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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 Code: 5279, 5280)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018,
DECLARATION OF AN INTERIM AND
A SPECIAL DIVIDEND,
CLOSURE OF REGISTER OF MEMBERS
AND APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

The Board of Directors of Wynn Macau, Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2018 as follows.

FINANCIAL HIGHLIGHTS

	For the Six Months ended 30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands, except per share amounts or otherwise stated)</i>	
		<i>(restated)</i>
Casino revenues	16,501,017	13,729,857
Other revenues	2,681,799	2,126,168
Adjusted EBITDA	5,298,054	3,870,839
Profit attributable to owners	3,031,074	1,591,948
Earnings per Share — basic and diluted (HK\$)	0.58	0.31

* For identification purpose only

AN INTERIM AND A SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

On 17 August 2018, the Board declared a total dividend of HK\$0.75 per Share, consisting of an interim dividend of HK\$0.32 per Share for the six months ended 30 June 2018 and a special dividend of HK\$0.43 per Share, payable to Shareholders whose names appear on the register of members of the Company on 24 September 2018. For the purpose of determining the identity of members who are entitled to the interim and the special dividend, the register of members of the Company will be closed from 20 September 2018 to 24 September 2018 (both days inclusive) during which period no transfer of Shares will be effected. Both the interim and the special dividend are expected to be paid on 5 October 2018.

In order to determine the identity of the Shareholders entitled to the interim and the special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 19 September 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the Six Months Ended 30 June	
		2018	2017
		HK\$	HK\$
		(in thousands)	
		(unaudited)	(unaudited) (restated)
Operating revenues			
Casino		16,501,017	13,729,857
Rooms		1,071,033	811,514
Food and beverage		708,480	593,205
Retail and other		902,286	721,449
		<u>19,182,816</u>	<u>15,856,025</u>
Operating costs and expenses			
Gaming taxes and premiums		9,089,001	7,779,751
Staff costs		2,488,633	2,290,456
Other operating expenses	3	2,421,233	2,017,520
Depreciation and amortization		1,356,018	1,393,098
Property charges and other		55,602	7,739
		<u>15,410,487</u>	<u>13,488,564</u>
Operating profit		<u>3,772,329</u>	<u>2,367,461</u>
Finance revenues		42,845	4,982
Finance costs	4	(701,361)	(625,828)
Net foreign currency differences		(76,525)	(140,263)
Changes in fair value of interest rate swaps		—	(8,190)
		<u>(735,041)</u>	<u>(769,299)</u>
Profit before tax		<u>3,037,288</u>	<u>1,598,162</u>
Income tax expense	5	6,214	6,214
Net profit attributable to owners of the Company		<u><u>3,031,074</u></u>	<u><u>1,591,948</u></u>
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 period		<u>—</u>	<u>(208)</u>
Total comprehensive income attributable to owners of the Company		<u><u>3,031,074</u></u>	<u><u>1,591,740</u></u>
Basic and diluted earnings per Share	6	<u><u>HK\$0.58</u></u>	<u><u>HK\$0.31</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2018 HK\$ (in thousands) (unaudited)	As at 31 December 2017 HK\$ (audited)
	<i>Notes</i>		
Non-current assets			
Property and equipment and construction in progress		32,500,929	33,504,269
Leasehold interests in land		1,638,366	1,686,452
Goodwill		398,345	398,345
Deposits for acquisition of property and equipment		33,975	35,092
Other non-current assets		731,332	791,819
Restricted cash and cash equivalents		9,412	6,032
Total non-current assets		35,312,359	36,422,009
Current assets			
Inventories		310,521	331,644
Trade and other receivables	8	738,100	676,669
Prepayments and other current assets		150,286	133,787
Amounts due from related companies		257,297	181,086
Restricted cash and cash equivalents		4,785	10,854
Cash and cash equivalents		8,330,696	5,239,690
Total current assets		9,791,685	6,573,730
Current liabilities			
Accounts payable	9	497,871	681,147
Interest-bearing borrowings	11	1,350,817	449,259
Construction and retentions payables		351,132	456,299
Other payables and accruals	10	8,255,214	9,968,876
Amounts due to related companies		224,370	261,601
Income tax payables	5	6,214	12,427
Other current liabilities		22,700	46,690
Total current liabilities		10,708,318	11,876,299
Net current liabilities		(916,633)	(5,302,569)
Total assets less current liabilities		34,395,726	31,119,440

		As at 30 June 2018 <i>HK\$</i> <i>(in thousands)</i> <i>(unaudited)</i>	As at 31 December 2017 <i>HK\$</i> <i>(audited)</i>
	<i>Notes</i>		
Non-current liabilities			
Interest-bearing borrowings	<i>11</i>	31,789,345	27,674,046
Construction retentions payable		1,164	1,862
Other payables and accruals	<i>10</i>	197,004	265,992
Other long-term liabilities		191,292	176,782
		<hr/>	<hr/>
Total non-current liabilities		32,178,805	28,118,682
		<hr/>	<hr/>
Net assets		2,216,921	3,000,758
		<hr/>	<hr/>
Equity			
Equity attributable to owners of the Company			
Issued capital		5,197	5,196
Share premium account		379,912	267,315
Shares held for employee ownership scheme		(112,059)	(112,062)
Reserves		1,943,871	2,840,309
		<hr/>	<hr/>
Total equity		2,216,921	3,000,758
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND PRESENTATION

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 2017.

