	196,344	167,007
Hotel	7,986	15,951
	1,246,239	758,373
Less: allowance for doubtful accounts	(110,765)	(81,704)
Total trade and other receivables, net	1,135,474	676,669

An aged analysis of trade and other receivables is as follows:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Within 30 days	447,809	291,910
31 to 60 days	134,636	53,490
61 to 90 days	208,992	121,791
Over 90 days	454,802	291,182
	1,246,239	758,373
Less: allowance for doubtful accounts	(110,765)	(81,704)
Net trade and other receivables	1,135,474	676,669

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

The advanced commissions included in the trade and other receivables are on terms requiring settlement within five business days of the month following the advance. Except for the advanced commission, the trade and other receivables are generally repayable within 14 days. As at 31 December 2018, trade and other receivables with a gross value of HK\$1.25 billion (2017: HK\$758.4 million) were partially impaired and provided for. Movements in the provision for impairment of receivables of the Group, which were collectively impaired, are as follows:

	HK\$
	(In thousands)
As at 1 January 2017	195,287
Reversal of provision for the year, net	(56,090)
Amounts written off, net	(57,493)
<hr/>	
As at 31 December 2017 and 1 January 2018	81,704
Charge for the year, net	23,140
Reversal of amounts written off, net	5,921
<hr/>	
As at 31 December 2018	110,765

As at 31 December 2018, the weighted average provision rate for the gross trade receivables within 365 days of HK\$1.11 billion was 8.5%, and the one for the gross trade receivables over 365 days of HK\$24.1 million was 66.6%.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

14. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consisted of the following as at 31 December 2018 and 2017:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Prepayments	89,410	86,713
Deposits	47,052	47,074
	136,462	133,787

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to deposits for which there have been no recent history of default.

15. RESTRICTED CASH AND CASH EQUIVALENTS

As at 31 December 2018, the Group had total restricted cash and cash equivalents of HK\$18.1 million (2017: HK\$16.9 million) reserved at the Trust to fund the WML employee ownership scheme.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as at 31 December 2018 and 2017:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Cash at banks and short-term deposits	8,671,150	4,161,136
Cash on hand	855,273	1,078,554
	9,526,423	5,239,690

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

16. CASH AND CASH EQUIVALENTS (CONTINUED)

The cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
HK\$	7,619,343	3,741,502
US\$	1,845,246	1,419,639
MOP	56,680	68,704
Japanese Yen	3,614	995
Renminbi	1,262	3,546
Other	278	5,304
	9,526,423	5,239,690

Cash deposited at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months generally, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

17. ACCOUNTS PAYABLE

During 2018 and 2017, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at 31 December 2018 and 2017, based on invoice dates, is as follows:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Within 30 days	579,220	544,819
31 to 60 days	52,727	53,427
61 to 90 days	16,610	33,503
Over 90 days	118,348	49,398
	766,905	681,147

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

18. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following:

	As at 31 December		As at
	2018	2017	1 January
	HK\$	HK\$	HK\$
	(in thousands)		
Current:			
Outstanding chip liabilities ⁽¹⁾	3,905,079	4,839,965	2,102,057
Customer deposits ⁽²⁾	2,722,322	2,545,691	1,758,942
Gaming taxes payable	1,858,734	1,565,075	1,175,553
Loyalty program and related liabilities ⁽³⁾	111,607	114,792	39,657
Donation payable	77,670	77,670	77,670
Other gaming-related liabilities ⁽⁴⁾	20,136	20,167	14,664
Others	1,008,322	805,714	697,614
	9,703,870	9,969,074	5,866,157
Non-current:			
Donation payable	203,943	265,992	325,022
Total	9,907,813	10,235,066	6,191,179

In providing goods and services to its customers, there is often a timing difference between the Group receiving cash and the Group recording revenue for providing services or holding events. The Group's primary liabilities associated with customer contracts are outstanding chip liabilities, customer deposits, loyalty program and related liabilities and other gaming related liabilities.

(1) Outstanding chips represent amounts owed to gaming promoters and customers for chips in their possession. The amounts may be recognized as revenue or will be redeemed for cash in the future.

(2) Customer deposits include casino front money deposits and advance room and other deposits. Casino front money deposits represent funds deposited by customers before gaming play occurs. Such amounts may be recognized as revenue or will be redeemed for cash in the future. The advance room and other deposits represent cash received in advance for goods and services to be provided in the future. These amounts will be recognized as revenue when the goods and services are provided. Decreases in this balance generally represent the recognition of revenue and increases in the balance represent additional deposits made by customers. The deposits are expected to be primarily recognized as revenue within one year.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

18. OTHER PAYABLES AND ACCRUALS (CONTINUED)

- (3) Loyalty program and related liabilities represent the deferral of revenue until the loyalty points or other complimentarys are redeemed. The amounts are expected to be recognized as revenue within one year from being earned by customers.
- (4) Other gaming-related liabilities generally represent unpaid wagers primarily in the form of unredeemed slot tickets.

19. INTEREST-BEARING BORROWINGS

	Notes	As at 31 December	
		2018	2017
		HK\$	HK\$
		(in thousands)	
Bank loans, secured	(a)	22,875,059	17,970,353
Senior notes, unsecured	(b)	10,572,466	10,553,330
		33,447,525	28,523,683
Less: debt financing costs, net		(369,378)	(400,378)
Total interest-bearing borrowings		33,078,147	28,123,305

Financial Statements
Notes to Financial Statements
For the year ended 31 December 2018

19. INTEREST-BEARING BORROWINGS (CONTINUED)

The borrowings are repayable as follows:

	Notes	As at 31 December	
		2018 HK\$	2017 HK\$
(in thousands)			
Bank loans:	(a)		
In the next twelve months		—	449,259
In the second to fifth years, inclusive		22,875,059	17,521,094
		22,875,059	17,970,353
Less: debt financing costs, net		(179,074)	(188,084)
		22,695,985	17,782,269
Senior notes:	(b)		
After the fifth year		10,572,466	10,553,330
Less: debt financing costs, net		(190,304)	(212,294)
		10,382,162	10,341,036

Notes:

(a) **Bank loans, secured**

Wynn Macau Credit Facilities

On 21 December 2018, WRM's senior secured bank facilities were amended to, among other things, extend the maturity dates of the senior secured term loan and revolving credit facilities. As at 31 December 2018, the Wynn Macau Credit Facilities consisted of approximately HK\$23.84 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$17.99 billion equivalent fully funded senior term loan facility and an approximately HK\$5.85 billion equivalent senior revolving credit facility.

The borrowings under the Wynn Macau Credit Facilities were used to refinance WRM's existing indebtedness and for general corporate purposes.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

19. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(a) **Bank loans, secured** (continued)

Wynn Macau Credit Facilities (continued)

The amended term loan facility is repayable in graduating installments of between 2.875% and 4.50% of the principal amount on a quarterly basis commencing 30 September 2020, with a final installment of 75% of the principal amount repayable on 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day). Prior to the amendment, the term loan facility was repayable in graduating installments of between 2.50% and 7.33% of the principal amount on a quarterly basis commencing December 2018, with a final installment of 50% of the principal amount repayable in September 2021.

The final maturity of any outstanding borrowings from the revolving credit facility is 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day), by which time any outstanding borrowings from the revolving credit facility must be repaid. Prior to the amendment, the final maturity of any outstanding borrowings from the revolving credit facility was repayable by September 2020.

The borrowings under the Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.50% to 2.25% per annum based on WRM's leverage ratio. Customary fees and expenses were paid by WRM in connection with the Wynn Macau Credit Facilities.

Borrowings under the Wynn Macau Credit Facilities are guaranteed by Palo and by certain subsidiaries of the Company that own equity interests in WRM, and are secured by substantially all of the assets of, and equity interests in WRM and Palo.

The Wynn Macau Credit Facilities contain representations, warranties, covenants and events of default customary for casino development financings in Macau. The circumstances giving rise to an event of default includes if Wynn Resorts, Limited, the Company's controlling shareholder, ceases to own directly or indirectly at least 51% of the voting rights or issued capital of WRM or ceases to retain the ability or the right to direct or procure the direction of the management and policies of WRM. Upon an event of default, the lenders are entitled to exercise certain remedies including acceleration of the indebtedness repayable by WRM under the senior secured credit facilities.

The Company is not a party to the credit facilities agreements and related agreements and has no rights or obligations thereunder.

In connection with the initial financing of the Wynn Macau project, the Group entered into a bank guarantee reimbursement agreement with Banco Nacional Ultramarino, S.A. ("BNU") to secure a guarantee currently in the amount of MOP300 million (approximately HK\$291.3 million) until 180 days after the end of the term of the Concession Agreement. This guarantee, which is for the benefit of the Macau government, assures certain aspects of the Group's performance under the Concession Agreement, including the payment of premiums, fines and indemnities for any material failures to perform under the terms of the Concession Agreement. BNU, as issuer of the guarantee, is currently secured by a second priority security interest in the senior lender collateral package. After repayment of all indebtedness under the WRM's credit facilities, the Group is obligated to promptly, upon demand by BNU, repay any claims made on the guarantee by the Macau government. The Group paid an annual fee to BNU of approximately MOP2.3 million (approximately HK\$2.2 million) for the guarantee during 2018.

As at 31 December 2018, the Group had approximately HK\$969.4 million in funding available under the revolving credit facility of the Wynn Macau Credit Facilities.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

19. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(a) **Bank loans, secured** (continued)

WMLF Revolving Credit Facility

On 18 July 2016, WMLF entered into an agreement as the borrower of a revolving credit facility for initially up to HK\$1.55 billion (approximately US\$197.7 million) with Bank of China Limited, Macau Branch as the lender. On 25 October 2016, the WMLF Revolving Credit Facility was amended and upsized, increasing the available borrowing capacity to HK\$3.87 billion (approximately US\$494.3 million). The WMLF Revolving Credit Facility matured in July 2018, at which time any outstanding borrowings were to be repaid. On the maturity date, there were no outstanding borrowings under the WMLF Revolving Credit Facility.

(b) **Senior notes, unsecured**

On 20 September 2017, the Company completed the issuance of 4.875% senior notes due 2024 with an aggregate principal amount of US\$600 million (approximately HK\$4.70 billion) (the "WML 2024 Notes") and 5.5% senior notes due 2027 with an aggregate principal amount of US\$750 million (approximately HK\$5.87 billion) (the "WML 2027 Notes" and together with the WML 2024 Notes, the "WML Notes"). The Company used the net proceeds from the WML Notes and cash on hand to fund the cost of extinguishing the WML 2021 Notes. Interest on the WML Notes is payable semi-annually in arrears on 1 April and 1 October of each year, beginning on 1 April 2018.

At any time prior to 1 October 2020 and 1 October 2022, the Company may redeem the WML 2024 Notes and WML 2027 Notes, respectively, in whole or in part, at a redemption price equal to the greater of (a) 100% of the principal amount of the WML Notes or (b) a "make-whole" amount as determined by an independent investment banker in accordance with the terms of the indentures for the WML Notes, dated as of 20 September 2017 (the "WML Indentures"). In either case, the redemption price would include accrued and unpaid interest. In addition, at any time prior to 1 October 2020, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the WML 2024 Notes and the WML 2027 Notes, at a redemption price equal to 104.875% of the aggregate principal amount of the WML 2024 Notes and 105.5% of the aggregate principal amount of the WML 2027 Notes, as applicable.

On or after 1 October 2020 and 1 October 2022, the Company may redeem the WML 2024 Notes and WML 2027 Notes, respectively, in whole or in part, at a premium decreasing annually from 102.438% and 102.75%, respectively, of the applicable principal amount to 100% of the applicable principal amount, plus accrued and unpaid interest. If the Company undergoes a Change of Control (as defined in the WML Indentures), it must offer to repurchase the WML Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. The circumstances that will constitute a Change of Control includes the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to Mr. Stephen A. Wynn or a related party of Mr. Wynn, the consummation of any transaction that results in any party other than Mr. Wynn and his related parties becoming the direct or indirect owner of more than 50% of the outstanding voting stock of Wynn Resorts, Limited and the first day on which a majority of the members of the Board are not continuing directors. A related party of Mr. Wynn under the WML Indentures includes any immediate family member or former spouse of Mr. Wynn or any entity or vehicle where Mr. Wynn and/or any immediate family member or former spouse of Mr. Wynn hold 51% or more of the controlling interest. Continuing directors under the WML Indentures means either (i) the Directors as of the date the WML Notes were issued or (ii) Directors that were nominated for election, were elected or appointed to the Board with the approval of a majority of the continuing directors at the time of such nomination, election or appointment.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

19. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(b) **Senior notes, unsecured** (continued)

In addition, the Company may redeem the WML Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, in response to any change in or amendment to certain tax laws or tax positions. Further if a holder or beneficial owner of the WML Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML Indentures), the Company may require the holder or beneficial owner to dispose of or redeem its WML Notes.

Upon the occurrence of (1) any event after which none of the Company or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same scope as it does on the date of the WML Notes issuance, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the WML Notes will have the right to require the Company to repurchase all or any part of such holder's WML Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

20. ISSUED CAPITAL AND SHARES HELD FOR EMPLOYEE OWNERSHIP SCHEME

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Authorized:		
20,000,000,000 Shares of HK\$0.001 each	20,000	20,000
Issued and fully paid:		
5,196,958,600 (2017: 5,196,017,000) Shares of HK\$0.001 each	5,197	5,196

As at 31 December 2018, the total number of issued Shares included 627,255 Shares (2017: 4,192,500 Shares) held under the employee ownership scheme (note 22).

During the year ended 31 December 2018, the Trust acquired 2,650,000 Shares (2017: 125,000 Shares) for HK\$48.7 million (2017: HK\$3.1 million), which was deducted from shareholders' equity.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

21. SHARE PREMIUM ACCOUNT AND RESERVES

The Group's share premium account mainly includes the amounts transferred from share option reserve upon vesting of share awards under the employee ownership scheme. It also includes the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganization prior to the Listing of the Company's Shares, over the nominal value of the Company's Shares issued in exchange with adjustments arising from the Group Reorganization.

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 111 of the financial statements.

In accordance with the provisions of the Macau Commercial Code, the Company's subsidiaries incorporated in Macau are required to transfer a minimum of 10% of their annual net profit to a legal reserve until that reserve equals 25% of their issued capital. The Company's subsidiaries met this statutory requirement and WRM continues to maintain the required reserve of HK\$48.6 million in "statutory reserve". This reserve is not distributable to the respective shareholders.

22. SHARE-BASED PAYMENT PLAN

The Company's share option scheme

The Company established a share option scheme on 16 September 2009 for the purpose of rewarding participants, which may include Directors and employees of the Group who have contributed to the Group and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. Under the rules of the share option scheme, the maximum number of Shares which can be issued upon exercise of all options granted under the share option scheme of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the date of the listing of the Shares on the Hong Kong Stock Exchange (the "Scheme Mandate Limit"); and the Scheme Mandate Limit may be renewed subject to Shareholders' approval. A maximum of 518.8 million Shares (2017: 518.8 million Shares) have been reserved for issuance under the share option scheme. The options granted under the share option scheme do not give immediate ownership of the underlying Shares as they require payment of an exercise price, which must be higher than the then prevailing market prices of the Shares on the date of the options granted.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

22. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's share option scheme (continued)

The following share options were outstanding under the share option scheme during the year:

	Number of options	Weighted average exercise price (HK\$)	Weighted average exercise term (Years)
Outstanding as at 1 January 2017	6,290,000	17.66	7.3
Granted during the year	1,208,000	17.64	9.4
Exercised during the year	(492,000)	11.18	—
Outstanding as at 31 December 2017 and 1 January 2018	7,006,000	18.11	6.9
Granted during the year	4,494,000	20.75	9.8
Exercised during the year	(941,600)	15.16	—
Outstanding as at 31 December 2018	10,558,400	19.50	7.8
Shares exercisable as at 31 December 2018	3,302,800	21.28	5.2
Shares exercisable as at 31 December 2017	3,074,000	20.81	5.3

The weighted average fair value of the share options granted during the year was estimated at HK\$4.61 per option (2017: HK\$3.87 per option) based on the Black-Scholes pricing model. The following table lists the weighted average assumptions used in estimating the fair values of the share options granted.

	2018	2017
Expected dividend yield	5.7%	5.7%
Expected stock price volatility	40.2%	41.5%
Risk-free interest rate	2.3%	1.1%
Expected average life of options (years)	6.5	6.5
Share price on the date of grant (HK\$ per Share)	20.63	17.64
Exercise price (HK\$ per Share)	20.75	17.64

Changes in subjective assumptions could materially affect the fair value estimate.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

22. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's employee ownership scheme

On 30 June 2014, the Company approved and adopted the employee ownership scheme. The employee ownership scheme allows for the grant of non-vested Shares of the Company's common stock to eligible employees. The employee ownership scheme is administered by the Company's Board of Directors and has been mandated under the plan to allot, issue and procure the transfer of a maximum of 50,000,000 Shares. The Board of Directors has discretion on the vesting and service requirements, exercise price and other conditions, subject to certain limits. The fair value of the awarded non-vested Shares was calculated based on the market prices of the Company's Shares at the respective grant dates.

	Number of Shares	Weighted Average Grant Date Fair Value (HK\$)
Non-vested as at 1 January 2017	14,009,134	20.21
Granted during the year	2,726,097	17.33
Vested during the year	(3,318,500)	29.60
Forfeited during the year	(1,574,024)	15.49
Non-vested as at 31 December 2017 and 1 January 2018	11,842,707	17.55
Granted during the year	3,256,630	24.03
Vested during the year	(3,565,245)	27.86
Forfeited during the year	(1,780,825)	15.89
Non-vested as at 31 December 2018	9,753,267	16.25

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

22. SHARE-BASED PAYMENT PLAN (CONTINUED)

WRL Omnibus Plan

On 16 May 2014, Wynn Resorts, Limited adopted the Wynn Resorts, Limited 2014 omnibus incentive plan (the "WRL Omnibus Plan") after approval from its stockholders. The WRL Omnibus Plan allows for the grant of stock options, restricted stock, restricted stock units, stock appreciation rights, performance awards and other share-based awards to the same eligible participants as the WRL's 2002 stock incentive plan, as amended and restated (the "WRL 2002 Plan"). Under the approval of the WRL Omnibus Plan, no new awards may be made under the WRL 2002 Plan. The outstanding awards under the WRL 2002 Plan were transferred to the WRL Omnibus Plan and will remain pursuant to their existing terms and related award agreements. WRL reserved 4,409,390 shares of its common stock for issuance under the WRL Omnibus Plan. These shares were transferred from the remaining available amount under the WRL 2002 Plan. As at the date of this financial statements, 2,637,404 shares remained available for the grant of stock options or non-vested shares of WRL's common stock.

The WRL Omnibus Plan is administered by the compensation committee of WRL's board of directors. The compensation committee has discretion under the WRL Omnibus Plan regarding which type of awards to grant, the vesting and service requirements, exercise price and other conditions, in all cases subject to certain limits. For stock options, the exercise price of stock options must be at least equal to the fair market value of the stock on the date of grant and the maximum term of such an award is ten years.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

22. SHARE-BASED PAYMENT PLAN (CONTINUED)

WRL Omnibus Plan (continued)

A summary of option activities under the plan as at 31 December 2018 and 2017 and the changes during the years then ended as it relates to the Group is presented below:

	Number of options	Weighted average exercise price (HK\$)	Weighted average exercise term (Years)
Outstanding as at 1 January 2017	419,135	603	1.8
Exercised during 2017	(271,100)	756	
Transferred during 2017	20,125	619	
Outstanding as at 31 December 2017 and 1 January 2018	168,160	371	1.4
Exercised during 2018	(4,000)	468	
Transferred during 2018	3,230	369	
Outstanding as at 31 December 2018	167,390	369	0.3
Shares exercisable as at 31 December 2018	140,960	369	0.3
Shares exercisable as at 31 December 2017	116,320	383	1.4

Since no options were granted under the WRL Omnibus Plan for the years ended 31 December 2018 and 2017, the disclosures of the weighted average fair value of options granted at the measurement date and, in turn, the significant inputs used in estimating the fair value per option are not applicable.

The total intrinsic value of the options exercised for the year ended 31 December 2018 was HK\$4.0 million (2017: HK\$77.4 million).

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

22. SHARE-BASED PAYMENT PLAN (CONTINUED)

Non-vested shares under the WRL Omnibus Plan

A summary of the status of the WRL Omnibus Plan's non-vested shares as at 31 December 2018 and 2017 and changes during the years then ended as it relates to the Group is set out below:

	Number of Shares	Weighted Average Grant Date Fair Value (HK\$)
Non-vested as at 1 January 2017	50,000	770
Granted during the year	50,070	901
Vested during the year	(45,070)	849
Non-vested as at 31 December 2017 and 1 January 2018	55,000	833
Granted during the year	63,267	1,247
Vested during the year	(20,667)	1,058
Non-vested as at 31 December 2018	97,600	1,054

23. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

In April 2005, the Group established a defined contribution retirement benefit scheme. The Scheme allows eligible employees to contribute 5% of their salary to the Scheme and the Group matches the contributions with an equal amount. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's matching contributions vest with the employees at 10% per year with full vesting in ten years. Forfeitures of unvested contributions are used to reduce the Group's liability for its contributions payable under the Scheme. Forfeited unvested contributions totaling HK\$18.8 million (2017: HK\$11.5 million) were utilized during the year. The Group recorded an expense for matching contributions of approximately HK\$130.6 million for the year ended 31 December 2018 (2017: HK\$124.2 million). As at 31 December 2018, contributions of approximately HK\$25.4 million (2017: HK\$23.0 million) due had not been paid. The amounts were paid subsequent to the end of the reporting periods.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and chief executive's emoluments

Directors' and chief executive's emoluments for the years ended 31 December 2018 and 2017 disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Share-based payments	38,536	50,830
Discretionary bonus	22,096	27,142
Salaries	22,021	21,755
Fees	4,525	4,525
Contributions to retirement plan	588	585
Other	9,704	9,190
Total emoluments	97,470	114,027

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' and chief executive's emoluments (continued)

	Fees HK\$	Salaries HK\$	Discretionary Bonus HK\$	Share-based Payments HK\$ (in thousands)	Contributions to Retirement Plan HK\$	Other HK\$	Total HK\$
2018							
Executive Directors:							
Stephen A. Wynn ¹	—	—	—	—	—	—	—
Matthew O. Maddox ²	—	—	—	—	—	—	—
Linda Chen	—	10,264	10,349	12,455	—	7,023	40,091
Ian Michael Coughlan	—	11,757	11,747	20,924	588	2,681	47,697
Non-executive Directors:							
Craig S. Billings ³	—	—	—	—	—	—	—
Maurice L. Wooden ⁴	—	—	—	—	—	—	—
Kim Sinatra ⁵	—	—	—	—	—	—	—
Independent non-executive Directors:							
Jeffrey Kin-fung Lam	1,050	—	—	1,248	—	—	2,298
Bruce Rockowitz	1,075	—	—	1,248	—	—	2,323
Nicholas Sallnow-Smith	1,325	—	—	1,248	—	—	2,573
Allan Zeman	1,075	—	—	1,413	—	—	2,488
	4,525	22,021	22,096	38,536	588	9,704	97,470
2017							
Executive Directors:							
Stephen A. Wynn ¹	—	—	—	—	—	—	—
Linda Chen	—	10,066	13,161	14,573	—	6,906	44,706
Ian Michael Coughlan	—	11,689	13,981	31,641	585	2,284	60,180
Non-executive Directors:							
Matthew O. Maddox ²	—	—	—	—	—	—	—
Kim Sinatra ⁵	—	—	—	—	—	—	—
Independent non-executive Directors:							
Jeffrey Kin-fung Lam	1,050	—	—	1,154	—	—	2,204
Bruce Rockowitz	1,075	—	—	1,154	—	—	2,229
Nicholas Sallnow-Smith	1,325	—	—	1,154	—	—	2,479
Allan Zeman	1,075	—	—	1,154	—	—	2,229
	4,525	21,755	27,142	50,830	585	9,190	114,027

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' and chief executive's emoluments (continued)

- 1 Mr. Wynn resigned as the Chairman of the Board, an executive Director, the Chief Executive Officer of the Company on 7 February 2018. In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Wynn was charged to the Group, through the corporate allocation agreement, amounting to HK\$1.3 million for the period ended 6 February 2018 (2017: HK\$58.1 million).
- 2 Mr. Matthew O. Maddox was re-designated from a non-executive Director to an executive Director and was appointed as the Chief Executive Officer of the Company effective from 7 February 2018. In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Maddox was charged to the Group, through the corporate allocation agreement, amounting to HK\$26.0 million for the year ended 31 December 2018 (2017: HK\$22.3 million).
- 3 Mr. Craig S. Billings was appointed as a non-executive Director of the Company on 17 August 2018. In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Billings was charged to the Group, through the corporate allocation agreement, amounting to HK\$3.8 million for the period from 17 August 2018 to 31 December 2018.
- 4 Mr. Maurice L. Wooden was appointed as a non-executive Director of the Company on 7 February 2018 and resigned on 6 December 2018.
- 5 Ms. Kim Sinatra was appointed as a non-executive Director of the Company effective 1 April 2017 and resigned on 8 August 2018. In addition to the directors' emoluments disclosed in the above tables, the emolument for Ms. Sinatra was charged to the Group, through the corporate allocation agreement, amounting to HK\$4.4 million for the period ended 7 August 2018 (2017: HK\$5.4 million).

Five highest paid individuals' emoluments

During the year ended 31 December 2018, the five individuals whose emoluments were the highest in the Group included two (2017: two) Directors whose emoluments were reflected in the analysis presented above. Details of the emoluments payable to the remaining three (2017: three) highest paid individuals for each of the years ended 31 December 2018 and 2017 were as follows:

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Discretionary bonus	18,271	27,978
Salaries and other benefits	27,587	25,833
Share-based payments	16,918	—
Contributions to retirement plan	331	223
Total emoluments	63,107	54,034

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Five highest paid individuals' emoluments (continued)

The emoluments were within the following bands:

	For the year ended 31 December	
	2018 Number of Individuals	2017 Number of Individuals
HK\$12,000,001 to HK\$12,500,000	—	1
HK\$14,000,001 to HK\$14,500,000	1	—
HK\$15,000,001 to HK\$15,500,000	1	—
HK\$20,000,001 to HK\$20,500,000	—	1
HK\$21,000,001 to HK\$21,500,000	—	1
HK\$33,500,001 to HK\$34,000,000	1	—
Total	3	3

The emoluments of certain individuals have been apportioned on a basis that is considered to be reasonable estimates of the utilization of service provided or the benefit received by the Group. The apportioned emoluments of these individuals are included in the expense allocations charged by Wynn Resorts, Limited and the Group's fellow subsidiaries for the years ended 31 December 2018 and 2017 (See note 26 "Related Party Disclosures").

During the year, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or in connection with the management of the affairs of any members of the Group. None of the Directors waived any emoluments during the years.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

25. COMMITMENTS AND CONTINGENCIES

Operating lease commitments — as lessee

The Group has entered into leases for administrative offices, warehouse facilities, apartment units for executives and staff, dormitories for imported labor, and for certain office equipment in Macau. These leases typically contain renewal or continuation clauses.

In addition to the leases described above, the Group pays rent for the use of the land sites on which Wynn Palace and Wynn Macau are situated.

As at 31 December 2018 and 2017, outstanding commitments for future minimum lease payments under non-cancellable operating leases were as follows:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Within one year	149,840	104,913
After one year but not more than five years	298,571	296,794
More than five years	236,354	302,233
	684,765	703,940

Operating lease commitments — as lessor

The Group has entered into leases for space with many high-end retailers. These non-cancelable leases typically contain provisions for minimum rentals plus additional rent based upon the net sales of the retailers. The Group recorded contingent rental income under operating leases of approximately HK\$347.4 million for the year ended 31 December 2018 (2017: HK\$253.7 million). As the future sales of these retailers cannot be estimated reliably, only the minimum lease commitments, and not the contingent rents, have been included in the table below.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating lease commitments — as lessor (continued)

Future minimum rents to be received as at 31 December 2018 and 2017 were as follows:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Within one year	840,628	691,948
After one year but not more than five years	1,503,169	1,751,276
More than five years	6,135	13,579
	2,349,932	2,456,803

Capital commitments

As at 31 December 2018 and 2017, the Group had the following capital commitments under construction contracts, construction-related consulting and other agreements and purchase orders which have not been provided for in the Group's statement of financial position:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Contracted, but not provided for	514,020	208,001

Gaming premium commitment

Pursuant to the Concession Agreement signed with the Macau government, the Group has committed to pay an annual premium of MOP30.0 million (approximately HK\$29.1 million) plus a variable annual premium which is equal to MOP300,000 (approximately HK\$291,000) per gaming table reserved exclusively for certain kinds of games or players, MOP150,000 (approximately HK\$146,000) per gaming table not so reserved and MOP1,000 (approximately HK\$970) per electrical or mechanical gaming machine, including slot machines, subject to an annual minimum of MOP45.0 million (approximately HK\$43.7 million).

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other services commitments

The Group has entered into agreements for providing shuttle-bus services for employees commuting to and from work. The Group has also entered into various agreements for operations and maintenance of the SkyCab at Wynn Palace, and hotel and other facilities for both Wynn Palace and Wynn Macau. Under these agreements, the Group was obligated to make the following future payments as at 31 December 2018 and 2017:

	As at 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
Within one year	410,398	374,116
After one year but not more than five years	501,022	579,922
	911,420	954,038

As at 31 December 2018, the Group was committed to purchases of operating supplies totaling HK\$186.3 million (2017: HK\$169.2 million).

As at 31 December 2018, in addition to the MOP300 million (approximately HK\$291.3 million) bank guarantee issued for the Concession Agreement as described in note 19, banks granted guarantees to the Group for other purposes totalling HK\$37.4 million (2017: HK\$43.3 million).

Employment agreements

The Group has entered into employment agreements with several executive officers, other members of management and certain key employees. These agreements generally have two- to ten-year terms and typically indicate a base salary and often contain provisions for a discretionary bonus. Certain executives are also entitled to a separation payment if terminated without "cause" or upon voluntary termination of employment for "good reason" following a "change of control" (as these terms are defined in the employment contracts).

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

The Group did not have any material litigation outstanding as at 31 December 2018. The litigation matters set out below are disclosed on a voluntary basis and, as with all litigations, no assurances can be provided as to the outcome thereof.

Macau litigation related to Okada

WRM and certain individuals who are or were directors of WRM and/or the Company (collectively, the "Wynn Macau Parties") were named as defendants in a lawsuit filed in the Court of First Instance of Macau (the "Macau Court") by Mr. Kazuo Okada ("Mr. Okada"), Aruze USA, Inc. and Universal Entertainment Corp. (collectively, the "Okada Parties"). The principal allegations in the lawsuit were that the redemption of the Okada Parties' shares in WRL was improper and undervalued, that the previously disclosed payment by WRM to an unrelated third party in consideration of relinquishment by that party of certain rights in and to any future development on the land in Cotai where Wynn Palace is located was unlawful and that the Company's previously disclosed donation by WRM to the University of Macau Development Foundation was unlawful. The Okada Parties sought the dissolution of WRM and compensatory damages. The Company made a voluntary announcement in respect of this lawsuit on 3 July 2015.

On 11 July 2017, the Macau Court dismissed all the claims made by the Okada Parties against the Wynn Macau Parties as unfounded and imposed a fine of MOP41,500 (approximately HK\$40,000) on the Okada Parties. In addition, the Macau Court ordered the Okada Parties to pay Court fees and lawyer fees of the Wynn Macau Parties. The Okada Parties appealed the Macau Court's decision and on 21 December 2017, the Wynn Macau Parties filed their response to the appeal with the Court of Appeal of Macau.

On 8 March 2018, Universal Entertainment Corp. and Aruze USA, Inc. (collectively, the "Universal Parties") agreed to effectively withdraw as parties from these legal proceedings pursuant to the settlement agreement and mutual release entered into by, among others, the Universal Parties and Wynn Resorts, Limited. The Company made a voluntary announcement regarding the settlement agreement and mutual release on 9 March 2018. The Universal Parties voluntarily withdrew from these legal proceedings in March 2018 pursuant to the settlement agreement and mutual release, leaving Mr. Okada as the sole claimant. On 21 February 2019, the Court of Appeal dismissed Mr. Okada's appeal and no appeal was lodged by Mr. Okada within the prescribed time, resulting in the final resolution of the lawsuit in favor of the Wynn Macau Parties.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation (continued)

Macau litigation related to Dore

WRM has been named as a defendant in lawsuits filed in the Macau Court of First Instance by individuals who claim to be investors in or persons with credit in accounts maintained by Dore Entertainment Company Limited ("Dore"), an independent, Macau registered and licensed company that operates a gaming promoter business at Wynn Macau. In connection with the alleged theft, embezzlement, fraud and/or other crime(s) perpetrated by a former employee of Dore (the "Dore Incident"), the plaintiffs of the lawsuits allege that Dore failed to honor withdrawal of funds deposited with Dore as investments or gaming deposits that allegedly resulted in certain losses for these individuals. The principal allegations common to the lawsuits are that WRM, as a gaming concessionaire, should be held responsible for Dore's conduct on the basis that WRM is responsible for the supervision of Dore's activities at Wynn Macau that resulted in the purported losses. The Company made a voluntary announcement in connection with the Dore Incident on 14 September 2015.

Based on advice from Macau counsel, we believe the claims are without merit and are unfounded. We intend to vigorously defend against the claims pleaded against us in these lawsuits.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

26. RELATED PARTY DISCLOSURES

As at 31 December 2018 and 2017, the outstanding balances between the Group and the related companies were as follows:

Name of related companies	Relation to the Company	As at 31 December	
		2018 HK\$	2017 HK\$
		(in thousands)	
Due from related companies — current			
WIML	Subsidiary of Wynn Resorts, Limited	229,598	164,487
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts, Limited	36,526	—
Palo Marketing Services Limited	Subsidiary of Wynn Resorts, Limited	12,874	16,302
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	3,028	—
Wynn Manpower Limited	Subsidiary of Wynn Resorts, Limited	719	294
Wynn MA, LLC	Subsidiary of Wynn Resorts, Limited	72	—
Palo Manpower Hong Kong Limited	Subsidiary of Wynn Resorts, Limited	50	—
Palo Hong Kong Limited	Subsidiary of Wynn Resorts, Limited	48	—
Wynn Hotel Sales & Marketing, LLC	Subsidiary of Wynn Resorts, Limited	3	3
		282,918	181,086
Due to related companies — current			
Wynn Resorts, Limited	Ultimate parent company	148,362	159,050
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	6,068	1,793
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	5,766	18,371
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts, Limited	—	82,162
Wynn MA, LLC	Subsidiary of Wynn Resorts, Limited	—	225
		160,196	261,601

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

26. RELATED PARTY DISCLOSURES (CONTINUED)

The amounts disclosed in the above table are unsecured, interest-free and repayable on demand.

The Group had the following material connected transactions with related companies during the year:

Name of related companies	Relation to the Company	Primary nature of transactions	For the year ended 31 December	
			2018 HK\$	2017 HK\$
(in thousands)				
Wynn Resorts, Limited	Ultimate parent Company	License fees (i)	1,496,212	1,405,287
Wynn Resorts, Limited	Ultimate parent Company	Corporate support services (ii)	77,073	123,251
Wynn Resorts, Limited	Ultimate parent Company	Share-based payment expenses	50,982	47,614
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	Airplane usage charges (ii)	6,865	5,114
WIML	Subsidiary of Wynn Resorts, Limited	International marketing expenses (iii)	46,832	47,765
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	Staff secondment payroll charges (iv)	131,452	170,723
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	Design/development payroll (v)	12,277	10,159

Except for the share-based payment expenses incurred with Wynn Resorts, Limited, all of the above transactions are noted as continuing connected transactions.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

26. RELATED PARTY DISCLOSURES (CONTINUED)

Notes:

(i) **License fees**

The license fee payable to Wynn Resorts, Limited equals the greater of (1) 3% of the gross monthly revenues of the intellectual property, and (2) US\$1.5 million (approximately HK\$11.7 million) per month.

(ii) **Corporate support services**

The annual fees for the services provided by Wynn Resorts are based on an allocation of the actual proportion of Wynn Resorts' annual corporate departments' costs (including salaries and benefits for such employees during the period in which such services are rendered) and overhead expense related to the provision of such services. In any event, the annual fees charged by Wynn Resorts shall not exceed 50% of the aggregate annual corporate departments' costs and overhead expense incurred by Wynn Resorts during any financial year.

Wynn Resorts allows the Company and its employees to use aircraft assets owned by Wynn Resorts and its subsidiaries (other than the Group) at hourly rates set by Las Vegas Jet, LLC, a subsidiary of Wynn Resorts.

(iii) **International marketing expenses**

These administrative, promotional and marketing services are provided through branch offices located in various cities around the world under the direction and supervision provided by WIML. For the services provided under this arrangement, WIML charges a service fee equal to the total costs it incurs in rendering the services plus 5%.

(iv) **Staff secondment payroll charges**

Worldwide Wynn, a subsidiary of Wynn Resorts, is responsible for supplying management personnel to WRM for pre-determined lengths of time through secondment arrangements. Worldwide Wynn is compensated for these services of the seconded employees during the period of secondment to WRM with a service fee equal to its aggregate costs plus 5%.

(v) **Design/development payroll**

Wynn Design & Development provides design and development services to the Group in connection with the construction and renovation works at Wynn Macau and Encore and Wynn Palace. A service fee is charged at the costs incurred by Wynn Design & Development to the Group for the services provided.

The above transactions were carried out on terms mutually agreed between the Group and the related companies. There were no significant charges from the Group to the related companies during the years ended 31 December 2018 and 2017. In the opinion of the Directors, the related party transactions were conducted in the ordinary and usual course of the Group's business.

All such outstanding balances between the Group and the related companies are deemed to be trade in nature.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

26. RELATED PARTY DISCLOSURES (CONTINUED)

Home purchase

In May 2010, Worldwide Wynn entered into an employment agreement with Ms. Linda Chen, who is also a director of the Company. Under the terms of the employment agreement, Worldwide Wynn caused WRM to purchase a house in Macau for use by Ms. Chen. As at 31 December 2018, the net carrying amount of the house together with improvements and its land lease right was HK\$49.0 million (2017: HK\$51.6 million).

Compensation of senior/key management personnel of the Group

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	(in thousands)	
Salaries, bonuses, allowances and benefits in kind	158,151	177,597
Share-based payments	54,557	48,369
Retirement benefits	1,799	1,578
Total compensation paid to senior/ key management personnel	214,507	227,544

Further details of Directors' emoluments are included in note 24 to the financial statements.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, deposits, accounts payable, current portion of interest-bearing borrowings, construction and retentions payables, balances with related companies and the current portion of financial liabilities included in other payables and accruals and other liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risks and remaining maturities. The non-current portion of financial liabilities included in other payables and accruals, other liabilities and construction retentions payable were not discounted as the discounting factors were considered by management to be insignificant.

28. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 1 January 2018 HK\$	Cash flows HK\$	Foreign exchange movement HK\$	Other HK\$	As at 31 December 2018 HK\$
	(in thousands)				
Non-current interest-bearing borrowings	27,674,046	4,836,969	34,348	532,784	33,078,147
Current interest-bearing borrowings	449,259	—	—	(449,259)	—
Interest payable	158,068	(1,328,279)	706	1,336,698	167,193
Dividends payable	16,030	(10,278)	—	11,808	17,560
Total liabilities from financing activities	28,297,403	3,498,412	35,054	1,432,031	33,262,900

Financial Statements
Notes to Financial Statements
For the year ended 31 December 2018

28. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES
(CONTINUED)

	As at 1 January 2017 HK\$	Cash flows HK\$	Foreign exchange movement HK\$	Other HK\$	As at 31 December 2017 HK\$
			(in thousands)		
Non-current interest-bearing borrowings	32,169,888	(4,514,115)	168,982	(150,709)	27,674,046
Current interest-bearing borrowings	—	—	—	449,259	449,259
Interest payable	120,665	(1,079,418)	886	1,115,935	158,068
Dividends payable	17,673	(7,786)	—	6,143	16,030
Total liabilities from financing activities	32,308,226	(5,601,319)	169,868	1,420,628	28,297,403

The "Other" column includes the effect of reclassification of current portion of interest-bearing borrowings, amortization of debt financing costs, loss on debt extinguishment, movements in debt financing costs accrual and dividends payable during the year and interest expenses incurred and capitalized during the year.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bank loans, accounts payable, amounts due to related companies and other payables. The main purpose of these financial liabilities is to finance the Group's construction activities and its operations. The Group has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's primary exposure is changes in market interest rates associated with its bank loans that bear interest based on variable rates. The Group attempts to manage interest rate risk by managing the mix of long-term fixed rate borrowing and variable rate borrowings, supplemented by hedging activities as believed by us to be appropriate. These risk management strategies may not always have the desired effect, and interest rate fluctuations could have a negative impact on the results of operations.

As at 31 December 2018, all of the interest-bearing bank loans were variable rate borrowings based on LIBOR or HIBOR plus a margin (2017: same). Based on borrowings as at 31 December 2018, an assumed 100 basis point change in the variable rates would cause the annual interest expenses, without adjusting for any amounts to be capitalized, to change by HK\$228.8 million (2017: HK\$179.7 million).

Foreign currency risk

The financial statements of foreign operations are translated into Hong Kong dollars, the Company's and the Group's presentation currency, for incorporation into the consolidated financial statements. Some of the Group's entities were denominated in currencies other than the functional currencies of the entities making the activities (primarily US\$). The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in governmental policies and international economic and political developments.

As at 31 December 2018 and 2017, the Group had certain assets and liabilities that were denominated in currencies (primarily US\$) other than Hong Kong dollar. Based on the financial position as at 31 December 2018, an assumed 1% increase or decrease in the value of the Hong Kong dollar against the U.S. dollar would cause the Group to recognize a gain or loss of HK\$219.7 million (2017: HK\$196.8 million).

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk arises from financial assets of the Group, which comprise trade and other receivables, deposits, amounts due from related companies, cash and cash equivalents and restricted cash and cash equivalents. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting dates is outlined under each applicable note. The Group does not hold any credit derivatives or collateral to offset its credit exposure.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of casino accounts receivable.

The Group issues credit in the form of markers to approved casino customers following investigations of creditworthiness. The Group maintains strict controls over the issuance of markers and aggressively pursues collection from those customers who fail to pay their marker balances on a timely basis. These collection efforts may include the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies, and litigation. Markers are generally legally enforceable instruments in Macau, however, markers are not legally enforceable instruments in some other countries. The collectability of markers given to foreign customers is affected by a number of factors including changes in currency exchange rates and economic conditions in the customers' home countries.

In assessing the allowance for doubtful accounts, the Group applies a simplified approach to measure credit risk. The simplified approach requires the recognition of a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for current and forward-looking factors specific to the debtors and the economic environment.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 13 to the financial statements.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group measures and monitors its liquidity structure based on the overall assets, liabilities and debt in conjunction with its expected cash flows to ensure the capability to meet any unexpected and material cash requirements in the ordinary course of business. In addition, the Group's senior bank facilities' governing documents contain capital spending restrictions and other affirmative and negative covenants that require the maintenance of certain financial ratios.

As at 31 December 2018, the estimated fair value for level 2 of the Group's outstanding debt instruments was HK\$31.69 billion (2017: HK\$28.62 billion). The Group did not hold any assets or liabilities measured at fair value for levels 1 and 3 during the years 2018 and 2017. Level 1 fair values are those measured using quoted prices (unadjusted) in active markets for identical financial instruments, level 2 fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant input is directly or indirectly based on observable market data and level 3 fair values are those measured using valuation techniques in which any significant input is not based on observable market data.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date as at 31 December 2018 and 2017. The amounts disclosed are based on the contractual undiscounted cash flows of financial liabilities that include principal and interest payments. The maturities are calculated assuming the effect of interest rates with respect to variable rate financial liabilities remain constant as at the respective year ends and there are no changes in the aggregate principal amount of financial liabilities other than repayments at scheduled maturities as reflected in the table below.

Financial Statements
Notes to Financial Statements
For the year ended 31 December 2018

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	Interest rates	Within	Between	Between	Over	Total
		one year or on demand HK\$	one and two years HK\$	two and five years HK\$	five years HK\$	
(in thousands)						
As at 31 December 2018						
Interest-bearing borrowings	4.10%-5.50%	1,512,150	2,541,088	24,761,226	11,955,764	40,770,228
Construction and retentions payables		393,424	1,293	—	—	394,717
Accounts payable		766,905	—	—	—	766,905
Amounts due to related companies		160,196	—	—	—	160,196
Other payables		6,736,486	77,670	155,340	—	6,969,496
Other liabilities		9,717	8,088	166,469	3,713	187,987
As at 31 December 2017						
Interest-bearing borrowings	0.58%-5.50%	1,601,233	3,272,839	17,733,187	12,486,177	35,093,436
Construction and retentions payables		456,299	1,862	—	—	458,161
Accounts payable		681,147	—	—	—	681,147
Amounts due to related companies		261,601	—	—	—	261,601
Other payables		7,487,727	77,670	233,010	—	7,798,407
Other liabilities		23,086	3,623	140,137	—	166,846

“Other payables” are mainly comprised of outstanding chip liabilities, customer deposits, donation payable, and other miscellaneous payables, excluding tax liabilities, incurred as at 31 December 2018 and 2017.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it as economic conditions change i.e. interest rates and equity markets. To maintain a strong capital structure and in response to changes in economic conditions, the Group may modify debt instruments to obtain more favorable interest rates, obtain additional debt financing, and may adjust dividend payments to shareholders as conditions require.

The gearing ratio is a key indicator of the Group's capital structure. The gearing ratio is net debt divided by total capital plus net debt.

	As at 31 December	
	2018 HK\$	2017 HK\$
	(in thousands, except for percentages)	
Interest-bearing borrowings	33,078,147	28,123,305
Accounts payable	766,905	681,147
Construction and retentions payables	394,717	458,161
Other payables and accruals	9,907,813	10,235,066
Amounts due to related companies	160,196	261,601
Other liabilities	243,127	223,274
Less: cash and cash equivalents	(9,526,423)	(5,239,690)
restricted cash and cash equivalents	(18,067)	(16,886)
Net debt	35,006,415	34,725,978
Equity	1,518,459	3,000,758
Total capital	1,518,459	3,000,758
Capital and net debt	36,524,874	37,726,736
Gearing ratio	95.8%	92.0%

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company is set forth below:

	As at 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
Non-current assets		
Financial assets	17,620,777	17,588,883
Investment in a subsidiary	197,713	148,096
Contribution to Trust	161,372	112,960
Property and equipment	—	727
Deposits	14	764
Total non-current assets	17,979,876	17,851,430
Current assets		
Prepayments	722	642
Amounts due from related companies	114,996	216,325
Other receivables	341,648	50,400
Cash and cash equivalents	418,841	1,229,687
Total current assets	876,207	1,497,054
Current liabilities		
Other payables and accruals	169,846	184,339
Amounts due to related companies	7,549	13,331
Total current liabilities	177,395	197,670
Net current assets	698,812	1,299,384
Total assets less current liabilities	18,678,688	19,150,814
Non-current liabilities		
Interest-bearing borrowings	10,382,162	10,341,037
Net assets	8,296,526	8,809,777
Equity		
Issued capital	5,197	5,196
Share premium account [#]	12,946,483	12,828,510
Reserves	(4,655,154)	(4,023,929)
Total equity	8,296,526	8,809,777

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

#

	As at 31 December	
	2018 HK\$	2017 HK\$
	(in thousands)	
The Company's share premium account	12,946,483	12,828,510
Adjustment arising from the Group Reorganization	(12,561,195)	(12,561,195)
Consolidated share premium account	385,288	267,315

Information about the statement of changes in equity of the Company is set forth below:

	Issued Capital HK\$	Share Premium Account HK\$	Share Option Reserve HK\$ (in thousands)	Retained Earnings/ (Accumulated Losses) HK\$	Total Equity HK\$
As at 1 January 2017	5,196	12,722,941	220,171	(3,090,432)	9,857,876
Net income for the year	—	—	—	2,153,224	2,153,224
Total comprehensive income for the year	—	—	—	2,153,224	2,153,224
Share-based payments	—	—	64,032	—	64,032
Exercise of share options	—	7,360	(1,861)	—	5,499
Vesting of shares issued for employee ownership scheme	—	98,209	(98,212)	—	(3)
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	2,433	2,433
Dividends declared	—	—	—	(3,273,284)	(3,273,284)
As at 31 December 2017 and 1 January 2018	5,196	12,828,510	184,130	(4,208,059)	8,809,777
Net income for the year	—	—	—	7,208,648	7,208,648
Total comprehensive income for the year	—	—	—	7,208,648	7,208,648
Share-based payments	—	—	55,428	—	55,428
Exercise of share options	1	18,663	(4,390)	—	14,274
Vesting of shares issued for employee ownership scheme	—	99,310	(99,314)	—	(4)
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	3,656	3,656
Dividends declared	—	—	—	(7,795,253)	(7,795,253)
As at 31 December 2018	5,197	12,946,483	135,854	(4,791,008)	8,296,526

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2018

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

The Company's reserves available for distribution represent the share premium account, share option reserve and retained earnings/accumulated losses. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of a dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. Accordingly, the Company's reserves available for distribution to shareholders as at 31 December 2018 amounted to approximately HK\$8.29 billion (2017: HK\$8.80 billion).

31. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Independent Auditor's Report



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**To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)**

OPINION

We have audited the consolidated financial statements of Wynn Macau, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 117 to 209, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in *the Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses	
<p>Referring to note 2.5 to the Group's consolidated financial statements for significant accounting judgments and estimates, the Group uses a provision matrix to calculate the expected credit losses ("ECLs") for trade receivables. The provision matrix is calibrated to adjust the historical credit loss experience with known customer information and forward-looking information. Management's assessment of the correlation between historical observed default rates, forecast economic conditions and the ECLs can provide significant changes in the estimate between periods. Further disclosures on the ECLs of the Group's trade receivables are set out in note 14 to the consolidated financial statements.</p>	<p>We evaluated and tested the design and operating effectiveness of the controls over the accounting process of provision for ECLs of trade receivables.</p> <p>We evaluated management's assumptions and judgments by comparing to the Group's provisioning rates against historical collection data.</p> <p>We considered the support for credits granted to gaming patrons and/or their subsequent settlements when performing analysis of receivables' aging brackets and write-offs as a percentage of gross trade receivables.</p> <p>We corroborated management's representations with the source data for specific provisions made for certain individual casino patrons, performed ratio analysis on the Group's provision for ECLs; and re-calculated the provision for ECLs using management's model and considered the adequacy of the provision.</p> <p>We assessed the Group's provisioning policy applied, which included assessing whether the calculation was in accordance with IFRS 9.</p> <p>We assessed the time value of money considered in the ECLs impairment model and tested the mathematical accuracy of the calculations.</p> <p>We assessed the adequacy of the Group's disclosures regarding provision for ECLs of trade receivables.</p>

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Independent Auditor's Report



**To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)**

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Samuel Yuen Ka Cheong.

Ernst & Young
Certified Public Accountants
Hong Kong

30 March 2020

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the year ended	
		31 December	
		2019	2018
		HK\$	HK\$
		(in thousands)	
Operating revenues			
Casino		30,850,256	34,096,436
Rooms		2,233,225	2,222,337
Food and beverage		1,559,151	1,465,549
Retail and other		1,519,059	1,807,491
		36,161,691	39,591,813
Operating costs and expenses			
Gaming taxes and premiums		16,748,677	18,928,022
Staff costs	3.1	5,227,038	4,986,764
Other operating expenses	3.2	4,864,175	5,098,242
Depreciation and amortization	3.3	2,922,543	2,726,414
Property charges and other	3.4	34,044	153,916
		29,796,477	31,893,358
Operating profit		6,365,214	7,698,455
Finance revenues	3.5	76,052	102,592
Finance costs	3.6	(1,486,404)	(1,495,646)
Net foreign currency differences		114,226	(40,132)
Loss on extinguishment of debt		—	(7,452)
		(1,296,126)	(1,440,638)
Profit before tax		5,069,088	6,257,817
Income tax expense	4	12,427	12,427
Net profit attributable to owners of the Company		5,056,661	6,245,390

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the year ended	
		2019	2018
		HK\$	HK\$
		(in thousands)	
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Currency translation reserve		(1,233)	—
Other comprehensive income for the year		(1,233)	—
Total comprehensive income attributable to owners of the Company		5,055,428	6,245,390
Basic earnings per Share	6	HK\$0.98	HK\$1.20
Diluted earnings per Share	6	HK\$0.97	HK\$1.20

Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2019 HK\$	2018 HK\$
		(in thousands)	
Non-current assets			
Property and equipment and construction in progress	8	30,885,928	31,943,188
Right-of-use assets	9	2,019,444	—
Leasehold interests in land	10	—	1,590,281
Goodwill	11	398,345	398,345
Deposits for acquisition of property and equipment		28,290	51,426
Other non-current assets	12	606,803	686,582
Restricted cash and cash equivalents	16	17,471	11,322
Total non-current assets		33,956,281	34,681,144
Current assets			
Inventories	13	346,604	312,625
Trade and other receivables	14	1,552,991	1,135,474
Prepayments and other current assets	15	143,212	136,462
Amounts due from related companies	27	187,097	282,918
Restricted cash and cash equivalents	16	16,331	6,745
Cash and cash equivalents	17	14,087,486	9,526,423
Total current assets		16,333,721	11,400,647
Current liabilities			
Accounts payable	18	402,395	723,473
Interest-bearing borrowings	20	2,132,855	—
Lease liabilities		109,024	—
Construction payables and accruals		490,380	436,856
Other payables and accruals	19	7,769,824	9,703,870
Amounts due to related companies	27	111,527	160,196
Income tax payables		12,427	12,427
Other current liabilities		24,652	28,109
Total current liabilities		11,053,084	11,064,931
Net current assets		5,280,637	335,716
Total assets less current liabilities		39,236,918	35,016,860

Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2019 HK\$	2018 HK\$
(in thousands)			
Non-current liabilities			
Interest-bearing borrowings	20	36,461,883	33,078,147
Lease liabilities		453,770	—
Construction retentions payable		1,315	1,293
Other payables and accruals	19	144,297	203,943
Other long-term liabilities		188,897	215,018
Total non-current liabilities		37,250,162	33,498,401
Net assets		1,986,756	1,518,459
Equity			
Equity attributable to owners of the Company			
Issued capital	21	5,197	5,197
Share premium account	22	388,533	385,288
Shares held for employee ownership scheme	21	(178,785)	(160,749)
Reserves	22	1,771,811	1,288,723
Total equity		1,986,756	1,518,459

Approved and authorized for issue by the Board on 30 March 2020.

Matthew O. Maddox
Director

Ian Michael Coughlan
Director

Financial Statements

Consolidated Statement of Changes in Equity

	Notes	Attributable to owners of the Company								
		Issued Capital HK\$	Share Premium Account HK\$ (Note 22)	Shares Held for Employee Ownership Scheme HK\$	Share Option Reserve* HK\$	Other Reserves** HK\$	Statutory Reserve* HK\$ (Note 22)	Retained Earnings* HK\$	Currency Translation Reserve* HK\$	Total Equity HK\$
As at 1 January 2018		5,196	267,315	(112,062)	639,203	554,740	48,568	1,580,698	17,100	3,000,758
Net profit for the year		—	—	—	—	—	6,245,390	—	—	6,245,390
Changes in currency translation reserve		—	—	—	—	—	—	—	—	—
Total comprehensive income for the year		—	—	—	—	—	6,245,390	—	—	6,245,390
Share-based payments	23	—	—	—	98,325	—	—	—	—	98,325
Exercise of share options		1	18,663	—	(4,390)	—	—	—	—	14,274
Transfer to share premium upon vesting of awards under the employee ownership scheme		—	99,310	4	(99,314)	—	—	—	—	—
Shares purchased for employee ownership scheme	21	—	—	(48,691)	—	—	—	—	—	(48,691)
Returned dividend from forfeited awards under the employee ownership scheme		—	—	—	—	—	3,656	—	—	3,656
Dividends declared	5	—	—	—	—	—	(7,795,253)	—	—	(7,795,253)
As at 31 December 2018 and 1 January 2019		5,197	385,288	(160,749)	633,824	554,740	48,568	34,491	17,100	1,518,459
Net profit for the year		—	—	—	—	—	5,056,661	—	—	5,056,661
Changes in currency translation reserve		—	—	—	—	—	—	(1,233)	—	(1,233)
Total comprehensive income for the year		—	—	—	—	—	5,056,661	(1,233)	—	5,055,428
Share-based payments	23	—	—	—	129,211	—	—	—	—	129,211
Transfer to share premium upon vesting of awards under the employee ownership scheme		—	3,245	23,994	(27,239)	—	—	—	—	—
Shares purchased for employee ownership scheme	21	—	—	(42,030)	—	—	—	—	—	(42,030)
Returned dividend from forfeited awards under the employee ownership scheme		—	—	—	—	—	2,950	—	—	2,950
Dividends declared	5	—	—	—	—	—	(4,677,262)	—	—	(4,677,262)
As at 31 December 2019		5,197	388,533	(178,785)	735,796	554,740	48,568	416,840	15,867	1,986,756

* These reserve accounts comprised the consolidated reserves of HK\$1.77 billion and HK\$1.29 billion in the consolidated statements of financial position as at 31 December 2019 and 2018, respectively.

"Other reserves" as at 1 January 2018, 1 January 2019 and 31 December 2019 was composed of HK\$194.3 million of issued capital of WRM and HK\$360.4 million of issued capital of Wynn Resorts International, Ltd.

Financial Statements

Consolidated Statement of Cash Flows

	Notes	For the year ended 31 December	
		2019	2018
		HK\$	HK\$
		(in thousands)	
Operating activities			
Profit before tax		5,069,088	6,257,817
Adjustments to reconcile profit before tax to net cash flows from operating activities:			
Depreciation of property and equipment	3.3	2,693,320	2,631,084
Depreciation of right-of-use assets	3.3	229,223	—
Amortization of leasehold interests in land	3.3	—	95,330
Property charges and other	3.4	34,044	153,916
Provision for doubtful accounts, net	3.2	44,528	23,140
Expense of share-based payments	3.1	124,125	106,303
Finance revenues	3.5	(76,052)	(102,592)
Finance costs	3.6	1,486,404	1,495,646
Loss on extinguishment of debt		—	7,452
Net foreign currency differences		(114,226)	40,132
Working capital adjustments:			
(Increase)/decrease in inventories		(33,979)	19,019
Increase in trade and other receivables		(451,415)	(469,197)
Decrease in prepayments and other assets		37,046	57,910
(Decrease)/increase in accounts payable		(323,209)	78,463
Decrease in other payables, accruals and other liabilities		(2,003,462)	(459,641)
Decrease/(increase) in net amounts due from related companies		48,066	(206,728)
Income taxes paid		(12,427)	(12,427)
Net cash flows generated from operating activities		6,751,074	9,715,627
Investing activities			
Increase in restricted cash and cash equivalents		(8,210)	—
Purchases of property and equipment and other assets, net of construction payables and accruals and construction retentions payable		(1,640,188)	(1,188,837)
Proceeds from sale of property and equipment and other assets		742	8,683
Proceeds from insurance claims		20,866	—
Interest received		83,267	89,851
Net cash flows used in investing activities		(1,543,523)	(1,090,303)
Financing activities			
Increase in restricted cash and cash equivalents		(7,525)	(1,181)
Proceeds from borrowings		14,646,116	4,889,494
Repayment of borrowings		(8,995,106)	—
Payments of debt financing costs		(60,613)	(69,573)
Shares purchased for employee ownership scheme	21	(42,030)	(48,691)
Payments of principal component of lease liabilities		(122,086)	—
Payments of interest component of lease liabilities		(22,190)	—
Proceeds from exercise of share options		—	14,274
Interest paid		(1,343,855)	(1,328,279)
Dividends paid	5	(4,673,977)	(7,790,067)
Net cash flows used in financing activities		(621,266)	(4,334,023)
Net increase in cash and cash equivalents		4,586,285	4,291,301
Cash and cash equivalents as at 1 January		9,526,423	5,239,690
Effect of foreign exchange rate changes, net		(25,222)	(4,568)
Cash and cash equivalents as at 31 December	17	14,087,486	9,526,423

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 September 2009. The Company's Shares were listed on the Main Board of the Hong Kong Stock Exchange on 9 October 2009. The Company's registered office address is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as the Directors may from time to time decide.

The Group owns and operates hotel and casino resorts in Macau, namely Wynn Palace and Wynn Macau. WRM conducts gaming activities in our casinos in Macau under a concession contract signed with the Macau government on 24 June 2002. The 20-year concession period commenced on 27 June 2002 and will expire on 26 June 2022.

The Group is a party to land concessions for approximately 51 acres of land in the Cotai area of Macau (the "Cotai Land") where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located for terms of 25 years from May 2012 and August 2004, respectively.

WM Cayman Holdings Limited I owns approximately 72% of the shares of the Company and approximately 28% of the shares of the Company is owned by public shareholders. The ultimate parent company of Wynn Macau, Limited is Wynn Resorts, Limited, a publicly-traded company incorporated in the United States of America.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries

The following is a list of subsidiaries of the Company as at 31 December 2019:

Name	Place of Incorporation/ Operation	Principal Activities	Nominal Value of Issued Share/ Registered Capital	Interest Held
WM Cayman Holdings Limited II	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%
Wynn Resorts International, Ltd.	Isle of Man	Investment holding	Ordinary shares — GBP2	100%
Wynn Resorts (Macau) Holdings, Ltd.	Isle of Man	Investment holding	Ordinary shares — Class A shares: GBP343 — Class B shares: GBP657	100%
Wynn Resorts (Macau), Limited	Hong Kong	Investment holding	Ordinary shares — HK\$100	100%
Wynn Resorts (Macau) S.A.	Macau	Operator of hotel casino and related gaming businesses	Share capital — MOP200,100,000	100%**
Palo Real Estate Company Limited	Macau	Development, design and preconstruction activities	Share capital — MOP1,000,000	100%
WML Finance I Limited	Cayman Islands	Entity facilitates lending within the Group	Ordinary shares — US\$1	100%
WML Corp. Ltd.	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%*

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

* Shares directly held by the Company

** 10% of the shares were held by a Macau-resident investor which entitle the holder to 10% of the voting rights and social rights and the rights to maximum dividend or payment upon dissolution of one MOP. The remaining 90% of the shares held by the Group are entitled to 90% of the voting rights and 100% of the profit participation or economic interest.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

Contribution to Trust

The Company has consolidated an operating entity within the Group without any legal interests. Due to the implementation of the employee ownership scheme of the Group mentioned in note 23, the Company has set up a structured entity, Trust, and its particulars are as follows:

Structured Entity	Principal Activities
Trust	Administering and holding the Company's Shares acquired for the employee ownership scheme, which is set up for the benefits of eligible persons of the scheme

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements also comply with the accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements. They have been prepared on a historical cost basis. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The subsidiaries are fully consolidated from the date on which control is transferred to the Group, and will continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

On 15 May 2014, the Board of Directors approved an employee ownership scheme under which shares may be awarded to employees of the Group in accordance with the related terms and conditions. Pursuant to the rules of the employee ownership scheme, the Group has set up a Trust for the purpose of administering the employee ownership scheme and holding the awarded shares before they vest. As the Group has control over the Trust, the Directors of the Company consider that it is appropriate to consolidate the Trust.

All intra-group balances, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full on consolidation. Unrealized gains and losses resulting from transactions between Group companies are eliminated, except where unrealized losses provide evidence of an impairment of the asset transferred.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognized in the consolidated statement of profit or loss and other comprehensive income as a gain on bargain purchase.

Goodwill arising on acquisition is recognized in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating unit ("CGU") of the Group, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU or the group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or the group of CGUs is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU or a group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair values were measured. The gain or loss arising on translation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the currency translation reserve.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment and construction in progress

Property and equipment, other than construction in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repair and maintenance costs, are recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the asset if the recognition criteria for a provision are met.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The estimated useful lives used are as follows:

Buildings and improvements	10 to 45 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements (shorter of remaining lease period and estimated useful life)	1 to 5 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Residual values, useful lives and methods of depreciation are reviewed at least at each financial year end and adjusted prospectively, if appropriate.

Construction in progress represents assets under development or construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction.

Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a CGU's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired assets.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group determines the classification of its financial assets on initial recognition and, it shall reclassify the affected financial assets when, only when the Group changes its business model for managing financial assets.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement of financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets consist of trade and other receivables, deposits, amounts due from related companies, cash and cash equivalents and restricted cash and cash equivalents that are subsequently measured at amortized cost using the effective interest rate ("EIR") method less any allowances for impairments. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired, as well as through the amortization process.

Impairment of financial assets

Financial assets at amortized cost

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The carrying amount of the asset is reduced through use of an allowance account and the loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Financial assets at amortized cost (continued)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience from customers, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default and a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the transaction. Impaired debts are written off when they are assessed as uncollectible.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out, weighted average or specific identification methods as appropriate. Net realizable value is based on estimated selling prices less estimated costs to be incurred on completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows comprise cash at banks and on hand and short term deposits with an original maturity of generally three months or less, which are subject to an insignificant risk of changes in value and are not restricted as to use.

Financial liabilities at amortized cost

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include accounts payable, other payables, amounts due to related companies, lease liabilities, interest-bearing borrowings, construction payables, construction retentions payable and other current and long-term liabilities are subsequently measured at amortized cost, using the EIR method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities at amortized cost (continued)

Interest-bearing borrowings

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost, using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay cash flow receipts in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets and liabilities (continued)

Financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of profit or loss and other comprehensive income.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions and other post employment benefits

The Group operates a defined contribution retirement benefit scheme (the "Retirement Benefit Scheme"). The Retirement Benefit Scheme allows eligible employees to contribute 5% of their base salary to the Retirement Benefit Scheme and the Group matches the contributions with an equal amount. The Group's matching contributions vest to the employees at 10% per year with full vesting in ten years. On 1 July 2019, the Group offered the option for the eligible Macau resident employees to join the non-mandatory central provident fund (the "CPF") system. Eligible Macau resident employees joining the Group from 1 July 2019 onwards will enroll in the CPF system while the Group's existing Macau resident employees who are currently members of the Retirement Benefit Scheme will be provided with the option of joining the CPF system or staying in the existing Retirement Benefit Scheme, which will continue to be in effect in parallel. The CPF system allows eligible employees to contribute 5% or more of their base salary to the CPF while the Group matches with a 5% of such salary as employer's contribution to the CPF. Same as the Retirement Benefit Scheme, the Group's matching contributions under the CPF system vest at 10% per year with full vesting in ten years. The assets of the Retirement Benefit Scheme and the CPF are held separately from those of the Group in independently administered funds, and the assets of CPF are also overseen by the Macau government. Forfeitures of unvested contributions are used to reduce the Group's liability for its contributions payable. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the Retirement Benefit Scheme and the CPF.

Share-based payments

Employees (including senior executives and directors) of the Group receive remuneration in the form of share-based payments; whereby, employees render services as consideration for equity instruments in the form of common shares or options to purchase common shares of the ultimate parent company, Wynn Resorts, and beginning in September 2009, the Company.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured as the difference between the fair value of the share-based payment transactions and the fair value of any identifiable goods or services received at the grant date. This is then capitalized or expensed as appropriate.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Equity-settled transactions

The cost of equity-settled transactions with employees, for awards granted after 7 November 2002, is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 23.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognized as of the beginning and end of that period and is recognized in staff costs.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. When awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment, or is otherwise beneficial to the employee as measured at the date of modification.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Equity-settled transactions (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled awards are treated equally.

The dilutive effect of outstanding options and non-vested shares are reflected as additional share dilution in the computation of diluted earnings per share.

As disclosed in note 21 to the financial statements, the Group has set up the Trust for the employee ownership scheme, where the Trust purchases Shares issued by the Group and the consideration paid by the Company, including any directly attributable incremental costs, is presented as "Shares held for employee ownership scheme" and deducted from the Group's equity.

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group has elected to combine lease and associated non-lease components as a single lease component in its determination of lease payments, except for certain asset classes that have a significant non-lease component. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019) (continued)

Group as a lessee (continued)

a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the Group's accounting policy for impairment of non-financial assets in this section.

b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable from 1 January 2019) (continued)

Group as a lessee (continued)

b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases (applicable before 1 January 2019)

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at its inception and whether the fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (applicable before 1 January 2019) (continued)

Group as a lessee

Leases where substantially all the risks and benefits of ownership of the asset are not transferred to the Group and remain with the lessor are classified as operating leases. Operating lease payments are recognized as an operating expense in the consolidated statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Assets leased by the Group under operating leases are included in the consolidated statement of financial position based on the nature of the asset and rentals receivable are credited to the consolidated statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leasehold interests in land (applicable before 1 January 2019)

Leasehold interests in land under operating leases are payments made on entering into or acquiring land-use rights over extended periods of time. The total lease payments are amortized on a straight-line basis over the lease terms in accordance with the expected pattern of consumption of the economic benefits embodied in the land-use right.

Revenue recognition

Revenue from contracts with customers

The Group's revenue from contracts with customers consist of casino wagers; providing services of rooms, food and beverage; and sales of retail and other goods.

Gross casino revenues are measured by the aggregate net difference between gaming wins and losses. The Company applies a practical expedient by accounting for its casino wagering transactions on a portfolio basis versus an individual basis as all wagers have similar characteristics. Commissions rebated to customers either directly or indirectly through gaming promoters and other cash incentives earned by customers are recorded as a reduction of casino revenues. In addition to the wager, casino transactions typically include performance obligations related to complimentary goods or services provided to incentivize future gaming or in exchange for points earned under the Group's loyalty programs.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

For casino transactions that include complimentary goods or services provided by the Group to incentivize future gaming, the Group allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Costs of complimentary goods or services that are provided under the Group's control and discretion and supplied by third parties are recorded as other operating expense.

Under the Group's loyalty program, customers earn points based on their level of table games and slots play, which can be redeemed for free play, gifts and complimentary goods or services provided by the Group. For casino transactions that include points earned under the Group's loyalty programs, the Group defers a portion of the revenue by recording the estimated standalone selling price of the earned points that are expected to be redeemed as a liability. Upon redemption of the points for Group-owned goods or services, the standalone selling price of each good or service is allocated to the appropriate revenue type based on the good or service provided. Upon the redemption of the points with third parties, the redemption amount is deducted from the liability and paid directly to the third party.

After allocating amounts to the complimentary goods or services provided and to the points earned under the Group's loyalty programs, the residual amount is recorded as casino revenue.

The transaction price for rooms, food and beverage, retail and other transactions is based on the net amounts collected from other customers for similar goods and services provided and is recorded as revenue when the goods are provided or services are performed. Advance deposits on rooms are performance obligations that are recorded as customer deposits until services are provided to the customer. Revenues from contracts with multiple goods or services are allocated to each good or service based on its relative standalone selling price.

Revenue from other sources

Retail and other revenue primarily includes rental income which is recognized on a time proportion basis over the lease terms. Contingent rental income is recognized when the right to receive such rental income is established according to the lease agreements.

Finance revenue is accrued on a time basis by reference to the principal outstanding and at the applicable interest rates.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are only recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent it is probable the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes (continued)

Deferred income tax (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Gaming taxes and premiums

According to the Concession Agreement granted by the Macau government and the relevant legislation, the Group is required to pay a 35% gaming tax on gross gaming win. The Group is also required to pay an additional 4% of gross gaming win as public development and social related contributions. The Group also makes certain variable and fixed payments to the Macau government based on the number of slot machines and table games in operation on a monthly and yearly basis, respectively. These expenses are reported as "gaming taxes and premiums" in the consolidated statement of profit or loss and other comprehensive income.

Fine art

The Group's fine art is stated at cost less any impairment losses. Any fine art impairment is assessed based on the CGU to which it belongs. No impairment has been recognized for the years ended 31 December 2019 and 2018.

Fine art is derecognized upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends

Dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Interim/special dividends are simultaneously proposed and declared because the Company's memorandum and articles of association grant the Directors the authority to declare interim/special dividends. Consequently, interim/special dividends are recognized immediately as a liability when they are proposed and declared.

Statutory reserve

In accordance with the provisions of the Macau Commercial Code, Wynn Macau, Limited's subsidiaries incorporated in Macau are required to transfer a minimum of 10% of their annual net profit to a legal reserve until that reserve equals 25% of their issued capital. This reserve is not distributable to shareholders.

2.3 IMPACT OF NEW AND REVISED IFRSs

The Group has adopted the following new and revised standards effective as of 1 January 2019:

IFRS 16	<i>Leases</i>
IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
<i>Annual Improvements</i>	<i>Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23</i>
<i>2015–2017 Cycle</i>	
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.3 IMPACT OF NEW AND REVISED IFRSs (CONTINUED)

IFRS 16 Leases

The Group applied IFRS 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model to recognize and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is largely unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application, and the comparative information for 2018 was not restated and continues to be reported under IAS 17. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain any purchase options ("short-term leases"), and lease contracts for which the underlying assets are of low values ("low-value assets"). Instead, the Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.3 IMPACT OF NEW AND REVISED IFRSs (CONTINUED)

IFRS 16 Leases (continued)

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	HK\$ (in thousands)
Assets	
Right-of-use assets	2,124,510
Leasehold interests in land	(1,590,281)
Prepayments and other current assets	(1,533)
Total assets	532,696
Liabilities	
Current lease liabilities	121,523
Non-current lease liabilities	434,472
Other payables and accruals	(23,299)
Total liabilities	532,696

Set out in note 2.2 to the financial statements are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.3 IMPACT OF NEW AND REVISED IFRSs (CONTINUED)

IFRS 16 Leases (continued)

Right-of-use assets and lease liabilities are measured and recorded upon lease commencement at the present value of the future lease payments. The Company combines lease and associated non-lease components as a single lease component in its determination of minimum lease payments, except for certain asset classes that have significant non-lease components. As the interest rate implicit in its leases is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of lease payments. The Company does not record an asset or a liability for short-term leases. Variable lease costs that do not depend on an index or a rate are recognized in profit or loss as incurred and are not included in the determination of right-of-use assets and lease liabilities. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of an investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees are also required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The operating lease commitment of HK\$684.8 million disclosed at 31 December 2018, adjusted for the effect of discounting and exclusion of short-term leases, resulted in lease liabilities of HK\$556.0 million and was recognized as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.09%.

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*

Upon adoption of this interpretation, the Group considered whether it has any uncertain tax positions and concluded that it is not probable that the tax authorities will accept certain tax positions taken by the Group. However, the Group believes that it has unrecognized tax losses that are adequate to offset any adjustments that might be proposed by the tax authorities. Therefore, the interpretation did not have a material impact on the consolidated financial statements of the Group.

Several other amendments have been applied for the first time in 2019, but did not have a material impact on the consolidated financial statement of the Group.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.4 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i> ¹
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> ¹

1 Effective for annual periods beginning on or after 1 January 2020

These revised IFRSs are not expected to have a significant impact on the Group's consolidated financial statements.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates may result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. Key sources of estimation uncertainty and critical judgments in applying the Group's accounting policies, which have a significant effect on the consolidated financial statements are set out below.

Useful lives of property and equipment

The useful lives of assets are based on management's estimations. Management considers the impact of changes in technology, customer service requirements, availability of capital funding and the required return on assets and equity to determine the optimum useful life expectation for each of the individual categories of property and equipment. The estimations of residual values of assets are also based on management's judgments as to whether the assets will be sold or used to the end of their useful lives and what their condition will be like at that time. Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. Management's periodic reviews on the estimations made could result in changes in depreciable lives and, therefore, depreciation expense in future periods.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Impairment of non-financial assets

Management is required to make judgments concerning the cause, timing and amount of impairments. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessments to its separate CGUs. This requires management to make significant judgments concerning the existence of impairment indicators, identification of separate CGUs' remaining useful lives of assets and estimates of projected cash flows and fair values less costs of disposal. For non-financial assets other than goodwill, management's judgments are also required when assessing whether a previously recognized impairment loss should be reversed. Where impairment indicators exist, the determination of the recoverable amount of a CGU requires management to make assumptions to determine the fair value less costs of disposal and value-in-use. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Key assumptions on which management has based its determinations of fair values less costs of disposal include the existence of binding sale agreements, and for the determination of values in use include projected revenues, gross margins, and average revenue per asset component, capital expenditures, expected customer base and market share. Management is also required to choose suitable discount rates in order to calculate the present values of those cash flows. Changes in key assumptions on which the recoverable amounts of assets are based could significantly affect the Group's financial condition and results of operations.

Provision for ECLs of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days outstanding for groupings of customers that have shared credit risk characteristics.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with known customer information and forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the gaming sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 14.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Determining the lease term of contracts with renewal and termination options — Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Leases — Estimating the incremental borrowing rate

The interest rate implicit in the lease is not readily determinable, therefore, the Group uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. For management purposes, during the year ended 31 December 2019, the Group reviewed Wynn Palace and Wynn Macau as two reportable segments.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Fair value estimation — Black-Scholes pricing model

The Group uses the Black-Scholes pricing model to value Wynn Resorts, Limited's and Wynn Macau, Limited's grants of options. The Black-Scholes pricing model uses assumptions of expected volatility, risk-free interest rates, the expected terms of options granted, and expected rates of dividends. Changes in these assumptions could materially affect the estimated fair values. Expected volatility is based on implied and historical factors related to Wynn Resorts, Limited's and Wynn Macau, Limited's common stock. Expected term represents the weighted average time between the option's grant date and its exercise date. The risk-free interest rate used is equal to the U.S. Treasury yield curve and the Hong Kong Exchange Fund Bills for the WRL Omnibus Plan and Wynn Macau, Limited's share option schemes, respectively, at the time of grant for the period equal to the expected term.

Income taxes

Income taxes represent the sum of income taxes currently payable and any deferred taxes. The calculation of deferred income taxes and any associated tax reserve is subject to a significant amount of judgment. The Group's income tax returns may be examined by governmental authorities. Accordingly, the Group reviews any potentially unfavorable tax outcome and, when an unfavorable outcome is identified as probable and can be reasonably estimated, a tax reserve is established.

3. OTHER REVENUES AND EXPENSES

3.1 Staff costs

	For the year ended 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Wages and salaries	4,539,624	4,266,339
Retirement plan contributions	145,228	130,565
Expense of share-based payments	124,125	106,303
Employee relations and training	34,574	27,700
Social security costs	12,285	10,130
Other costs and benefits	371,202	445,727
	5,227,038	4,986,764

"Other costs and benefits" includes residential rental expense for operating staff of approximately HK\$73.0 million for the year ended 31 December 2018.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.2 Other operating expenses

	For the year ended	
	31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
License fees	1,318,132	1,496,212
Cost of sales	697,345	774,404
Repairs and maintenance	528,869	517,420
Advertising and promotions	480,222	488,121
Operating supplies and equipment	480,084	459,276
Utilities and fuel	339,580	355,221
Contracted services	311,293	354,319
Corporate support services and other	72,584	83,938
Other support services	54,142	53,091
Provision for doubtful accounts, net	44,528	23,140
Short-term leases expenses	33,958	—
Auditor's remuneration	9,134	8,263
Variable lease expenses	1,412	—
Operating rental expenses	—	58,826
Other expenses	492,892	426,011
	4,864,175	5,098,242

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.3 Depreciation and amortization

	For the year ended	
	31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Depreciation of property and equipment	2,693,320	2,631,084
Depreciation of right-of-use assets	229,223	—
Amortization of leasehold interests in land	—	95,330
	2,922,543	2,726,414

Depreciation expense of property and depreciation expense of right-of-use assets of approximately HK\$4,280,000 and HK\$841,000, respectively, for the year ended 31 December 2019 (2018: Depreciation expense of property and amortization expense of leasehold interests in land of approximately HK\$4,035,000 and HK\$841,000, respectively) are excluded from the table above and are classified as staff costs and included in other costs and benefits in note 3.1 to the financial statements. Such amounts are related to a home purchased by WRM for the use by one of the Group's executives as described in note 27 to the financial statements.

3.4 Property charges and other

	For the year ended	
	31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Loss on disposals and abandonment of assets, net	71,471	153,916
Insurance reimbursement	(37,427)	—
	34,044	153,916

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.5 Finance revenues

	For the year ended 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Interest income from cash at banks	76,052	102,592

3.6 Finance costs

	For the year ended 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Interest expense	1,324,037	1,341,566
Amortization of debt financing costs	113,703	142,622
Bank fees for unused facilities	27,203	11,708
Interest expense on lease liabilities	25,309	—
Less: capitalized interest	(3,848)	(250)
	1,486,404	1,495,646

For the year ended 31 December 2019, interest of approximately HK\$3,848,000 was capitalized using a weighted average rate of 4.32%. For the year ended 31 December 2018, interest of approximately HK\$250,000 was capitalized using a weighted average rate of 4.33%.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

4. INCOME TAX EXPENSE

The major components of the income tax expense for the years ended 31 December 2019 and 2018 were:

	For the year ended 31 December	
	2019 HK\$	2018 HK\$
	(in thousands)	
Income tax expense:		
current — overseas	12,427	12,427

No provision for Hong Kong profits tax for the year ended 31 December 2019 has been made as there was no assessable profit generated in Hong Kong (2018: nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (2018: 12%).

The tax position for the years ended 31 December 2019 and 2018 reconciles to profit before tax as follows:

	For the year ended 31 December			
	2019		2018	
	HK\$	%	HK\$	%
	(in thousands, except for percentages)			
Profit before tax	5,069,088		6,257,817	
Tax at the applicable income tax rate	608,291	12.0	750,938	12.0
Income not subject to tax	(1,034,183)	(20.4)	(1,233,563)	(19.7)
Macau dividend tax	12,427	0.2	12,427	0.2
Deferred tax not recognized	340,352	6.7	377,706	6.0
Others	85,540	1.7	104,919	1.7
Effective tax expense for the year	12,427	0.2	12,427	0.2

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

4. INCOME TAX EXPENSE (CONTINUED)

The Group incurred Macau tax losses of approximately HK\$2.35 billion, HK\$1.96 billion and HK\$1.95 billion during the tax years ended 31 December 2019, 2018 and 2017, respectively. These tax losses will expire in 2022, 2021 and 2020, respectively. As at 31 December 2019, the Group's deferred tax assets relating to the pre-opening costs and other, University of Macau Development Foundation contribution, share-based payment plan, executive compensation, fixed assets and tax loss carryforwards and others amounting to HK\$1.21 billion (2018: HK\$1.31 billion) were not recognized as the Group determined it was not probable that future taxable profits will be available against which the deferred tax assets could be utilized.

On 15 October 2015, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits (the "Tax Holiday") effective through 31 December 2020. Accordingly, the Group was exempted from the payment of approximately HK\$602.9 million in such tax for the year ended 31 December 2019 (2018: HK\$757.1 million). The Group's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its Concession Agreement. In March 2020, WRM applied for an additional 5-year exemption from Macau Complementary Tax on casino gaming profits through 2025. The extension is subject to approval and may only extend through 26 June 2022, the date Concession Agreement expires.

In August 2016, WRM renewed the WRM Shareholder Dividend Tax Agreement with the Macau Special Administrative Region that provided for annual payments of MOP12.8 million (approximately HK\$12.4 million) to the Macau Special Administrative Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits for each of the years 2016 through 2020. In March 2020, WRM applied for an extension of this agreement for an additional five years through 2025. The extension is subject to approval and may only extend through 26 June 2022, the date Concession Agreement expires.

The Group is exempted from income tax in the Isle of Man and the Cayman Islands. The Group's subsidiaries file income tax returns in Macau and various foreign jurisdictions as required by law. The Group's income tax returns are subject to examination by tax authorities in the locations where it operates. The Group's 2015 to 2018 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Macau Special Administrative Region (the "Financial Services Bureau"). In February 2018, the Financial Services Bureau issued its final tax assessments for Palo for the years 2013 and 2014 and the examination resulted in no change to the tax returns. In July 2018, the Financial Services Bureau issued final tax assessments for WRM for the years 2013 and 2014, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards. In January 2020, the Financial Services Bureau commenced examination of Palo's 2015 and 2016 Macau Complementary Tax returns.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

4. INCOME TAX EXPENSE (CONTINUED)

Quarterly, the Group undertakes reviews for any potentially unfavorable tax outcomes and when an unfavorable outcome is identified as being probable and can be reasonably estimated, the Group then establishes a tax reserve for such possible unfavorable outcome. Estimating potential tax outcomes for any uncertain tax issues is highly judgmental and may not be indicative of the ultimate settlement with the tax authorities.

The Group considered whether it has any uncertain tax positions and concluded that it is not probable that the tax authorities will accept certain tax positions taken by the Group. As at 31 December 2019, the Group had unrecognized tax losses of HK\$6.26 billion (2018: HK\$7.58 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authority. The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters.

5. DIVIDENDS

	For the year ended	
	31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
2017 special dividend of HK\$0.75 per Share declared	—	3,897,534
2018 special dividend of HK\$0.43 per Share declared	—	2,234,692
2018 final dividend of HK\$0.45 per Share declared (2017: nil)	2,338,631	—
2019 interim dividend of HK\$0.45 per Share declared (2018: HK\$0.32 per Share)	2,338,631	1,663,027
	4,677,262	7,795,253

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

6. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per Share for the year ended 31 December 2019 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares in issue of 5,185,606,109 during the year (2018: 5,185,494,355), excluding Shares purchased and reserved for the Company's employee ownership scheme. 2,420,000 Shares (2018: Shares of 2,650,000) were purchased and reserved and no Shares (2018: nil) were issued and reserved for the Company's employee ownership scheme during the year. 2,420,915 of awarded shares vested under the Company's employee ownership scheme during the year.

The calculation of diluted earnings per Share for the year ended 31 December 2019 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares of 5,190,717,462 (2018: 5,193,287,221) including the weighted average number of Shares in issue of 5,185,606,109 during the year (2018: 5,185,494,355) plus the weighted average number of potential Shares of 5,111,353 (2018: 7,792,866) arising from the deemed exercise of share options and deemed vesting of awards under the Company's employee ownership scheme (see also note 23).

7. SEGMENT INFORMATION

The Group's principal operating activities occur in Macau, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its operating segments. Wynn Palace, which opened on 22 August 2016, is managed as an operating segment and a reportable segment. Wynn Macau and Encore at Wynn Macau are managed as a single integrated resort and are aggregated as one operating segment, which is also a reportable segment ("Wynn Macau"). The Group identifies each integrated resort as a reportable segment considering operations within each integrated resort have similar economic characteristics, type of customers, types of services and products, the regulatory environment of the operations and the Group's organizational and management reporting structure. Other Macau primarily represents cash held at the Company.

Financial Statements
Notes to Financial Statements
For the year ended 31 December 2019

7. SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December	
	2019 HK\$	2018 HK\$
	(in thousands)	
Wynn Palace:		
Casino	16,771,781	18,463,485
Rooms	1,368,158	1,332,801
Food and beverage	919,861	867,036
Retail and other	877,586	947,127
Wynn Macau:		
Casino	14,078,475	15,632,951
Rooms	865,067	889,536
Food and beverage	639,290	598,513
Retail and other	641,473	860,364
Total operating revenues	36,161,691	39,591,813

Financial Statements
Notes to Financial Statements
For the year ended 31 December 2019

7. SEGMENT INFORMATION (CONTINUED)

	Notes	For the year ended 31 December	
		2019 HK\$	2018 HK\$
		(in thousands)	
Adjusted EBITDA			
Wynn Palace		5,041,256	5,760,532
Wynn Macau		4,527,105	5,016,486
		9,568,361	10,777,018
Other operating costs and expenses			
Depreciation and amortization	3.3	2,922,543	2,726,414
Pre-opening costs		17,424	—
Property charges and other	3.4	34,044	153,916
Share-based payments	3.1	124,125	106,303
Wynn Macau, Limited corporate expenses		105,011	91,930
		6,365,214	7,698,455
Operating profit			
		6,365,214	7,698,455
Non-operating income and expenses			
Finance revenues	3.5	76,052	102,592
Finance costs	3.6	(1,486,404)	(1,495,646)
Net foreign currency differences		114,226	(40,132)
Loss on extinguishment of debt		—	(7,452)
		5,069,088	6,257,817
Profit before tax			
		5,069,088	6,257,817
Income tax expense	4	12,427	12,427
		5,056,661	6,245,390
Net profit attributable to owners of the Company			
		5,056,661	6,245,390

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

7. SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December	
	2019 HK\$	2018 HK\$
	(in thousands)	
Capital expenditures		
Wynn Palace	514,077	697,921
Wynn Macau	1,126,111	490,916
Total	1,640,188	1,188,837

	As at 31 December	
	2019 HK\$	2018 HK\$
	(in thousands)	
Total assets		
Wynn Palace	29,056,220	30,286,168
Wynn Macau	13,337,831	15,354,131
Other Macau	7,895,951	441,492
Total	50,290,002	46,081,791

	As at 31 December	
	2019 HK\$	2018 HK\$
	(in thousands)	
Non-current assets		
Macau	33,946,893	34,669,379
Foreign countries	9,388	11,765
Total	33,956,281	34,681,144

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

8. PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

A summary of the property and equipment and construction in progress is set forth below.

	Buildings and Improvements HK\$	Furniture, Fixtures and Equipment HK\$	Leasehold Improvements HK\$ (in thousands)	Construction in Progress HK\$	Total Property and Equipment and construction in progress HK\$
Cost:					
As at 1 January 2018	38,215,555	5,788,545	27,100	183,720	44,214,920
Additions	251,751	199,297	2,458	803,583	1,257,089
Transfers	543,857	141,031	—	(684,888)	—
Adjustment to project costs	(5,541)	(13,990)	—	45	(19,486)
Abandonments/disposals	(272,089)	(129,836)	(887)	(205)	(403,017)
As at 31 December 2018 and 1 January 2019	38,733,533	5,985,047	28,671	302,255	45,049,506
Additions	62,073	159,575	—	1,510,891	1,732,539
Transfers	794,281	339,180	—	(1,133,461)	—
Adjustment to project costs	(4,964)	(12,048)	—	296	(16,716)
Abandonments/disposals	(149,923)	(257,709)	—	(7,883)	(415,515)
As at 31 December 2019	39,435,000	6,214,045	28,671	672,098	46,349,814
Depreciation:					
As at 1 January 2018	7,403,127	3,286,726	20,798	—	10,710,651
Depreciation charged for the year	1,857,302	775,041	2,776	—	2,635,119
Abandonments/disposals	(135,340)	(103,225)	(887)	—	(239,452)
As at 31 December 2018 and 1 January 2019	9,125,089	3,958,542	22,687	—	13,106,318
Depreciation charged for the year	1,903,540	790,410	3,650	—	2,697,600
Abandonments/disposals	(104,055)	(235,977)	—	—	(340,032)
As at 31 December 2019	10,924,574	4,512,975	26,337	—	15,463,886
Net carrying amount:					
As at 31 December 2019	28,510,426	1,701,070	2,334	672,098	30,885,928
As at 31 December 2018	29,608,444	2,026,505	5,984	302,255	31,943,188
As at 1 January 2018	30,812,428	2,501,819	6,302	183,720	33,504,269

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

9. RIGHT-OF-USE ASSETS

(a) Lessee arrangements

The Group has entered into leases for warehouse facilities, apartment units for executives, dormitories for imported labor, and for certain office equipment in Macau. These leases typically contain renewal or continuation clauses.

In addition to the leases described above, the Group pays rent for the use of the land sites on which Wynn Palace and Wynn Macau are situated.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	Land HK\$	Buildings HK\$	Fixtures and Equipment HK\$ (in thousands)	Vehicle HK\$	Total Right-of-use Assets HK\$
As at 1 January 2019	1,713,767	331,157	74,831	4,755	2,124,510
Additions	—	105,127	8,560	19,773	133,460
Termination	—	—	(5,494)	—	(5,494)
Depreciation of right-of-use assets	(104,222)	(89,762)	(34,174)	(4,874)	(233,032)
As at 31 December 2019	1,609,545	346,522	43,723	19,654	2,019,444

As at 31 December 2018, outstanding commitments for future minimum lease payments under non-cancellable operating leases were as follows:

	As at 31 December 2018 HK\$ (in thousands)
Within one year	149,840
After one year but not more than five years	298,571
More than five years	236,354
	684,765

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

9. RIGHT-OF-USE ASSETS (CONTINUED)

(b) Lessor arrangements

The Group has entered into leases for space with many high-end retailers which represent approximately 100,000 and 59,000 square feet of space at Wynn Palace and Wynn Macau, respectively. The lease arrangements generally include minimum base rent and contingent rental clauses based on a percentage of net sales. Generally, the terms of the leases range between three and five years. The Group records revenue on a straight-line basis over the term of the lease, and recognizes revenue for contingent rentals when the contingency has been resolved.

The following table sets out the minimum and contingent rental income for the year:

	For the year ended 31 December	
	2019 HK\$	2018 HK\$
	(in thousands)	
Minimum rental income	825,326	824,196
Contingent rental income	355,930	347,406
	1,181,256	1,171,602

Future minimum rents to be received as at 31 December 2019 and 2018 were as follows:

	As at 31 December	
	2019 HK\$	2018 HK\$
	(in thousands)	
Within one year	892,541	840,628
After one year but within two years	447,316	848,507
After two years but within three years	299,747	373,583
After three years but within four years	179,360	209,936
After four years but within five years	110,937	71,143
After five years	1,867	6,135
	1,931,768	2,349,932

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

10. LEASEHOLD INTERESTS IN LAND

The Group has the leasing rights for approximately 51 acres of the Cotai Land where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located. Both pieces of leased land are under land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively. The land concessions are granted by the Macau Government in return for the payment of a premium, all installments of which were paid before 31 December 2016 and 31 December 2009, respectively.

Land concessions in Macau are generally renewable for additional periods, subject to applicable legislation.

Leasehold interests in land which recognize the premiums and other capitalized costs are set forth below.

	2018 HK\$ (in thousands)
Cost:	
As at beginning and end of the year	2,384,022
Amortization:	
As at beginning of the year	697,570
Amortization charge for the year	96,171
As at end of the year	793,741
Net carrying amount	1,590,281

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

11. GOODWILL

In September 2004, the Group acquired all of the 17.5% indirect ownership interests in WRM held by third parties, in exchange for 1,333,333 shares of Wynn Resorts, Limited's common stock. As a result of the acquisition, WRM became an indirectly wholly-owned subsidiary of the Group.

In accordance with the Group's accounting policy for the acquisition of non-controlling interests, the assets and liabilities of WRM were not restated to reflect their fair values at the date of the acquisition. The difference between the purchase price and the non-controlling interests' share of the assets and liabilities reflected within the consolidated statement of financial position of HK\$398.3 million at the date of the acquisition was recorded as goodwill.

The recoverable amount of a CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% that is determined based on past performance and expectations for market development. The weighted average growth rate used is consistent with the forecasts used in the industry. The discount rate applied to the cash flow projections is 11.15% (2018: 10.76%). The discount rate used is pre-tax and reflects specific risks relating to the Group.

During the year ended 31 December 2019, there was no impairment of goodwill with indefinite useful lives (2018: nil).

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

12. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following as at 31 December 2019 and 2018:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Fine art	386,468	387,565
China, glass, silverware and other	121,259	158,606
Deposits and others	98,056	139,391
Memberships	1,020	1,020
	606,803	686,582

13. INVENTORIES

Inventories consisted of the following as at 31 December 2019 and 2018:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Operating supplies	234,667	172,806
Food and beverage	92,331	79,553
Retail merchandise	19,606	60,266
	346,604	312,625

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

14. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following as at 31 December 2019 and 2018:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Casino	1,440,710	1,041,909
Retail leases	106,365	87,326
Hotel	7,944	7,986
Trade receivables	1,555,019	1,137,221
Other receivables	91,296	109,018
Less: allowance for doubtful accounts	(93,324)	(110,765)
Total trade and other receivables, net	1,552,991	1,135,474

An aged analysis of trade receivables is as follows:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Within 30 days	968,461	435,785
31 to 90 days	242,182	342,523
91 to 365 days	283,236	334,807
Over 365 days	61,140	24,106
Trade receivables	1,555,019	1,137,221
Other receivables	91,296	109,018
Less: allowance for doubtful accounts	(93,324)	(110,765)
Total trade and other receivables, net	1,552,991	1,135,474

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

The advanced commissions included in the trade and other receivables are on terms requiring settlement within five business days of the month following the advance. Except for the advanced commissions, the trade and other receivables are generally repayable within 14 days. Movements in the provision for impairment of receivables of the Group, which were collectively impaired, are as follows:

	HK\$
	(In thousands)
As at 1 January 2018	81,704
Charge for the year, net	23,140
Reversal of amounts written off, net	5,921
As at 31 December 2018 and 1 January 2019	110,765
Charge for the year, net	44,528
Amounts written off, net	(61,969)
As at 31 December 2019	93,324

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Within 30 days	31 to 90 days	91 to 365 days	Over 365 days	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
	(in thousands, except for percentages)				
As at 31 December 2019					
Gross trade receivables	968,461	242,182	283,236	61,140	1,555,019
Provision for impairment	(4,430)	(8,186)	(49,033)	(31,675)	(93,324)
Expected credit loss rate	0.5%	3.4%	17.3%	51.8%	6.0%
As at 31 December 2018					
Gross trade receivables	435,785	342,523	334,807	24,106	1,137,221
Provision for impairment	(10,028)	(24,367)	(60,320)	(16,050)	(110,765)
Expected credit loss rate	2.3%	7.1%	18.0%	66.6%	9.7%

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

15. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consisted of the following as at 31 December 2019 and 2018:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Prepayments	86,851	89,410
Deposits	56,361	47,052
	143,212	136,462

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to deposits for which there have been no recent history of default.

16. RESTRICTED CASH AND CASH EQUIVALENTS

As at 31 December 2019, the Group had restricted cash and cash equivalents of HK\$25.6 million (2018: HK\$18.1 million) reserved at the Trust to fund the WML employee ownership scheme. The remaining balance of HK\$ 8.2 million (2018: nil) represents deposits placed with banks for certain bank guarantees provided for operational purpose.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as at 31 December 2019 and 2018:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Cash at banks and short-term deposits	13,317,935	8,671,150
Cash on hand	769,551	855,273
	14,087,486	9,526,423

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

17. CASH AND CASH EQUIVALENTS (CONTINUED)

The cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
US\$	9,387,044	1,826,521
HK\$	4,546,065	7,619,343
MOP	74,276	56,680
Australian dollar	71,383	17,373
Singapore dollar	7,355	1,452
Other	1,363	5,054
	14,087,486	9,526,423

Cash deposited at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months generally, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

18. ACCOUNTS PAYABLE

During 2019 and 2018, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at 31 December 2019 and 2018, based on the invoice dates, is as follows:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Within 30 days	275,983	564,509
31 to 60 days	30,721	37,301
61 to 90 days	17,593	15,494
Over 90 days	78,098	106,169
	402,395	723,473

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

19. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following:

	As at 31 December		As at
	2019	2018	1 January
	HK\$	HK\$	HK\$
	(in thousands)		
Current:			
Outstanding chip liabilities ⁽¹⁾	3,478,348	3,905,079	4,839,965
Customer deposits ⁽²⁾	1,833,253	2,722,322	2,545,691
Gaming taxes payable	1,227,614	1,858,734	1,565,075
Loyalty program and related liabilities ⁽³⁾	86,781	111,607	114,792
Donation payable	83,249	77,670	77,670
Other gaming-related liabilities ⁽⁴⁾	18,271	20,136	20,167
Others	1,042,308	1,008,322	805,714
	7,769,824	9,703,870	9,969,074
Non-current:			
Donation payable	144,297	203,943	265,992
Total	7,914,121	9,907,813	10,235,066

In providing goods and services to its customers, there is often a timing difference between the Group receiving cash and the Group recording revenue for providing services or holding events. The Group's primary liabilities associated with customer contracts are outstanding chip liabilities, customer deposits, loyalty program and related liabilities and other gaming related liabilities.

(1) Outstanding chips represent amounts owed to gaming promoters and customers for chips in their possession. The amounts may be recognized as revenue or will be redeemed for cash in the future.

(2) Customer deposits include casino front money deposits and advance room and other deposits. Casino front money deposits represent funds deposited by customers before gaming play occurs. Such amounts may be recognized as revenue or will be redeemed for cash in the future. The advance room and other deposits represent cash received in advance for goods and services to be provided in the future. These amounts will be recognized as revenue when the goods and services are provided. Decreases in this balance generally represent the recognition of revenue and increases in the balance represent additional deposits made by customers. The deposits are expected to be primarily recognized as revenue within one year.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

19. OTHER PAYABLES AND ACCRUALS (CONTINUED)

- (3) Loyalty program and related liabilities represent the deferral of revenue until the loyalty points or other complimentary are redeemed. The amounts are expected to be recognized as revenue within one year from being earned by customers.
- (4) Other gaming-related liabilities generally represent unpaid wagers primarily in the form of unredeemed slot tickets.

20. INTEREST-BEARING BORROWINGS

	Notes	As at 31 December	
		2019	2018
		HK\$	HK\$
		(in thousands)	
Bank loans, secured	(a)	20,659,687	22,875,059
Senior notes, unsecured	(b)	18,301,709	10,572,466
		38,961,396	33,447,525
Less: debt financing costs, net		(366,658)	(369,378)
Total interest-bearing borrowings		38,594,738	33,078,147

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

20. INTEREST-BEARING BORROWINGS (CONTINUED)

The borrowings are repayable as follows:

	Notes	As at 31 December	
		2019 HK\$	2018 HK\$
(in thousands)			
Bank loans:	(a)		
In the next twelve months		2,132,855	—
In the second year		2,472,559	1,034,359
In the third to fifth years, inclusive		16,054,273	21,840,700
		20,659,687	22,875,059
Less: debt financing costs, net		(123,235)	(179,074)
		20,536,452	22,695,985
Senior notes:	(b)		
In the third to fifth years, inclusive		4,672,777	—
After the fifth year		13,628,932	10,572,466
		18,301,709	10,572,466
Less: debt financing costs, net		(243,423)	(190,304)
		18,058,286	10,382,162

Notes:

(a) **Bank loans, secured**

Wynn Macau Credit Facilities

On 21 December 2018, WRM's senior secured bank facilities were amended to, among other things, extend the maturity dates of the senior secured term loan and revolving credit facilities. As at 31 December 2019, the Wynn Macau Credit Facilities consisted of approximately HK\$23.77 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$17.93 billion equivalent fully funded senior term loan facility and an approximately HK\$5.84 billion equivalent senior revolving credit facility.

The borrowings under the Wynn Macau Credit Facilities were used to refinance WRM's existing indebtedness and for general corporate purposes.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

20. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(a) **Bank loans, secured** (continued)

Wynn Macau Credit Facilities (continued)

The amended term loan facility is repayable in graduating installments of between 2.875% and 4.50% of the principal amount on a quarterly basis commencing 30 September 2020, with a final installment of 75% of the principal amount repayable on 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day). Prior to the amendment, the term loan facility was repayable in graduating installments of between 2.50% and 7.33% of the principal amount on a quarterly basis commencing December 2018, with a final installment of 50% of the principal amount repayable in September 2021.

The final maturity of any outstanding borrowings from the revolving credit facility is 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day), by which time any outstanding borrowings from the revolving credit facility must be repaid. Prior to the amendment, the final maturity of any outstanding borrowings from the revolving credit facility was repayable by September 2020.

The borrowings under the Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.50% to 2.25% per annum based on WRM's leverage ratio. Customary fees and expenses were paid by WRM in connection with the Wynn Macau Credit Facilities.

Borrowings under the Wynn Macau Credit Facilities are guaranteed by Palo and by certain subsidiaries of the Company that own equity interests in WRM, and are secured by substantially all of the assets of, and equity interests in WRM and Palo.

The Wynn Macau Credit Facilities contain representations, warranties, covenants and events of default customary for casino development financings in Macau. The circumstances giving rise to an event of default include if Wynn Resorts, Limited, the Company's controlling shareholder, ceases to own directly or indirectly at least 51% of the voting rights or issued capital of WRM or ceases to retain the ability or the right to direct or procure the direction of the management and policies of WRM. Upon an event of default, the lenders are entitled to exercise certain remedies including acceleration of the indebtedness repayable by WRM under the senior secured credit facilities.

The Company is not a party to the credit facilities agreements and related agreements and has no rights or obligations thereunder.

In connection with the initial financing of the Wynn Macau project, the Group entered into a bank guarantee reimbursement agreement with Banco Nacional Ultramarino, S.A. ("BNU") to secure a guarantee currently in the amount of MOP300 million (approximately HK\$291.3 million) until 180 days after the end of the term of the Concession Agreement. This guarantee, which is for the benefit of the Macau government, assures certain aspects of the Group's performance under the Concession Agreement, including the payment of premiums, fines and indemnities for any material failures to perform under the terms of the Concession Agreement. BNU, as issuer of the guarantee, is currently secured by a second priority security interest in the senior lender collateral package. After repayment of all indebtedness under the WRM's credit facilities, the Group is obligated to promptly, upon demand by BNU, repay any claims made on the guarantee by the Macau government. The Group paid an annual fee to BNU of approximately MOP2.3 million (approximately HK\$2.2 million) for the guarantee during 2019.

As at 31 December 2019, the Group had approximately HK\$3.11 billion in funding available under the revolving credit facility of the Wynn Macau Credit Facilities. On 3 February 2020, the Group prepaid approximately HK\$ 1.17 billion equivalent of the term loan facility of the Wynn Macau Credit Facilities, and the future contractual amortization payments were reduced on a pro-rata basis.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

20. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(b) Senior notes, unsecured

WML 2024 Notes and WML 2027 Notes

On 20 September 2017, the Company completed the issuance of 4.875% senior notes due 2024 with an aggregate principal amount of US\$600 million (approximately HK\$4.67 billion) (the "WML 2024 Notes") and 5.50% senior notes due 2027 with an aggregate principal amount of US\$750 million (approximately HK\$5.84 billion) (the "WML 2027 Notes"). The Company used the net proceeds from the WML 2024 Notes and WML 2027 Notes and cash on hand to fund the cost of extinguishing the WML 2021 Notes. Interest on the WML 2024 Notes and WML 2027 Notes is payable semi-annually in arrears on 1 April and 1 October of each year, beginning on 1 April 2018. The WML 2024 Notes and WML 2027 Notes, which are listed on the Hong Kong Stock Exchange, mature on 1 October 2024 and 1 October 2027, respectively.

WML 2029 Notes

On 17 December 2019, the Company completed the issuance of 5.125% senior notes due 2029 with an aggregate principal amount of US\$1 billion (approximately HK\$7.79 billion) (the "WML 2029 Notes"). The Company expects to use certain amounts from the net proceeds from the WML 2029 Notes to facilitate the repayment of US\$1 billion (approximately HK\$7.79 billion) of the term loan of the Wynn Macau Credit Facilities over the next two years, subject to generating sufficient operating cash flow from our Macau Operations. Interest on the WML 2029 Notes is payable semi-annually in arrears on 15 June and 15 December of each year, beginning on 15 June 2020. The WML 2029 Notes, which are listed on the Hong Kong Stock Exchange, mature on 15 December 2029.

Redemption of WML 2024 Notes, WML 2027 Notes and WML 2029 Notes

At any time prior to 1 October 2020, 1 October 2022 and 15 December 2024, the Company may redeem the WML 2024 Notes, WML 2027 Notes and WML 2029 Notes, respectively, in whole or in part, at a redemption price equal to the greater of (a) 100% of the principal amount of the WML 2024 Notes, WML 2027 Notes and WML 2029 Notes, or (b) a "make-whole" amount as determined by an independent investment banker in accordance with the terms of the indentures for the WML 2024 Notes and WML 2027 Notes, dated as of 20 September 2017 (the "2017 Indentures"), and the indenture for the WML 2029 Notes dated as of 17 December 2019 (together with the 2017 Indentures, the "WML Indentures"). In either case, the redemption price would include accrued and unpaid interest.

In addition, (i) at any time prior to 1 October 2020, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the WML 2024 Notes and the WML 2027 Notes, at a redemption price equal to 104.875% of the aggregate principal amount of the WML 2024 Notes and 105.500% of the aggregate principal amount of the WML 2027 Notes, as applicable; and (ii) at any time prior to 15 December 2022, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the WML 2029 Notes at a redemption price equal to 105.125% of the aggregate principal amount of the WML 2029 Notes, plus accrued and unpaid interest, if any.

On or after 1 October 2020, 1 October 2022 and 15 December 2024, the Company may redeem the WML 2024 Notes, WML 2027 Notes and WML 2029 Notes, respectively, in whole or in part, at a premium decreasing annually from 102.438%, 102.750% and 102.563%, respectively, of the applicable principal amount to 100% of the applicable principal amount, plus accrued and unpaid interest to, but not including, the redemption date.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

20. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(b) **Senior notes, unsecured** (continued)

Redemption of WML 2024 Notes, WML 2027 Notes and WML 2029 Notes (continued)

If the Company undergoes a Change of Control (as defined in the WML Indentures), it must offer to repurchase the WML 2024 Notes, WML 2027 Notes and WML 2029 Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. Under the 2017 Indentures, the circumstances that will constitute a Change of Control includes, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to the Company's former Chairman and Chief Executive Officer or a related party of the Company's former Chairman and Chief Executive Officer, the consummation of any transaction that results in any party other than the Company's former Chairman and Chief Executive Officer and his related parties becoming the direct or indirect owner of more than 50% of the outstanding voting stock of WRL and the first day on which a majority of the members of the Board are not continuing directors. Under the indenture of the WML 2029 Notes, the circumstances that will constitute a Change of Control includes, among others, the consummation of any transaction that results in any party other than WRL or any affiliate of WRL becomes the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests.

In addition, the Company may redeem the WML 2024 Notes, WML 2027 Notes and WML 2029 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, in response to any change in or amendment to certain tax laws or tax positions. Further, if a holder or beneficial owner of the WML 2024 Notes, WML 2027 Notes and WML 2029 Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML Indentures), the Company may require the holder or beneficial owner to dispose of or redeem its WML 2024 Notes, WML 2027 Notes and WML 2029 Notes.

Upon the occurrence of (1) any event after which none of the Company or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same scope as it does on the date of the WML 2024 Notes, WML 2027 Notes and WML 2029 Notes issuance, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the WML 2024 Notes, WML 2027 Notes and WML 2029 Notes will have the right to require the Company to repurchase all or any part of such holder's WML 2024 Notes, WML 2027 Notes and WML 2029 Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

21. ISSUED CAPITAL AND SHARES HELD FOR EMPLOYEE OWNERSHIP SCHEME

	As at 31 December	
	2019 HK\$	2018 HK\$
	(in thousands)	
Authorized:		
20,000,000,000 Shares of HK\$0.001 each	20,000	20,000
Issued and fully paid:		
5,196,958,600 (2018: 5,196,958,600) Shares of HK\$0.001 each	5,197	5,197

As at 31 December 2019, nil Shares (2018: 627,255 Shares) held under the employee ownership scheme were included in the total number of issued Shares (note 23).

During the year ended 31 December 2019, the Trust acquired 2,420,000 Shares (2018: 2,650,000 Shares) for HK\$42.0 million (2018: HK\$48.7 million), which was deducted from shareholders' equity.

22. SHARE PREMIUM ACCOUNT AND RESERVES

The Group's share premium account mainly includes the amounts transferred from the share option reserve upon vesting of share awards under the employee ownership scheme. It also includes the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganization prior to the Listing of the Company's Shares, over the nominal value of the Company's Shares issued in exchange with adjustments arising from the Group Reorganization.

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 121 of the financial statements.

In accordance with the provisions of the Macau Commercial Code, the Company's subsidiaries incorporated in Macau are required to transfer a minimum of 10% of their annual net profit to a legal reserve until that reserve equals 25% of their issued capital. The Company's subsidiaries met this statutory requirement and WRM continues to maintain the required reserve of HK\$48.6 million in "statutory reserve". This reserve is not distributable to the respective shareholders.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

23. SHARE-BASED PAYMENT PLAN

The Company's share option schemes

The Company adopted a share option scheme ("Original Share Option Scheme") on 16 September 2009 until it was terminated on upon the Company's adoption of a new share option scheme on 30 May 2019 ("WML Share Option Scheme"). The purpose of the share option schemes is to reward participants, which may include Directors and employees of the Group, who have contributed to the Group and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The options granted under the share option scheme do not give immediate ownership of the underlying Shares as they require payment of an exercise price which must be higher than the then prevailing market price of the Shares on the date of the options granted.

Upon the termination of the Original Share Option Scheme on 30 May 2019, no further options may be offered or granted under the Original Share Option Scheme but in all other respects the provisions of the Original Share Option Scheme shall remain in full force and effect in respect of options which are granted during the life of the Original Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the Original Share Option Scheme.

The WML Share Option Scheme was adopted for a period of 10 years commencing from 30 May 2019. The maximum number of Shares which may be issued pursuant to the WML Share Option Scheme is 519,695,860 Shares. Except for the number of the options that may be granted and the expiry date of the WML Share Option Scheme, the terms of the WML Share Option Scheme and Original Share Option Scheme are the same in all material respects. As of 31 December 2019, no options have been granted or are outstanding under the WML Share Option Scheme. Subsequent to 2019, shares options for 4,115,000 Shares were granted under the WML Share Option Scheme.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

23. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's share option schemes (continued)

The following share options were outstanding under the Original Share Option Scheme during the year:

	Number of options	Weighted average exercise price (HK\$)	Weighted average exercise term (Years)
Outstanding as at 1 January 2018	7,006,000	18.11	6.9
Granted during the year	4,494,000	20.75	9.8
Exercised during the year	(941,600)	15.16	—
Outstanding as at 31 December 2018 and 1 January 2019	10,558,400	19.50	7.8
Granted during the year	455,000	19.80	9.2
Outstanding as at 31 December 2019	11,013,400	19.51	6.9
Options exercisable as at 31 December 2019	5,212,000	20.27	5.4
Options exercisable as at 31 December 2018	3,302,800	21.28	5.2

The weighted average fair value of the share options granted during the year was estimated at HK\$4.31 per option (2018: HK\$4.61 per option) based on the Black-Scholes pricing model. The following table lists the assumptions used in estimating the fair values of the share options granted.

	2019	2018
Expected dividend yield	5.7%	5.7%
Expected stock price volatility	40.7%	40.2%
Risk-free interest rate	1.4%	2.3%
Expected average life of options (years)	6.5	6.5
Share price on the date of grant (HK\$ per Share)	19.80	20.63
Exercise price (HK\$ per Share)	19.80	20.75

Changes in subjective assumptions could materially affect the fair value estimate.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

23. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's employee ownership scheme

On 30 June 2014, the Company approved and adopted the employee ownership scheme. The employee ownership scheme allows for the grant of non-vested Shares of the Company's common stock to eligible employees. The employee ownership scheme is administered by the Company's Board of Directors and has been mandated under the plan to allot, issue and procure the transfer of a maximum of 50,000,000 Shares. The Board of Directors has discretion on the vesting and service requirements, exercise price and other conditions, subject to certain limits. The fair value of the awarded non-vested Shares was calculated based on the market prices of the Company's Shares at the respective grant dates.

	Number of Shares	Weighted Average Grant Date Fair Value (HK\$)
Non-vested as at 1 January 2018	11,842,707	17.55
Granted during the year	3,256,630	24.03
Vested during the year	(3,565,245)	27.86
Forfeited during the year	(1,780,825)	15.89
Non-vested as at 31 December 2018 and 1 January 2019	9,753,267	16.25
Granted during the year	3,742,418	18.93
Vested during the year	(2,420,915)	11.25
Forfeited during the year	(1,408,607)	17.60
Non-vested as at 31 December 2019	9,666,163	18.34

In January 2020, the Company awarded 1,583,125 non-vested Shares to Eligible Persons under the employee ownership scheme.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

23. SHARE-BASED PAYMENT PLAN (CONTINUED)

WRL Omnibus Plan

On 16 May 2014, Wynn Resorts, Limited adopted the Wynn Resorts, Limited 2014 omnibus incentive plan (the "WRL Omnibus Plan") after approval from its stockholders. The WRL Omnibus Plan allows for the grant of stock options, restricted stock, restricted stock units, stock appreciation rights, performance awards and other share-based awards to the same eligible participants as the WRL's 2002 stock incentive plan, as amended and restated (the "WRL 2002 Plan"). Under the approval of the WRL Omnibus Plan, no new awards may be made under the WRL 2002 Plan. The outstanding awards under the WRL 2002 Plan were transferred to the WRL Omnibus Plan and will remain pursuant to their existing terms and related award agreements. WRL reserved 4,409,390 shares of its common stock for issuance under the WRL Omnibus Plan. These shares were transferred from the remaining available amount under the WRL 2002 Plan. As at the date of these financial statements, 2,075,621 shares remained available for the grant of stock options or non-vested shares of WRL's common stock.

The WRL Omnibus Plan is administered by the compensation committee of WRL's board of directors. The compensation committee has discretion under the WRL Omnibus Plan regarding which type of awards to grant, the vesting and service requirements, exercise price and other conditions, in all cases subject to certain limits. For stock options, the exercise price of stock options must be at least equal to the fair market value of the stock on the date of grant and the maximum term of such an award is ten years.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

23. SHARE-BASED PAYMENT PLAN (CONTINUED)

WRL Omnibus Plan (continued)

A summary of option activities under the plan as at 31 December 2019 and 2018 and the changes during the years then ended as it relates to the Group is presented below:

	Number of Options	Weighted Average Exercise Price (HK\$)	Weighted Average Exercise Term (Years)
Outstanding as at 1 January 2018	168,160	371	1.4
Exercised during 2018	(4,000)	468	
Transferred during 2018	3,230	369	
Outstanding as at 31 December 2018 and 1 January 2019	167,390	369	0.3
Transferred during 2019	380	367	
Exercised during 2019	(167,770)	367	
Outstanding as at 31 December 2019	—	—	—
Options exercisable as at 31 December 2019	—	—	—
Options exercisable as at 31 December 2018	140,960	369	0.3

Since no options were granted under the WRL Omnibus Plan for the years ended 31 December 2019 and 2018, the disclosures of the weighted average fair value of options granted at the measurement date and, in turn, the significant inputs used in estimating the fair value per option are not applicable.

The total intrinsic value of the options exercised for the year ended 31 December 2019 was HK\$119.7 million (2018: HK\$4.0 million).

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

23. SHARE-BASED PAYMENT PLAN (CONTINUED)

Non-vested shares under the WRL Omnibus Plan

A summary of the status of the WRL Omnibus Plan's non-vested shares as at 31 December 2019 and 2018 and the changes during the years then ended as it relates to the Group is set out below:

	Number of Shares	Weighted Average Grant Date Fair Value (HK\$)
Non-vested as at 1 January 2018	55,000	833
Granted during the year	63,267	1,247
Vested during the year	(20,667)	1,058
Non-vested as at 31 December 2018 and 1 January 2019	97,600	1,054
Granted during the year	110,177	965
Vested during the year	(35,920)	924
Transferred during the year	80	1,314
Non-vested as at 31 December 2019	171,937	1,021

24. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group recorded an expense for matching contributions of approximately HK\$ 145.2 million for the year ended 31 December 2019 (2018: HK\$130.6 million). Forfeited unvested contributions totaling HK\$17.5 million (2018: HK\$18.8 million) were utilized during the year. As at 31 December 2019, contributions of approximately HK\$28.1 million (2018: HK\$25.4 million) due had not been paid. The amounts were paid subsequent to the end of the reporting period.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

25. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and chief executive's emoluments

Directors' and chief executive's emoluments for the years ended 31 December 2019 and 2018 disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the year ended	
	31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Share-based payments	58,914	38,536
Salaries	22,042	22,021
Discretionary bonus	17,640	22,096
Fees	5,163	4,525
Contributions to retirement plan	588	588
Other	3,575	9,704
Total emoluments	107,922	97,470

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

25. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' and chief executive's emoluments (continued)

	Fees HK\$	Salaries HK\$	Discretionary Bonus HK\$	Share-based Payments HK\$ (in thousands)	Contributions to Retirement Plan HK\$	Other HK\$	Total HK\$
2019							
Executive Directors:							
Matthew O. Maddox ¹	—	—	—	—	—	—	—
Linda Chen	—	10,287	8,272	28,808	—	685	48,052
Ian Michael Coughlan	—	11,755	9,368	18,945	588	2,890	43,546
Non-executive Director:							
Craig S. Billings ²	—	—	—	—	—	—	—
Independent non-executive Directors:							
Jeffrey Kin-fung Lam	1,050	—	—	2,061	—	—	3,111
Bruce Rockowitz	1,075	—	—	2,061	—	—	3,136
Nicholas Sallnow-Smith	1,325	—	—	2,061	—	—	3,386
Allan Zeman	1,075	—	—	4,306	—	—	5,381
Leah Dawn Xiaowei Ye ³	638	—	—	672	—	—	1,310
	5,163	22,042	17,640	58,914	588	3,575	107,922
2018							
Executive Directors:							
Matthew O. Maddox ¹	—	—	—	—	—	—	—
Linda Chen	—	10,264	10,349	12,455	—	7,023	40,091
Ian Michael Coughlan	—	11,757	11,747	20,924	588	2,681	47,697
Stephen A. Wynn ⁴	—	—	—	—	—	—	—
Non-executive Directors:							
Craig S. Billings ²	—	—	—	—	—	—	—
Maurice L. Wooden ⁵	—	—	—	—	—	—	—
Kim Sinatra ⁶	—	—	—	—	—	—	—
Independent non-executive Directors:							
Jeffrey Kin-fung Lam	1,050	—	—	1,248	—	—	2,298
Bruce Rockowitz	1,075	—	—	1,248	—	—	2,323
Nicholas Sallnow-Smith	1,325	—	—	1,248	—	—	2,573
Allan Zeman	1,075	—	—	1,413	—	—	2,488
	4,525	22,021	22,096	38,536	588	9,704	97,470

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

25. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' and chief executive's emoluments (continued)

Notes:

- 1 In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Maddox was charged to the Group, through the corporate allocation agreement, amounting to HK\$16.3 million for the year ended 31 December 2019 (2018: HK\$26.0 million).
- 2 In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Billings was charged to the Group, through the corporate allocation agreement, amounting to HK\$11.1 million for the year ended 31 December 2019 (2018: HK\$3.8 million).
- 3 Ms. Leah Dawn Xiaowei Ye was appointed as the independent non-executive Director of the Company with effect from 1 April 2019.
- 4 Mr. Stephen A, Wynn resigned as the Chairman of the Board, an executive Director, the Chief Executive Officer of the Company on 7 February 2018. In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Wynn was charged to the Group, through the corporate allocation agreement, amounting to HK\$1.3 million for the period ended 6 February 2018.
- 5 Mr. Maurice L. Wooden resigned from the position as a non-executive Director of the Company effective 6 December 2018.
- 6 Ms. Kim Sinatra resigned from the position as a non-executive Director of the Company effective 8 August 2018. In addition to the directors' emoluments disclosed in the above tables, the emolument for Ms. Sinatra was charged to the Group, through the corporate allocation agreement, amounting to HK \$4.4 million for the period ended 7 August 2018.

Five highest paid individuals' emoluments

During the year ended 31 December 2019, the five individuals whose emoluments were the highest in the Group included two (2018: two) Directors whose emoluments were reflected in the analysis presented above. Details of the emoluments payable to the remaining three (2018: three) highest paid individuals for each of the years ended 31 December 2019 and 2018 were as follows:

	For the year ended 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Salaries and other benefits	26,352	27,587
Share-based payments	23,961	16,918
Discretionary bonus	15,161	18,271
Contributions to retirement plan	331	331
Total emoluments	65,805	63,107

Financial Statements
Notes to Financial Statements
For the year ended 31 December 2019

25. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Five highest paid individuals' emoluments (continued)

The emoluments were within the following bands:

	For the year ended 31 December	
	2019 Number of Individuals	2018 Number of Individuals
HK\$14,000,001 to HK\$14,500,000	—	1
HK\$14,500,001 to HK\$15,000,000	1	—
HK\$15,000,001 to HK\$15,500,000	1	1
HK\$33,500,001 to HK\$34,000,000	—	1
HK\$35,500,001 to HK\$36,000,000	1	—
Total	3	3

The emoluments of certain individuals have been apportioned on a basis that is considered to be reasonable estimates of the utilization of services provided or the benefits received by the Group. The apportioned emoluments of these individuals are included in the expense allocations charged by Wynn Resorts, Limited and the Group's fellow subsidiaries for the years ended 31 December 2019 and 2018 (See note 27 "Related Party Disclosures").

During the year, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or in connection with the management of the affairs of any members of the Group. None of the Directors waived any emoluments during the years.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

26. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 31 December 2019 and 2018, the Group had the following capital commitments under construction contracts, construction-related consulting and other agreements and purchase orders which have not been provided for in the Group's consolidated statement of financial position:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Contracted, but not provided for	561,300	514,020

Gaming premium commitment

Pursuant to the Concession Agreement signed with the Macau government, the Group has committed to pay an annual premium of MOP30.0 million (approximately HK\$29.1 million) plus a variable annual premium which is equal to MOP300,000 (approximately HK\$291,000) per gaming table reserved exclusively for certain kinds of games or players, MOP150,000 (approximately HK\$146,000) per gaming table not so reserved and MOP1,000 (approximately HK\$970) per electrical or mechanical gaming machine, including slot machines, subject to an annual minimum of MOP45.0 million (approximately HK\$43.7 million).

Other service commitments

The Group has entered into agreements for providing shuttle bus services for employees commuting to and from work. The Group has also entered into various agreements for operations and maintenance of the SkyCab at Wynn Palace, and hotel and other facilities for both Wynn Palace and Wynn Macau. Under these agreements, the Group was obligated to make the following future payments as at 31 December 2019 and 2018:

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Within one year	381,163	410,398
After one year but not more than five years	414,847	501,022
	796,010	911,420

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other service commitments (continued)

As at 31 December 2019, the Group was committed to purchases of operating supplies totaling HK\$173.4 million (2018: HK\$186.3 million).

As at 31 December 2019, in addition to the MOP300 million (approximately HK\$291.3 million) bank guarantee issued for the Concession Agreement as described in note 20, banks granted guarantees to the Group for other purposes totalling HK\$37.4 million (2018: HK\$37.4 million).

Employment agreements

The Group has entered into employment agreements with several executive officers, other members of management and certain key employees. These agreements generally have two- to ten-year terms and typically indicate a base salary and often contain provisions for a discretionary bonus. Certain executives are also entitled to a separation payment if terminated without "cause" or upon voluntary termination of employment for "good reason" following a "change of control" (as these terms are defined in the employment contracts).

Litigation

The Group did not have any material litigation outstanding as at 31 December 2019. The litigation matter set out below is disclosed on a voluntary basis and, as with all litigations, no assurances can be provided as to the outcome thereof.

Macau litigation related to Dore

WRM has been named as a defendant in lawsuits filed in the Macau Court of First Instance by individuals who claim to be investors in or persons with credit in accounts maintained by Dore Entertainment Company Limited ("Dore"), an independent, Macau registered and licensed company that operates a gaming promoter business at Wynn Macau. In connection with the alleged theft, embezzlement, fraud and/or other crime(s) perpetrated by a former employee of Dore (the "Dore Incident"), the plaintiffs of the lawsuits allege that Dore failed to honor withdrawal of funds deposited with Dore as investments or gaming deposits that allegedly resulted in certain losses for these individuals. The principal allegations common to the lawsuits are that WRM, as a gaming concessionaire, should be held responsible for Dore's conduct on the basis that WRM is responsible for the supervision of Dore's activities at Wynn Macau that resulted in the purported losses. The Company made a voluntary announcement in connection with the Dore Incident on 14 September 2015.

Based on advice from Macau counsel, we believe the claims are without merit and are unfounded. We intend to vigorously defend against the claims pleaded against us in these lawsuits.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

27. RELATED PARTY DISCLOSURES

As at 31 December 2019 and 2018, the outstanding balances between the Group and the related companies were as follows:

Name of related companies	Relation to the Company	As at 31 December	
		2019 HK\$	2018 HK\$
		(in thousands)	
Due from related companies — current			
WIML	Subsidiary of Wynn Resorts, Limited	182,155	229,598
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts, Limited	3,726	36,526
Wynn Manpower Limited	Subsidiary of Wynn Resorts, Limited	493	719
Wynn MA, LLC	Subsidiary of Wynn Resorts, Limited	324	72
Palo Manpower Hong Kong Limited	Subsidiary of Wynn Resorts, Limited	109	50
Palo Hong Kong Limited	Subsidiary of Wynn Resorts, Limited	107	48
SAC Hospitality Services HK Limited	Subsidiary of Wynn Resorts, Limited	47	—
Lumini Hospitality Services HK Limited	Subsidiary of Wynn Resorts, Limited	47	—
Harthor Hospitality Services HK Limited	Subsidiary of Wynn Resorts, Limited	47	—
SAC Hospitality Services Limited	Subsidiary of Wynn Resorts, Limited	13	—
Lumini Hospitality Services Limited	Subsidiary of Wynn Resorts, Limited	13	—
Harthor Hospitality Services Limited	Subsidiary of Wynn Resorts, Limited	13	—
Wynn Resorts Hotel Marketing and Sales (Asia), LLC	Subsidiary of Wynn Resorts, Limited	3	3
Palo Marketing Services Limited	Subsidiary of Wynn Resorts, Limited	—	12,874
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	—	3,028
		187,097	282,918

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

27. RELATED PARTY DISCLOSURES (CONTINUED)

As at 31 December 2019 and 2018, the outstanding balances between the Group and the related companies were as follows (continued):

Name of related companies	Relation to the Company	As at 31 December	
		2019 HK\$	2018 HK\$
		(in thousands)	
Due to related companies — current			
Wynn Resorts, Limited	Ultimate parent company	103,400	148,362
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	4,679	5,766
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	1,605	6,068
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	1,586	—
Palo Marketing Services Limited	Subsidiary of Wynn Resorts, Limited	257	—
		111,527	160,196

The amounts disclosed in the above table are unsecured, interest-free and repayable on demand.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

27. RELATED PARTY DISCLOSURES (CONTINUED)

The Group had the following material connected transactions with related companies during the year:

Name of related companies	Relation to the Company	Primary nature of transactions	For the year ended 31 December	
			2019 HK\$	2018 HK\$
			(in thousands)	
Wynn Resorts, Limited	Ultimate parent Company	License fees (i)	1,318,132	1,496,212
Wynn Resorts, Limited	Ultimate parent Company	Corporate support services (ii)	60,098	77,073
Wynn Resorts, Limited	Ultimate parent Company	Share-based payment expenses	72,885	50,982
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	Airplane usage charges (ii)	12,486	6,865
WIML	Subsidiary of Wynn Resorts, Limited	International marketing expenses (iii)	48,476	46,832
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	Staff secondment payroll charges (iv)	119,025	131,452
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	Design/development payroll (v)	36,443	12,277

Except for the share-based payment expenses incurred with Wynn Resorts, Limited, all of the above transactions are noted as continuing connected transactions.

Notes:

(i) **License fees**

The license fees payable to Wynn Resorts, Limited equals the greater of (1) 3% of the gross monthly revenues of the intellectual property, and (2) US\$1.5 million (approximately HK\$11.7 million) per month.

(ii) **Corporate support services**

The annual fees for the services provided by Wynn Resorts are based on an allocation of the actual proportion of Wynn Resorts' annual corporate departments' costs (including salaries and benefits for such employees during the period in which such services are rendered) and overhead expense related to the provision of such services. In any event, the annual fees charged by Wynn Resorts shall not exceed 50% of the aggregate annual corporate departments' costs and overhead expense incurred by Wynn Resorts during any financial year.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

27. RELATED PARTY DISCLOSURES (CONTINUED)

Notes: (continued)

- (ii) **Corporate support services** (continued)
Wynn Resorts allows the Company and its employees to use aircraft assets owned by Wynn Resorts and its subsidiaries (other than the Group) at hourly rates set by Las Vegas Jet, LLC, a subsidiary of Wynn Resorts.
- (iii) **International marketing expenses**
These administrative, promotional and marketing services are provided through branch offices located in various cities around the world under the direction and supervision provided by WIML. For the services provided under this arrangement, WIML charges a service fee equal to the total costs it incurs in rendering the services plus 5%.
- (iv) **Staff secondment payroll charges**
Worldwide Wynn, a subsidiary of Wynn Resorts, is responsible for supplying management personnel to WRM for pre-determined lengths of time through secondment arrangements. Worldwide Wynn is compensated for these services of the seconded employees during the period of secondment to WRM with a service fee equal to its aggregate costs plus 5%.
- (v) **Design/development payroll**
Wynn Design & Development provides design and development services to the Group in connection with the construction and renovation works at Wynn Palace and Wynn Macau and Encore. A service fee is charged at the costs incurred by Wynn Design & Development to the Group for the services provided.

The above transactions were carried out on terms mutually agreed between the Group and the related companies. There were no significant charges from the Group to the related companies during the years ended 31 December 2019 and 2018. In the opinion of the Directors, the related party transactions were conducted in the ordinary and usual course of the Group's business.

All such outstanding balances between the Group and the related companies are deemed to be trade in nature.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

27. RELATED PARTY DISCLOSURES (CONTINUED)

Home purchase

In May 2010, Worldwide Wynn entered into an employment agreement with Ms. Linda Chen, who is also a director of the Company. Under the terms of the employment agreement, Worldwide Wynn caused WRM to purchase a house in Macau for use by Ms. Chen. As at 31 December 2019, the net carrying amount of the house together with improvements and its land lease right was HK\$47.3 million (2018: HK\$49.0 million). Ms. Chen has the option to purchase the home for no consideration at any time before the expiration of her employment.

Compensation of senior/key management personnel of the Group

	For the year ended	
	31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
Salaries, bonuses, allowances and benefits in kind	135,022	158,151
Share-based payments	76,733	54,557
Retirement benefits	1,698	1,799
Total compensation paid to senior/ key management personnel	213,453	214,507

Further details of Directors' emoluments are included in note 25 to the financial statements.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, deposits, balances with related companies, accounts payable, the current portion of interest-bearing borrowings, construction payables and the current portion of financial liabilities included in other payables and accruals and other liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risks and remaining maturities. The fair value of the lease liabilities have been calculated by discounting the expected future cash flows using the Group's incremental borrowing rate. The non-current portion of financial liabilities included in other payables and accruals, other liabilities and construction retentions payable were not discounted as the discounting factors were considered by management to be insignificant.

29. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 1 January 2019 HK\$	Cash flows HK\$	Foreign exchange movement HK\$	Other HK\$	As at 31 December 2019 HK\$
	(in thousands)				
Non-current interest-bearing borrowings	33,078,147	5,595,375	(137,138)	(2,074,501)	36,461,883
Current interest-bearing borrowings	—	—	—	2,132,855	2,132,855
Lease liabilities	555,995	(144,276)	—	151,075	562,794
Interest payable	167,193	(1,343,855)	(309)	1,335,255	158,284
Dividends payable	17,560	(6,984)	—	7,319	17,895
Total liabilities from financing activities	33,818,895	4,100,260	(137,447)	1,552,003	39,333,711

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

29. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	As at 1 January 2018 HK\$	Cash flows HK\$	Foreign exchange movement HK\$	Other HK\$	As at 31 December 2018 HK\$
	(in thousands)				
Non-current interest-bearing borrowings	27,674,046	4,836,969	34,348	532,784	33,078,147
Current interest-bearing borrowings	449,259	—	—	(449,259)	—
Interest payable	158,068	(1,328,279)	706	1,336,698	167,193
Dividends payable	16,030	(10,278)	—	11,808	17,560
Total liabilities from financing activities	28,297,403	3,498,412	35,054	1,432,031	33,262,900

The "Other" column primarily includes the effect of reclassification of the current portion of interest-bearing borrowings, amortization of debt financing costs, additions and terminations of lease liabilities, movement in dividends payable during the year and interest expenses incurred and capitalized during the year.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest-bearing borrowings, lease liabilities, construction payables and construction retentions payable, accounts payable, amounts due to related companies and other payables. The main purpose of these financial liabilities is to finance the Group's construction activities and its operations. The Group has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's primary exposure is changes in market interest rates associated with its bank loans that bear interest based on variable rates. The Group attempts by managing the mix of long-term fixed rate borrowings and variable rate borrowings, supplemented by hedging activities as believed by us to be appropriate. These risk management strategies may not always have the desired effect, and interest rate fluctuations could have a negative impact on the results of operations.

As at 31 December 2019, all of the interest-bearing bank loans were variable rate borrowings based on LIBOR or HIBOR plus a margin (2018: same). Based on borrowings as at 31 December 2019, an assumed 100 basis point change in the variable rates would cause the annual interest expenses, without adjusting for any amounts to be capitalized, to change by HK\$206.6 million (2018: HK\$228.8 million).

Foreign currency risk

The financial statements of foreign operations are translated into Hong Kong dollars, the Company's and the Group's presentation currency, for incorporation into the consolidated financial statements. Some of the Group's entities were denominated in currencies other than the functional currencies of the entities making the activities (primarily US\$). The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in governmental policies and international economic and political developments.

As at 31 December 2019 and 2018, the Group had certain assets and liabilities that were denominated in currencies (primarily US\$) other than Hong Kong dollar. Based on the financial position as at 31 December 2019, an assumed 1% increase or decrease in the value of the Hong Kong dollar against the U.S. dollar would cause the Group to recognize a gain or loss of HK\$208.6 million (2018: HK\$219.7 million).

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk arises from financial assets of the Group, which comprise trade and other receivables, deposits, amounts due from related companies, cash and cash equivalents and restricted cash and cash equivalents. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting dates is outlined under each applicable note. The Group does not hold any credit derivatives or collateral to offset its credit exposure.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of casino accounts receivable.

The Group issues credit in the form of markers to approved casino customers following investigations of creditworthiness. The Group maintains strict controls over the issuance of markers and aggressively pursues collection from those customers who fail to pay their marker balances on a timely basis. These collection efforts may include the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies, and litigation. Markers are generally legally enforceable instruments in Macau, however, markers are not legally enforceable instruments in some other countries. The collectability of markers given to foreign customers is affected by a number of factors including changes in currency exchange rates and economic conditions in the customers' home countries.

In assessing the allowance for doubtful accounts, the Group applies a simplified approach to measure credit risk. The simplified approach requires the recognition of a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for current and forward-looking factors specific to the debtors and the economic environment.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 14 to the financial statements.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group measures and monitors its liquidity structure based on the overall assets, liabilities and debt in conjunction with its expected cash flows to ensure the capability to meet any unexpected and material cash requirements in the ordinary course of business. In addition, the Group's senior bank facilities' governing documents contain capital spending restrictions and other affirmative and negative covenants that require the maintenance of certain financial ratios.

As at 31 December 2019, the estimated fair value for level 2 of the Group's outstanding debt instruments was HK\$39.14 billion (2018: HK\$31.69 billion). The Group did not hold any assets or liabilities measured at fair value for levels 1 and 3 during the years 2019 and 2018. Level 1 fair values are those measured using quoted prices (unadjusted) in active markets for identical financial instruments, level 2 fair values are those measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant input is directly or indirectly based on observable market data and level 3 fair values are those measured using valuation techniques in which any significant input is not based on observable market data.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date as at 31 December 2019 and 2018. The amounts disclosed are based on the contractual undiscounted cash flows of financial liabilities that include principal and interest payments. The maturities are calculated assuming the effect of interest rates with respect to variable rate financial liabilities remain constant as at the respective year ends and there are no changes in the aggregate principal amount of financial liabilities other than repayments at scheduled maturities as reflected in the table below.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	Interest rates	Within one year or on demand HK\$	Between one and two years HK\$	Between two and five years HK\$	Over five years HK\$	Total HK\$
(in thousands)						
As at 31 December 2019						
Interest-bearing borrowings	3.55%–5.50%	3,874,357	4,137,563	23,883,787	16,588,357	48,484,064
Lease liabilities	4.90%–5.40%	132,373	114,505	257,974	167,976	672,828
Construction payables and accruals and construction retentions payable		490,380	1,315	—	—	491,695
Accounts payable		402,395	—	—	—	402,395
Amounts due to related companies		111,527	—	—	—	111,527
Other payables		5,441,537	83,249	77,670	—	5,602,456
Other liabilities		10,314	126,787	57,129	4,100	198,330
As at 31 December 2018						
Interest-bearing borrowings	4.10%–5.50%	1,541,314	2,541,088	24,761,226	12,093,794	40,937,422
Construction payables and accruals and construction retentions payable		436,856	1,293	—	—	438,149
Accounts payable		723,473	—	—	—	723,473
Amounts due to related companies		160,196	—	—	—	160,196
Other payables		6,736,486	77,670	155,340	—	6,969,496
Other liabilities		9,717	8,088	166,469	3,713	187,987

“Other payables” are mainly comprised of outstanding chip liabilities, customer deposits, donation payable, and other miscellaneous payables, excluding tax liabilities, incurred as at 31 December 2019 and 2018.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it as economic conditions change, i.e., interest rates and equity markets. To maintain a strong capital structure and in response to changes in economic conditions, the Group may modify debt instruments to obtain more favorable interest rates, obtain additional debt financing, and may adjust dividend payments to shareholders as conditions require.

The gearing ratio is a key indicator of the Group's capital structure. The gearing ratio is net debt divided by total capital plus net debt.

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands, except for percentages)	
Interest-bearing borrowings	38,594,738	33,078,147
Accounts payable	402,395	723,473
Construction payables and accruals and construction retentions payable	491,695	438,149
Other payables and accruals	7,914,121	9,907,813
Amounts due to related companies	111,527	160,196
Other liabilities	213,549	243,127
Lease liabilities	562,794	—
Less: cash and cash equivalents	(14,087,486)	(9,526,423)
restricted cash and cash equivalents	(33,802)	(18,067)
Net debt	34,169,531	35,006,415
Equity	1,986,756	1,518,459
Total capital	1,986,756	1,518,459
Capital and net debt	36,156,287	36,524,874
Gearing ratio	94.5%	95.8%

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company is set forth below:

	As at 31 December	
	2019 HK\$	2018 HK\$
	(in thousands)	
Non-current assets		
Financial assets	17,522,913	17,620,777
Investment in a subsidiary	237,692	197,713
Contribution to Trust	186,547	161,372
Deposits	—	14
Total non-current assets	17,947,152	17,979,876
Current assets		
Prepayments	708	722
Amounts due from related companies	41,026	114,996
Other receivables	637,154	341,648
Cash and cash equivalents	7,863,516	418,841
Total current assets	8,542,404	876,207
Current liabilities		
Other payables and accruals	193,371	169,846
Amounts due to related companies	11,338	7,549
Total current liabilities	204,709	177,395
Net current assets	8,337,695	698,812
Total assets less current liabilities	26,284,847	18,678,688
Non-current liabilities		
Interest-bearing borrowings	18,058,286	10,382,162
Other payables and accruals	5,578	—
Total non-current liabilities	18,063,864	10,382,162
Net assets	8,220,983	8,296,526
Equity		
Issued capital	5,197	5,197
Share premium account [#]	12,949,728	12,946,483
Reserves	(4,733,942)	(4,655,154)
Total equity	8,220,983	8,296,526

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	As at 31 December	
	2019	2018
	HK\$	HK\$
	(in thousands)	
The Company's share premium account	12,949,728	12,946,483
Adjustment arising from the Group Reorganization	(12,561,195)	(12,561,195)
Consolidated share premium account	388,533	385,288

Information about the statement of changes in equity of the Company is set forth below:

	Issued Capital HK\$	Share Premium Account HK\$	Share Option Reserve HK\$ (in thousands)	Retained Earnings/ (Accumulated Losses) HK\$	Total Equity HK\$
As at 1 January 2018	5,196	12,828,510	184,130	(4,208,059)	8,809,777
Net profit and other comprehensive income for the year	—	—	—	7,208,648	7,208,648
Total comprehensive income for the year	—	—	—	7,208,648	7,208,648
Share-based payments	—	—	55,428	—	55,428
Exercise of share options	1	18,663	(4,390)	—	14,274
Vesting of shares issued for employee ownership scheme	—	99,310	(99,314)	—	(4)
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	3,656	3,656
Dividends declared	—	—	—	(7,795,253)	(7,795,253)
As at 31 December 2018 and 1 January 2019	5,197	12,946,483	135,854	(4,791,008)	8,296,526
Net profit and other comprehensive income for the year	—	—	—	4,570,830	4,570,830
Total comprehensive income for the year	—	—	—	4,570,830	4,570,830
Share-based payments	—	—	51,933	—	51,933
Vesting of shares issued for employee ownership scheme	—	3,245	(27,239)	—	(23,994)
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	2,950	2,950
Dividends declared	—	—	—	(4,677,262)	(4,677,262)
As at 31 December 2019	5,197	12,949,728	160,548	(4,894,490)	8,220,983

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

The Company's reserves available for distribution represent the share premium account, share option reserve and retained earnings/accumulated losses. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of a dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. Accordingly, the Company's reserves available for distribution to shareholders as at 31 December 2019 amounted to approximately HK\$8.22 billion (2018: HK\$8.29 billion).

32. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

33. SUBSEQUENT EVENT

In January 2020, an outbreak of a new strain of coronavirus ("COVID-19") was identified and has spread around the world. Currently, there are no fully effective vaccines and there can be no assurance that an effective vaccine will be developed. The spread of COVID-19 and the recent developments surrounding the global pandemic are currently having negative impacts on all aspects of our business.

The current, and uncertain future, impact of the COVID-19 outbreak, including its effect on the ability or desire of people to travel (including to and from our properties), is expected to continue to impact our results, operations, outlooks, plans, goals, growth, reputation, cash flows and liquidity.

On 4 February 2020, the Macau government announced a 15-day closure of all casino operations in Macau, including those at Wynn Palace and Wynn Macau. Casino operations at Wynn Palace and Wynn Macau resumed on 20 February 2020 on a reduced basis. On 20 March 2020, our casinos operations were fully restored in terms of tables, slot machines and electronic gaming stations being activated, however certain health safeguards, such as limiting the number of seats per table game, slot machine spacing, temperature checks, mask protection, and health declarations remain in effect at the present time.

Visitation to Macau has meaningfully decreased since the outbreak of COVID-19, driven by outbreak's strong deterrent effect on travel and social activities, the Chinese government's suspension of its visa and group tour schemes that allow mainland Chinese residents to travel to Macau, travel and entry restrictions in Macau, Hong Kong and certain cities and regions in mainland China, the suspension of ferry services and other modes of transportation within Macau and regionally, and, most recently, the ban on entry or enhanced quarantine requirements, depending on the person's residency and their recent travel history, for any Macau residents, PRC citizens, Hong Kong residents and Taiwan residents attempting to enter Macau. Persons who are not residents of Greater China are barred from entry to Macau as at the date of these financial statements.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2019

33. SUBSEQUENT EVENT (CONTINUED)

Once travel advisories and restrictions are lifted, demand for casino resorts may remain weak for a significant length of time and we cannot predict if and when our properties will return to pre-outbreak demand or pricing. In particular, demand for casino resorts may be negatively impacted by the adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels and loss of personal wealth resulting from the impact of COVID-19. In addition, we cannot predict the impact COVID-19 will have on our partners, such as tenants, travel agencies, suppliers and other vendors. We may be adversely impacted as a result of the adverse impact our partners suffer.

As a result of all of the foregoing, we may be required to raise additional capital in the future and our access to and cost of financing will depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings. If our credit ratings were to be downgraded, or general market conditions were to ascribe higher risk to our rating levels, our industry, or us, our access to capital and the cost of any debt financing will be further negatively impacted. In addition, the terms of future debt agreements could include more restrictive covenants, or require incremental collateral, which may further restrict our business operations or be unavailable due to our covenant restrictions then in effect. There is no guarantee that debt financings will be available in the future to fund our obligations, or that they will be available on terms consistent with our expectations.

In addition, the COVID-19 outbreak has significantly increased economic and demand uncertainty. The current outbreak and continued spread of COVID-19 could cause a global recession, which would have a further adverse impact on our financial condition and operations. Current economic forecasts for significant increases in unemployment due to the adoption of social distancing and other policies to slow the spread of the virus is likely to have a negative impact on demand for casino resorts, and these impacts could exist for an extensive period of time.

The extent of the effects of the outbreak on our business and the casino resort industry at large is highly uncertain and will ultimately depend on future developments, including, but not limited to, the duration and severity of the outbreak, the length of time it takes for demand and pricing to return and normal economic and operating conditions to resume.

The COVID-19 outbreak has had and will continue to have an adverse effect on our results of operations and our ability to pay dividends. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, we cannot reasonably estimate the impact to our future results of operations, cash flows, or financial condition.

To the extent COVID-19 adversely affects our business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks related to our business, including, but not limited to, those relating to our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

Report on Review of Interim Financial Information



22/F
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

**To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)**

INTRODUCTION

We have reviewed the accompanying interim financial information of Wynn Macau, Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 87 to 119 which comprises the condensed consolidated statement of financial position as at 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Interim Financial Information

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

14 August 2020

Interim Financial Information
Condensed Consolidated Statement of Profit or
Loss and Other Comprehensive Income

	Notes	For the Six Months Ended 30 June	
		2020 HK\$	2019 HK\$
(in thousands, except for per Share amounts)			
		(unaudited)	(unaudited)
Operating revenues			
Casino		2,979,751	16,340,209
Rooms		316,393	1,112,528
Food and beverage		238,987	772,955
Retail and other		430,455	803,012
		3,965,586	19,028,704
Operating costs and expenses			
Gaming taxes and premiums		1,842,067	8,897,580
Staff costs		2,376,441	2,642,638
Other operating expenses	3	1,249,773	2,540,623
Depreciation		1,474,145	1,451,211
Property charges and other		194,350	10,136
		7,136,776	15,542,188
Operating (loss)/profit		(3,171,190)	3,486,516
Finance revenues	4	65,966	37,621
Finance costs	5	(896,589)	(739,901)
Net foreign currency differences		97,180	38,099
Loss on extinguishment of debt		(7,637)	—
		(741,080)	(664,181)
(Loss)/profit before tax		(3,912,270)	2,822,335
Income tax expense	6	6,214	6,214
Net (loss)/profit attributable to owners of the Company		(3,918,484)	2,816,121
Other comprehensive income/(loss)			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Currency translation reserve		—	(1,233)
Other comprehensive income/(loss) for the period		—	(1,233)
Total comprehensive (loss)/income attributable to owners of the Company		(3,918,484)	2,814,888
Basic and diluted (loss)/earning per Share (HK\$)	7	(0.76)	0.54

Interim Financial Information

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2020 HK\$ (in thousands) (unaudited)	As at 31 December 2019 HK\$ (audited)
Non-current assets			
Property and equipment and construction in progress	10	29,756,411	30,885,928
Right-of-use assets		1,934,393	2,019,444
Goodwill		398,345	398,345
Deposits for acquisition of property and equipment		6,900	28,290
Other non-current assets		600,040	606,803
Restricted cash and cash equivalents		13,830	17,471
Total non-current assets		32,709,919	33,956,281
Current assets			
Inventories		351,033	346,604
Trade and other receivables	11	1,309,963	1,552,991
Prepayments and other current assets		123,403	143,212
Amounts due from related companies	17	134,877	187,097
Restricted cash and cash equivalents		7,818	16,331
Cash and cash equivalents		18,859,530	14,087,486
Total current assets		20,786,624	16,333,721
Current liabilities			
Accounts payable	12	356,251	402,395
Interest-bearing borrowings	14	1,922,487	2,132,855
Lease liabilities		93,869	109,024
Construction payables and accruals		425,019	490,380
Other payables and accruals	13	7,725,818	7,769,824
Amounts due to related companies	17	17,197	111,527
Income tax payables		6,214	12,427
Other current liabilities		141,935	24,652
Total current liabilities		10,688,790	11,053,084
Net current assets		10,097,834	5,280,637
Total assets less current liabilities		42,807,753	39,236,918

Interim Financial Information

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2020 HK\$ (in thousands) (unaudited)	As at 31 December 2019 HK\$ (audited)
Non-current liabilities			
Interest-bearing borrowings	14	44,083,287	36,461,883
Lease liabilities		431,520	453,770
Construction retentions payable		4,055	1,315
Other payables and accruals	13	71,992	144,297
Other long-term liabilities		80,879	188,897
Total non-current liabilities		44,671,733	37,250,162
Net (liabilities)/assets		(1,863,980)	1,986,756
Equity			
(Deficiency in assets)/equity attributable to owners of the Company			
Issued capital		5,197	5,197
Share premium account		385,152	388,533
Shares held for employee ownership scheme		(159,046)	(178,785)
(Deficit)/reserves		(2,095,283)	1,771,811
Total (deficiency in assets)/equity		(1,863,980)	1,986,756

Approved and authorized for issue by the Board on 14 August 2020.

Matthew O. Maddox
Director

Ian Michael Coughlan
Director

Interim Financial Information

Condensed Consolidated Statement of Changes in Equity

Note	Attributable To Owners Of The Company								
	Issued Capital HK\$	Share Premium Account HK\$	Shares Held for Employee Ownership Scheme HK\$	Share Option Reserve* HK\$	Other Reserves** HK\$	Statutory Reserve* HK\$	Retained Earnings/ (Accumulated Loss)* HK\$	Currency Translation Reserve* HK\$	Total (Deficiency in Assets)/ Equity HK\$
At 1 January 2020 (audited)	5,197	388,533	(178,785)	735,796	554,740	48,568	416,840	15,867	1,986,756
Net loss for the period	—	—	—	—	—	—	(3,918,484)	—	(3,918,484)
Total comprehensive loss for the period	—	—	—	—	—	—	(3,918,484)	—	(3,918,484)
Share-based payments	—	—	—	66,361	—	—	—	—	66,361
Exercise of share options	—	779	—	(233)	—	—	—	—	546
Transfer to share premium upon vesting of awards under the employee ownership scheme	—	(4,160)	19,739	(15,579)	—	—	—	—	—
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	—	—	—	841	—	841
At 30 June 2020 (unaudited)	5,197	385,152	(159,046)	786,345	554,740	48,568	(3,500,803)	15,867	(1,863,980)
At 1 January 2019 (audited)	5,197	385,288	(160,749)	633,824	554,740	48,568	34,491	17,100	1,518,459
Net profit for the period	—	—	—	—	—	—	2,816,121	—	2,816,121
Changes in currency translation reserve	—	—	—	—	—	—	—	(1,233)	(1,233)
Total comprehensive income for the period	—	—	—	—	—	—	2,816,121	(1,233)	2,814,888
Share-based payments	—	—	—	77,392	—	—	—	—	77,392
Transfer to share premium upon vesting of awards under the employee ownership scheme	—	4,653	8,095	(12,748)	—	—	—	—	—
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	—	—	—	1,584	—	1,584
2018 final dividend declared	8	—	—	—	—	—	(2,338,631)	—	(2,338,631)
At 30 June 2019 (unaudited)	5,197	389,941	(152,654)	698,468	554,740	48,568	513,565	15,867	2,073,692

* These reserve accounts comprised the consolidated deficit of HK\$2.10 billion in the condensed consolidated statement of financial position as at 30 June 2020. As at 31 December 2019, these reserve accounts comprised the consolidated reserves of HK\$1.77 billion in the consolidated statement of financial position.

"Other reserves" as at 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020 was composed of HK\$194.3 million of issued capital of WRM and HK\$360.4 million of issued capital of Wynn Resorts International, Ltd.

Interim Financial Information

Condensed Consolidated Statement of Cash Flows

	For the Six Months Ended	
	30 June	
	2020	2019
Note	HK\$	HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Net cash flows (used in)/generated from operating activities	(1,445,793)	4,199,846
Investing activities		
Purchases of property and equipment and other assets, net of construction payables and accruals and construction retentions payable	(471,695)	(716,134)
Proceeds from sale of property and equipment and other assets	57	10
Proceeds from insurance claims	16,561	—
Interest received	69,681	48,684
Increased in restricted cash and cash equivalents	(107)	—
Net cash flows used in investing activities	(385,503)	(667,440)
Financing activities		
Proceeds from borrowings	11,453,563	586,382
Repayment of borrowings	(3,893,976)	(4,694,750)
Interest paid	(807,962)	(677,329)
Decrease/(increase) in restricted cash and cash equivalents	12,261	(1,064)
Dividends paid	(4,644)	(2,336,815)
Payments of debt financing costs	(52,744)	(5,854)
Payments of principal component of lease liabilities	(50,125)	(61,754)
Payments of interest component of lease liabilities	(6,360)	(13,617)
Proceeds from exercise of share options	546	—
Net cash flows generated from/(used in) financing activities	6,650,559	(7,204,801)
Net increase/(decrease) in cash and cash equivalents	4,819,263	(3,672,395)
Cash and cash equivalents as at 1 January	14,087,486	9,526,423
Effect of foreign exchange rate changes, net	(47,219)	(4,305)
Cash and cash equivalents as at 30 June	18,859,530	5,849,723

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 September 2009. The Company's Shares were listed on the Main Board of the Hong Kong Stock Exchange on 9 October 2009. The Company's registered office address is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as the Directors may from time to time decide.

The Group owns and operates hotel and casino resorts in Macau, namely Wynn Palace and Wynn Macau. WRM conducts gaming activities in our casinos in Macau under a concession contract signed with the Macau government on 24 June 2002. The 20-year concession period commenced on 27 June 2002 and will expire on 26 June 2022.

The Group is a party to land concessions for approximately 51 acres of land in the Cotai area of Macau (the "Cotai Land") where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located for terms of 25 years from May 2012 and August 2004, respectively.

WM Cayman Holdings Limited I owns approximately 72% of the shares of the Company and approximately 28% of the shares of the Company is owned by public shareholders. The ultimate parent company of Wynn Macau, Limited is Wynn Resorts, Limited, a publicly-traded company incorporated in the United States of America.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries

The following is a list of subsidiaries of the Company as at 30 June 2020:

Name	Place of Incorporation/ Operation	Principal Activities	Nominal Value of Issued Share/ Registered Capital	Interest Held
WM Cayman Holdings Limited II	Cayman Islands	Investment Holding	Ordinary shares — US\$1	100%
Wynn Resorts International, Ltd.	Isle of Man	Investment Holding	Ordinary shares — GBP2	100%
Wynn Resorts (Macau) Holdings, Ltd.	Isle of Man	Investment Holding	Ordinary shares — Class A shares: GBP343 — Class B shares: GBP657	100%
Wynn Resorts (Macau), Limited	Hong Kong	Investment Holding	Ordinary shares — HK\$100	100%
Wynn Resorts (Macau) S.A.	Macau	Operator of hotel casino and related gaming businesses	Share capital — MOP200,100,000	100%**
Palo Real Estate Company Limited	Macau	Development, design and preconstruction activities	Share capital — MOP1,000,000	100%
WML Finance I Limited	Cayman Islands	Entity facilitates lending within the Group	Ordinary shares — US\$1	100%
WML Corp. Ltd.	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%*

* Shares directly held by the Company

** 10% of the shares were held by a Macau-resident investor which entitle the holder to 10% of the voting rights and social rights and the rights to maximum dividend or payment upon dissolution of one MOP. The remaining 90% of the shares held by the Group are entitled to 90% of the voting rights and 100% of the profit participation or economic interest.

None of the subsidiaries had any debt securities outstanding as at 30 June 2020 or at any time during the six months ended 30 June 2020.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Contribution to Trust

The Company has consolidated an operating entity within the Group without any legal interests. Due to the implementation of the employee ownership scheme of the Group, the Company has set up a structured entity, Trust, and its particulars are as follows:

Structured Entity	Principal Activities
Trust	Administering and holding the Company's Shares acquired for the employee ownership scheme, which is set up for the benefits of eligible persons of the scheme

2.1 ACCOUNTING POLICIES AND BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

In early January 2020, an outbreak of a respiratory illness caused by a novel coronavirus was identified and the disease has since spread rapidly across the world causing the World Health Organization to declare the outbreak a pandemic on 12 March 2020 (the "COVID-19 Pandemic"). The COVID-19 Pandemic has had and will continue to have an adverse effect on the Group's results of operations. The Group is currently unable to determine when COVID-19 specific protective measures in effect at our Macau Operations will be lifted. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 Pandemic and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to the Group's future results of operations, cash flows, or financial condition.

As of 30 June 2020, the Group was in a deficiency in total assets of HK\$1.86 billion. Nonetheless, the Group had total cash and cash equivalents, excluding restricted cash, of HK\$18.86 billion, and had access to approximately HK\$186.5 million of available borrowing capacity from the revolving credit facility of the Wynn Macau Credit Facilities. In addition, the Group has undertaken various cost containment initiatives and postponed major project capital expenditures to manage through the current environment. Given the Group's liquidity position as at 30 June 2020 and the steps the Group has taken as further described in note 14, the Group believes it is able to support continuing operations and respond to the current COVID-19 Pandemic challenges.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

2.2 IMPACT OF REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of following revised standards effective as of 1 January 2020:

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>

The adoption of these revised standards has no significant financial effect on the interim financial information and there has been no significant change to the accounting policies applied in the interim financial information.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS

The Group has not applied the following revised IFRS, that has been issued but is not yet effective, in the interim financial information.

Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions¹</i>
-----------------------	--

¹ Effective for annual periods beginning on or after 1 June 2020

The revised IFRS is not expected to have a significant impact on the financial position and performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.4 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. For management purposes, during the six months ended 30 June 2020, the Group reviews Wynn Palace and Wynn Macau as two reportable segments. Refer to note 9 for segment information.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

3. OTHER OPERATING EXPENSES

	For the Six Months Ended 30 June	
	2020 HK\$	2019 HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Repairs and maintenance	207,226	268,263
Provision for credit losses, net	179,009	22,171
License fees	171,675	701,918
Utilities and fuel	128,460	169,566
Cost of sales	104,183	379,150
Operating supplies and equipment	92,587	251,522
Contracted services	89,685	162,540
Advertising and promotions	81,086	254,357
Corporate support services and other	31,173	33,230
Other support services	22,731	29,326
Auditor's remuneration	4,028	4,566
Other expenses	137,930	264,014
	1,249,773	2,540,623

4. FINANCE REVENUES

	For the Six Months Ended 30 June	
	2020 HK\$	2019 HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Interest income from cash at banks	65,966	37,621

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

5. FINANCE COSTS

	For the Six Months Ended 30 June	
	2020 HK\$	2019 HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Interest expense	820,717	656,837
Amortization of debt financing costs	58,855	56,605
Interest expense on lease liabilities	13,291	13,134
Bank fees for unused facilities	3,726	13,617
Less: capitalized interest	—	(292)
	896,589	739,901

For the six months ended 30 June 2020, no interest was capitalized. For the six months ended 30 June 2019, interest of approximately HK\$292,000 was capitalized using a weighted average rate of 4.40%.

6. INCOME TAX EXPENSE

The major components of income tax expense for the six months ended 30 June 2020 and 2019 were:

	For the Six Months Ended 30 June	
	2020 HK\$	2019 HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Income tax expense:		
Current — overseas	6,214	6,214
	6,214	6,214

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

6. INCOME TAX EXPENSE (CONTINUED)

No provision for Hong Kong profits tax for the six months ended 30 June 2020 has been made as there was no assessable profit generated in Hong Kong (six months ended 30 June 2019: Nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (six months ended 30 June 2019: 12%). For the six months ended 30 June 2020, the tax provision of HK\$6.2 million results from the current income tax expense accrued by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement (six months ended 30 June 2019: HK\$6.2 million). On 15 October 2015, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits (the "Tax Holiday") effective through 31 December 2020. In April 2020, WRM received an extension of the exemption through 26 June 2022, the date Concession Agreement expires. For the six months ended 30 June 2019, the Group was exempted from the payment of HK\$331.3 million. For the six months ended 30 June 2020, the Group did not have any casino gaming profits exempted from the Macau Complementary Tax. The Group's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau Special Gaming Tax and other levies in accordance with its Concession Agreement.

In August 2016, WRM renewed the WRM Shareholder Dividend Tax Agreement with the Macau Special Administrative Region that provided for annual payments of MOP12.8 million (approximately HK\$12.4 million) to the Macau Special Administrative Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits for each of the years 2016 through 2020. In March 2020, WRM applied for an extension of this agreement for an additional five years through 2025. The extension is subject to approval and may only extend through 26 June 2022, the date Concession Agreement expires.

The Group is exempted from income tax in the Isle of Man and the Cayman Islands. The Group's subsidiaries file income tax returns in Macau and various foreign jurisdictions as required by law. The Group's income tax returns are subject to examination by tax authorities in the locations where it operates. The Group's 2015 to 2019 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Macau Special Administrative Region (the "Financial Services Bureau"). In January 2020, the Financial Services Bureau commenced examination of Palo's 2015 and 2016 Macau Complementary Tax returns. In July 2020, the Financial Services Bureau issued final tax assessments for Palo for the years 2015 and 2016 and the examination resulted in no change to the tax returns. In July 2020, the Financial Services Bureau issued final tax assessments for WRM for the years 2015 and 2016, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

6. INCOME TAX EXPENSE (CONTINUED)

Quarterly, the Group undertakes reviews for any potentially unfavorable tax outcomes and when an unfavorable outcome is identified as being probable and can be reasonably estimated, the Group then establishes a tax reserve for such possible unfavorable outcome. Estimating potential tax outcomes for any uncertain tax issues is highly judgmental and may not be indicative of the ultimate settlement with the tax authorities.

The Group considered whether it has any uncertain tax positions and concluded that it is not probable that the tax authorities will accept certain tax positions taken by the Group. As at 30 June 2020, the Group had unrecognized tax losses of HK\$7.68 billion (31 December 2019: HK\$6.26 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authority. The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters.

7. LOSS/EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss/earning per Share for the six months ended 30 June 2020 is based on the consolidated net loss/profit attributable to owners of the Company and on the weighted average number of Shares in issue of 5,185,483,602 during the period (six months ended 30 June 2019: 5,185,343,268), excluding Shares issued, purchased and reserved for the Company's employee ownership scheme. No Shares (six months ended 30 June 2019: nil) were purchased and reserved and 180,000 Shares (six months ended 30 June 2019: nil) were issued and reserved for the Company's employee ownership scheme during the six months ended 30 June 2020.

No adjustment had been made to the basic loss per Share amount presented for the six months ended 30 June 2020 in respect of a dilution as the impact of the share options and vesting of awards had an anti-dilutive effect on the basic loss per Share amount presented. The calculation of diluted earning per Share for the six months ended 30 June 2019 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares of 5,190,713,932 including the weighted average number of Shares in issue of 5,185,343,268 during the period plus the weighted average number of potential Shares of 5,370,664 arising from the deemed exercise of share options and deemed vesting of awards under the Company's employee ownership scheme.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

8. DIVIDEND

	For the Six Months Ended 30 June	
	2020 HK\$	2019 HK\$
	(in thousands)	
	(unaudited)	(unaudited)
2018 final dividend of HK\$0.45 per Share declared	—	2,338,631
	—	2,338,631

No interim dividend was declared for the six months ended 30 June 2020.

9. SEGMENT INFORMATION

The Group's principal operating activities occur in Macau, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its operating segments. Wynn Palace, which opened on 22 August 2016, is managed as an operating segment and a reportable segment. Wynn Macau and Encore at Wynn Macau are managed as a single integrated resort and are aggregated as one operating segment, which is also a reportable segment ("Wynn Macau"). The Group identifies each integrated resort as a reportable segment considering operations within each integrated resort have similar economic characteristics, type of customers, types of services and products, the regulatory environment of the operations and the Group's organizational and management reporting structure. Other Macau primarily represents cash held at the Company.

Interim Financial Information
Notes to Interim Financial Information
For the six months ended 30 June 2020

9. SEGMENT INFORMATION (CONTINUED)

	For the Six Months Ended 30 June	
	2020 HK\$	2019 HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Wynn Palace:		
Casino	1,527,279	9,033,939
Rooms	172,239	678,501
Food and beverage	136,292	450,518
Retail and other	251,706	469,761
Wynn Macau:		
Casino	1,452,472	7,306,270
Rooms	144,154	434,027
Food and beverage	102,695	322,437
Retail and other	178,749	333,251
Total operating revenues	3,965,586	19,028,704

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

9. SEGMENT INFORMATION (CONTINUED)

	Notes	For the Six Months Ended 30 June	
		2020 HK\$	2019 HK\$
		(in thousands)	
		(unaudited)	(unaudited)
Adjusted EBITDA			
Wynn Palace		(839,261)	2,689,201
Wynn Macau		(557,782)	2,372,239
		(1,397,043)	5,061,440
Other operating costs and expenses			
Depreciation		1,474,145	1,451,211
Pre-opening costs		4,774	—
Property charges and other		194,350	10,136
Share-based payments		60,775	66,019
Wynn Macau, Limited corporate expenses		40,103	47,558
		(3,171,190)	3,486,516
Operating (loss)/profit			
Non-operating income and expenses			
Finance revenues	4	65,966	37,621
Finance costs	5	(896,589)	(739,901)
Net foreign currency differences		97,180	38,099
Loss on extinguishment of debt		(7,637)	—
		(3,912,270)	2,822,335
(Loss)/profit before tax			
Income tax expense	6	6,214	6,214
		(3,918,484)	2,816,121
Net (loss)/profit attributable to owners of the Company			

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

9. SEGMENT INFORMATION (CONTINUED)

	As at 30 June 2020 HK\$	As at 31 December 2019 HK\$
	(in thousands)	
	(unaudited)	(audited)
Total assets		
Wynn Palace	27,573,562	29,056,220
Wynn Macau	12,736,499	13,337,831
Other Macau	13,186,482	7,895,951
	53,496,543	50,290,002

10. PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

For the six months ended 30 June 2020, the Group incurred HK\$422.4 million (six months ended 30 June 2019: HK\$652.9 million) on additions of property and equipment and construction in progress. The Group disposed of property and equipment and construction in progress with a net carrying amount of HK\$190.6 million (six months ended 30 June 2019: HK\$34.1 million).

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following as at 30 June 2020 and 31 December 2019:

	As at 30 June 2020 HK\$	As at 31 December 2019 HK\$
	(in thousands)	
	(unaudited)	(audited)
Casino	1,149,458	1,440,710
Retail leases	46,703	106,365
Hotel	1,700	7,944
Trade receivables	1,197,861	1,555,019
Other receivables	281,529	91,296
Less: allowance for credit losses	(169,427)	(93,324)
Total trade and other receivables, net	1,309,963	1,552,991

Interim Financial Information
Notes to Interim Financial Information
For the six months ended 30 June 2020

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

An aged analysis of trade receivables is as follows:

	As at 30 June 2020 HK\$	As at 31 December 2019 HK\$
	(in thousands) (unaudited)	(audited)
Within 30 days	376,451	968,461
31 to 90 days	146,391	242,182
91 to 365 days	547,238	283,236
Over 365 days	127,781	61,140
Trade receivables	1,197,861	1,555,019
Other receivables	281,529	91,296
Less: allowance for credit losses	(169,427)	(93,324)
Total trade and other receivables, net	1,309,963	1,552,991

The advanced commissions included in the trade and other receivables are on terms requiring settlement within five business days of the month following the advance. Except for the advanced commissions, the trade and other receivables are generally repayable within 14 days.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

12. ACCOUNTS PAYABLE

During the six months ended 30 June 2020 and the year ended 31 December 2019, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at the end of the reporting period, based on invoice dates, is as follows:

	As at 30 June 2020 HK\$	As at 31 December 2019 HK\$
	(in thousands)	
	(unaudited)	(audited)
Within 30 days	123,115	275,983
31 to 60 days	50,444	30,721
61 to 90 days	76,359	17,593
Over 90 days	106,333	78,098
	356,251	402,395

Interim Financial Information
Notes to Interim Financial Information
For the six months ended 30 June 2020

13. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consist of the following as at 30 June 2020 and 31 December 2019:

	As at 30 June 2020 HK\$	As at 31 December 2019 HK\$
	(in thousands)	
	(unaudited)	(audited)
Current:		
Outstanding chip liabilities	4,648,932	3,478,348
Customer deposits	1,907,084	1,833,253
Donation payable	160,817	83,249
Loyalty program and related liabilities	75,796	86,781
Gaming taxes payable	11,497	1,227,614
Other gaming-related liabilities	2,783	18,271
Others	918,909	1,042,308
	7,725,818	7,769,824
Non-current:		
Donation payable	71,992	144,297
Total	7,797,810	7,914,121

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

14. INTEREST-BEARING BORROWINGS

		As at 30 June 2020 HK\$	As at 31 December 2019 HK\$
	Notes	(in thousands)	
		(unaudited)	(audited)
Bank loans, secured	(a)	22,351,772	20,659,687
Senior notes, unsecured	(b)	24,026,204	18,301,709
		46,377,976	38,961,396
Less: debt financing costs, net		(372,202)	(366,658)
Total interest-bearing borrowings		46,005,774	38,594,738

Interim Financial Information
Notes to Interim Financial Information
For the six months ended 30 June 2020

14. INTEREST-BEARING BORROWINGS (CONTINUED)

The borrowings are repayable as follows:

	Notes	As at 30 June 2020 HK\$ (in thousands) (unaudited)	As at 31 December 2019 HK\$ (in thousands) (audited)
Bank loans:	(a)		
In the next twelve months		1,922,487	2,132,855
In the second year		20,429,285	2,472,559
In the third to fifth years, inclusive		—	16,054,273
		22,351,772	20,659,687
Less: debt financing costs, net		(88,696)	(123,235)
		22,263,076	20,536,452
Senior notes:	(b)		
In the third to fifth years, inclusive		4,650,233	4,672,777
After the fifth year		19,375,971	13,628,932
		24,026,204	18,301,709
Less: debt financing costs, net		(283,506)	(243,423)
		23,742,698	18,058,286

Notes:

(a) **Bank loans, secured**

Wynn Macau Credit Facilities

On 21 December 2018, WRM's senior secured bank facilities were amended to, among other things, extend the maturity dates of the senior secured term loan and revolving credit facilities. As at 30 June 2020, the Wynn Macau Credit Facilities consisted of approximately HK\$22.54 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$16.72 billion equivalent fully funded senior term loan facility and an approximately HK\$5.82 billion equivalent senior revolving credit facility.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

14. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(a) **Bank loans, secured** (continued)

Wynn Macau Credit Facilities (continued)

The amended term loan facility is repayable in graduating installments of between 2.875% and 4.50% of the principal amount on a quarterly basis commencing 30 September 2020, with a final installment of 75% of the principal amount repayable on 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day). On 3 February 2020, the Group voluntarily prepaid approximately HK\$1.17 billion equivalent of the term loan facility of the Wynn Macau Credit Facilities, and the future contractual amortization payments were reduced on a pro-rata basis.

The final maturity of any outstanding borrowings from the revolving credit facility is 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day), by which time any outstanding borrowings from the revolving credit facility must be repaid.

The borrowings under the Wynn Macau Credit Facilities bear interest at LIBOR or HIBOR plus a margin of 1.50% to 2.25% per annum based on WRM's leverage ratio. Customary fees and expenses were paid by WRM in connection with the Wynn Macau Credit Facilities.

Borrowings under the Wynn Macau Credit Facilities are guaranteed by Palo and by certain subsidiaries of the Company that own equity interests in WRM, and are secured by substantially all of the assets of, and equity interests in WRM and Palo.

The Wynn Macau Credit Facilities contain representations, warranties, covenants and events of default customary for casino development financings in Macau. The circumstances giving rise to an event of default include if Wynn Resorts, Limited, the Company's controlling shareholder, ceases to own directly or indirectly at least 51% of the voting rights or issued capital of WRM or ceases to retain the ability or the right to direct or procure the direction of the management and policies of WRM. Upon an event of default, the lenders are entitled to exercise certain remedies including acceleration of the indebtedness repayable by WRM under the senior secured credit facilities.

The Company is not a party to the credit facilities agreements and related agreements and has no rights or obligations thereunder.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

14. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(a) **Bank loans, secured** (continued)

Wynn Macau Credit Facilities (continued)

In connection with the initial financing of the Wynn Macau project, the Group entered into a bank guarantee reimbursement agreement with Banco Nacional Ultramarino, S.A. ("BNU") to secure a guarantee currently in the amount of MOP300 million (approximately HK\$291.3 million) until 180 days after the end of the term of the Concession Agreement. This guarantee, which is for the benefit of the Macau government, assures certain aspects of the Group's performance under the Concession Agreement, including the payment of premiums, fines and indemnities for any material failures to perform under the terms of the Concession Agreement. BNU, as issuer of the guarantee, is currently secured by a second priority security interest in the senior lender collateral package. After repayment of all indebtedness under the WRM's credit facilities, the Group is obligated to promptly, upon demand by BNU, repay any claims made on the guarantee by the Macau government.

As at 30 June 2020, the Group had approximately HK\$186.5 million in funding available under the revolving credit facility of the Wynn Macau Credit Facilities.

(b) **Senior notes, unsecured**

WML 2024 Notes and WML 2027 Notes

On 20 September 2017, the Company completed the issuance of 4.875% senior notes due 2024 with an aggregate principal amount of US\$600 million (approximately HK\$4.65 billion) (the "WML 2024 Notes") and 5.500% senior notes due 2027 with an aggregate principal amount of US\$750 million (approximately HK\$5.81 billion) (the "WML 2027 Notes"). The Company used the net proceeds from the WML 2024 Notes and WML 2027 Notes and cash on hand to fund the cost of extinguishing the WML 2021 Notes. Interest on the WML 2024 Notes and WML 2027 Notes is payable semi-annually in arrears on 1 April and 1 October of each year, beginning on 1 April 2018. The WML 2024 Notes and WML 2027 Notes, which are listed on the Hong Kong Stock Exchange, mature on 1 October 2024 and 1 October 2027, respectively.

WML 2029 Notes

On 17 December 2019, the Company completed the issuance of 5.125% senior notes due 2029 with an aggregate principal amount of US\$1 billion (approximately HK\$7.75 billion) (the "WML 2029 Notes"). The Company expects to use certain amounts from the net proceeds from the WML 2029 Notes to facilitate the repayment of the term loan of the Wynn Macau Credit Facilities over the next two years, subject to business recovery from the effects of COVID-19 Pandemic. Interest on the WML 2029 Notes is payable semi-annually in arrears on 15 June and 15 December of each year, beginning on 15 June 2020. The WML 2029 Notes, which are listed on the Hong Kong Stock Exchange, mature on 15 December 2029.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

14. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(b) **Senior notes, unsecured** (continued)

WML 2026 Notes

On 19 June 2020, the Company completed the issuance of 5.500% senior notes due 2026 with an aggregate principal amount of US\$750 million (approximately HK\$5.81 billion) (the "WML 2026 Notes"). The Company expects to use the net proceeds from the WML 2026 Notes for general corporate purposes until business recovers from the effects of the COVID-19 Pandemic, and then to facilitate the repayment of a portion of the amounts outstanding under the Wynn Macau Credit Facilities, subject to generating sufficient operating cash flow from our Macau Operations. Interest on the WML 2026 Notes is payable semi-annually in arrears on 15 January and 15 July of each year, beginning on 15 January 2021. The WML 2026 Notes, which are listed on the Hong Kong Stock Exchange, mature on 15 January 2026.

Redemption of WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes

At any time prior to 1 October 2020, 15 June 2022, 1 October 2022 and 15 December 2024, the Company may redeem the WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes, respectively, in whole or in part, at a redemption price equal to the greater of (a) 100% of the principal amount of the WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes, or (b) a "make-whole" amount as determined by an independent investment banker in accordance with the terms of the indentures for the WML 2024 Notes and WML 2027 Notes, dated as of 20 September 2017 (the "2017 Indentures"), the indenture for the WML 2029 Notes dated as of 17 December 2019 (the "2019 Indenture") and the indenture for the WML 2026 Notes dated as of 19 June 2020 (together with the 2017 Indentures and 2019 Indenture, the "WML Indentures"). In either case, the redemption price would include accrued and unpaid interest.

In addition, (i) at any time prior to 1 October 2020, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the WML 2024 Notes and the WML 2027 Notes, at a redemption price equal to 104.875% of the aggregate principal amount of the WML 2024 Notes and 105.500% of the aggregate principal amount of the WML 2027 Notes, as applicable, plus accrued and unpaid interest, if any; (ii) at any time prior to 15 June 2022, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the WML 2026 Notes at a redemption price equal to 105.500% of the aggregate principal amount of the WML 2026 Notes, plus accrued and unpaid interest, if any; and (iii) at any time prior to 15 December 2022, the Company may use the net cash proceeds from certain equity offerings to redeem up to 35% of the aggregate principal amount of the WML 2029 Notes at a redemption price equal to 105.125% of the aggregate principal amount of the WML 2029 Notes, plus accrued and unpaid interest, if any.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

14. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(b) **Senior notes, unsecured** (continued)

Redemption of WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes (continued)

On or after 1 October 2020, 15 June 2022, 1 October 2022 and 15 December 2024, the Company may redeem the WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes, respectively, in whole or in part, at a premium decreasing annually from 102.438%, 104.125%, 102.750% and 102.563%, respectively, of the applicable principal amount to 100% of the applicable principal amount, plus accrued and unpaid interest to, but not including, the redemption date.

If the Company undergoes a Change of Control (as defined in the WML Indentures), it must offer to repurchase the WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. Under the 2017 Indentures, the circumstances that will constitute a Change of Control include, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to the Company's former Chairman and Chief Executive Officer or a related party of the Company's former Chairman and Chief Executive Officer, the consummation of any transaction that results in any party other than the Company's former Chairman and Chief Executive Officer and his related parties becoming the direct or indirect owner of more than 50% of the outstanding voting stock of WRL and the first day on which a majority of the members of the Board are not continuing directors. Under the 2019 Indenture and the indenture of the WML 2026 Notes respectively, the circumstances that will constitute a Change of Control include, among others, the consummation of any transaction that results in any party other than WRL or any affiliate of WRL becoming the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests.

In addition, the Company may redeem the WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest, in response to any change in or amendment to certain tax laws or tax positions. Further, if a holder or beneficial owner of the WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes fails to meet certain requirements imposed by any Gaming Authority (as defined in the WML Indentures), the Company may require the holder or beneficial owner to dispose of or redeem its WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes as applicable.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

14. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(b) **Senior notes, unsecured** (continued)

Redemption of WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes (continued)

Upon the occurrence of (1) any event after which none of the Company or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same scope as it does on the date of the WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes issuance, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes will have the right to require the Company to repurchase all or any part of such holder's WML 2024 Notes, WML 2026 Notes, WML 2027 Notes and WML 2029 Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

15. COMMITMENTS

Future minimum rents to be received under lessor arrangements

	As at 30 June 2020 HK\$	As at 31 December 2019 HK\$
	(in thousands)	
	(unaudited)	(audited)
Within one year	717,542	892,541
After one year but within two years	385,969	447,316
After two years but within three years	226,786	299,747
After three years but within four years	161,727	179,360
After four years but within five years	57,777	110,937
After five years	370	1,867
	1,550,171	1,931,768

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

15. COMMITMENTS (CONTINUED)

Capital commitments

	As at 30 June 2020 HK\$ (in thousands) (unaudited)	As at 31 December 2019 HK\$ (audited)
Contracted, but not provided for	142,783	561,300

Gaming premium commitment

Pursuant to the Concession Agreement signed with the Macau government, the Group has committed to pay an annual premium of MOP30.0 million (approximately HK\$29.1 million) plus a variable annual premium which is equal to MOP300,000 (approximately HK\$291,000) per gaming table reserved exclusively for certain kinds of games or players, MOP150,000 (approximately HK\$146,000) per gaming table not so reserved and MOP1,000 (approximately HK\$970) per electrical or mechanical gaming machine, including slot machines, subject to an annual minimum of MOP45.0 million (approximately HK\$43.7 million).

Other service commitments

	As at 30 June 2020 HK\$ (in thousands) (unaudited)	As at 31 December 2019 HK\$ (audited)
Within one year	470,626	381,163
After one year but not more than five years	380,246	414,847
	850,872	796,010

As at 30 June 2020, the Group was committed to purchases of operating supplies totaling HK\$71.3 million (31 December 2019: HK\$173.4 million).

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

16. LITIGATION

The Group did not have any material litigation outstanding as at 30 June 2020. The litigation matter set out below is disclosed on a voluntary basis and, as with all litigations, no assurances can be provided as to the outcome thereof.

Macau Litigation Related to Dore

WRM has been named as a defendant in lawsuits filed in the Macau Court of First Instance by individuals who claim to be investors in or persons with credit in accounts maintained by Dore Entertainment Company Limited (“Dore”), an independent, Macau registered and licensed company that operates a gaming promoter business at Wynn Macau. In connection with the alleged theft, embezzlement, fraud and/or other crime(s) perpetrated by a former employee of Dore (the “Dore Incident”), the plaintiffs of the lawsuits allege that Dore failed to honor withdrawal of funds deposited with Dore as investments or gaming deposits that allegedly resulted in certain losses for these individuals. The principal allegations common to the lawsuits are that WRM, as a gaming concessionaire, should be held responsible for Dore’s conduct on the basis that WRM is responsible for the supervision of Dore’s activities at Wynn Macau that resulted in the purported losses. The Company made a voluntary announcement in connection with the Dore Incident on 14 September 2015.

Based on advice from Macau counsel, we believe the claims are without merit and are unfounded. We intend to vigorously defend against the claims pleaded against us in these lawsuits.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

17. RELATED PARTY DISCLOSURES

As at the end of the period, amounts due from/(to) related companies are unsecured, interest-free and repayable on demand.

The Group had the following material connected transactions with related companies:

Name of Related Companies	Relation to the Company	Primary Nature of Transactions	For the Six Months Ended 30 June	
			2020 HK\$	2019 HK\$
			(in thousands)	
			(unaudited)	(unaudited)
Wynn Resorts, Limited	Ultimate parent company	License fees (i)	171,675	701,918
Wynn Resorts, Limited	Ultimate parent company	Corporate support services (ii)	31,173	27,682
Wynn Resorts, Limited	Ultimate parent company	Share-based payment expenses	25,917	41,830
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	Airplane usage charges (ii)	—	5,548
WIML	Subsidiary of Wynn Resorts, Limited	International marketing expenses (iii)	20,712	25,396
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	Staff secondment payroll charges (iv)	42,395	82,532
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	Design/development payroll (v)	12,976	17,114

Except for the share-based payment expenses incurred with Wynn Resorts, Limited, all of the above transactions are noted as continuing connected transactions.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

17. RELATED PARTY DISCLOSURES (CONTINUED)

Notes:

(i) **License fees**

The license fees payable to Wynn Resorts, Limited equals the greater of (1) 3% of the gross monthly revenues of the intellectual property, and (2) US\$1.5 million (approximately HK\$11.7 million) per month.

(ii) **Corporate support services**

The annual fees for the services provided by Wynn Resorts are based on an allocation of the actual proportion of Wynn Resorts' annual corporate departments' costs (including salaries and benefits for such employees during the period in which such services are rendered) and overhead expense related to the provision of such services. In any event, the annual fees charged by Wynn Resorts shall not exceed 50% of the aggregate annual corporate departments' costs and overhead expense incurred by Wynn Resorts during any financial year.

Wynn Resorts allows the Company and its employees to use aircraft assets owned by Wynn Resorts and its subsidiaries (other than the Group) at hourly rates set by Las Vegas Jet, LLC, a subsidiary of Wynn Resorts.

(iii) **International marketing expenses**

These administrative, promotional and marketing services are provided through branch offices located in various cities around the world under the direction and supervision provided by WIML. For the services provided under this arrangement, WIML charges a service fee equal to the total costs it incurs in rendering the services plus 5%.

(iv) **Staff secondment payroll charges**

Worldwide Wynn, a subsidiary of Wynn Resorts, is responsible for supplying management personnel to WRM for pre-determined lengths of time through secondment arrangements. Worldwide Wynn is compensated for these services of the seconded employees during the period of secondment to WRM with a service fee equal to its aggregate costs plus 5%.

(v) **Design/development payroll**

Wynn Design & Development provides design and development services to the Group in connection with the construction and renovation works at Wynn Palace and Wynn Macau and Encore. A service fee is charged at the costs incurred by Wynn Design & Development to the Group for the services provided.

The above transactions were carried out on terms mutually agreed between the Group and the related companies. There were no significant charges from the Group to the related companies during the six months ended 30 June 2020 and 2019. In the opinion of the Directors, the related party transactions were conducted in the ordinary and usual course of the Group's business.

All such outstanding balances between the Group and the related companies are deemed to be trade in nature.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2020

17. RELATED PARTY DISCLOSURES (CONTINUED)

Home Purchase

In May 2010, Worldwide Wynn entered into an employment agreement with Ms. Linda Chen, who is also a director of the Company. Under the terms of the employment agreement, Worldwide Wynn caused WRM to purchase a house in Macau for use by Ms. Chen. As at 30 June 2020, the net carrying amount of the house together with improvements and its land lease right was HK\$46.4 million (31 December 2019: HK\$47.3 million). Ms. Chen has the option to purchase the home for no consideration at any time before the expiration of her employment contract.

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, deposits, balances with related companies, accounts payable, the current portion of interest-bearing borrowings, construction payables and the current portion of financial liabilities included in other payables and accruals and other liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risks and remaining maturities. The fair value of the lease liabilities have been calculated by discounting the expected future cash flows using the Group's incremental borrowing rate. The non-current portion of financial liabilities included in other payables and accruals, other liabilities and construction retentions payable were not discounted as the discounting factors were considered by management to be insignificant.

As at 30 June 2020, the estimated fair value for level 2 of the Group's outstanding debt instruments was HK\$44.04 billion (as at 31 December 2019: HK\$39.14 billion). The Group did not hold any assets or liabilities measured at fair value for levels 1 and 3 during the six months ended 30 June 2020 and 2019. Level 1 fair values are those measured using quoted prices (unadjusted) in active markets for identical financial instruments, level 2 fair values are those measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant input is directly or indirectly based on observable market data and level 3 fair values are those measured using valuation techniques in which any significant input is not based on observable market data.

19. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

ISSUER

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