As at 30 June 2018, the Group had cash and cash equivalents of HK\$8.33 billion derived from its ordinary business operations. These cash and cash equivalents have not been earmarked for any specific use other than for general corporate purposes and repayments on the Group’s debt obligations.

As at 30 June 2018, the Group had a net current liability position of HK\$916.6 million. The Group expects it will generate positive cash flows in the coming twelve months and may obtain or renew its bank loan facilities and, or seek other sources of funding, wherever needed, to meet its financial liabilities as and when they fall due. The Group believes it has sufficient working capital to finance its operations and financial obligations.

Application of new and revised IFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of 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>Annual Improvements</i> <i>2014–2016 Cycle</i>	<i>Foreign Currency Transactions and Advance Consideration</i> <i>Amendments to IFRS 1 and IAS 28</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* (“**IFRS 15**”) and IFRS 9 *Financial Instruments* (“**IFRS 9**”) that require restatement of previous financial statements. As required by IAS 34 *Interim Financial Reporting*, the nature and effect of these changes are disclosed below.

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.

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 six months ended 30 June 2017:

	<i>Adjustments</i>	For the Six Months Ended 30 June 2017 HK\$ (in thousands)
Operating revenues		
Casino	<i>(a) (b)</i>	(1,873,540)
Rooms	<i>(a)</i>	569,372
Food and beverage	<i>(a)</i>	335,887
Retail and other	<i>(a)</i>	33,375
		<hr/> (934,906)
Other operating expenses	<i>(a) (b)</i>	<hr/> (934,906)
Operating profit		<hr/> —
Profit before tax		<hr/> —
Net profit attributable to owners of the Company		<hr/> <hr/> —

The Company'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 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 Company's loyalty programs.

Upon adoption of IFRS 15, for casino transactions that include complimentary goods or services provided by the Company to incentivize future gaming, the Company allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Complimentary goods or services that are provided under the Company'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 Company's loyalty programs, the residual amount is recorded as casino revenue when the wager is settled. The transaction price for rooms, food and beverage, retail and other transactions is the net amount collected from the customer for such goods and services 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 12 for the disclosure on disaggregated revenue for each reportable segment.

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 and other liabilities. 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 effect of 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 effective interest rate (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 an adjustment of opening retained earnings as at 1 January 2018.

(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 and other 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.

Several other amendments and interpretations apply for the first time in 2018 but do not have a material impact on the interim condensed consolidated financial information 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. 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 2018, the Group reviews Wynn Macau and Wynn Palace as two reportable segments. Refer to Note 12 for segment information.

3. OTHER OPERATING EXPENSES

	For the Six Months Ended	
	30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
		<i>(restated)</i>
License fees	719,150	656,084
Cost of sales	379,671	272,766
Repairs and maintenance	245,231	176,493
Advertising and promotions	239,321	178,850
Operating supplies and equipment	225,399	192,345
Utilities and fuel	171,191	164,618
Contract services	168,580	148,620
Corporate support services and other	44,966	57,734
Other support services	29,150	30,297
Operating rental expenses	28,498	29,156
Auditor's remuneration	4,162	4,335
Reversal of provision for doubtful accounts, net	(22,229)	(43,167)
Other expenses	188,143	149,389
	<u>2,421,233</u>	<u>2,017,520</u>

4. FINANCE COSTS

	For the Six Months Ended 30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expense	620,848	548,700
Amortization of debt financing costs	71,481	65,416
Bank fees for unused facilities	9,032	11,712
	<u>701,361</u>	<u>625,828</u>

5. INCOME TAX EXPENSE

The major components of income tax expense for the six months ended 30 June 2018 and 2017 were:

	For the Six Months Ended 30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
Income tax expense:		
Current — overseas	<u>6,214</u>	<u>6,214</u>
	<u>6,214</u>	<u>6,214</u>

No provision for Hong Kong profit tax for the six months ended 30 June 2018 has been made as there was no assessable profit generated in Hong Kong (six months ended 30 June 2017: 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 2017: 12%). For the six months ended 30 June 2018, 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 2017: 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 from 1 January 2016 through 31 December 2020. Accordingly, the Group was exempted from the payment of approximately HK\$366.7 million in such tax for the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$206.3 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 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.

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 examinations by tax authorities in the locations where it operates. The Group's 2013 to 2017 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Government of the Macau Special Administrative 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.

Quarterly, the Group undertakes reviews for any potentially unfavorable tax outcome 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 30 June 2018, the Group has unrecognized tax losses of HK\$7.21 billion (31 December 2017: HK\$5.93 billion) and the Group believes that these unrecognized tax losses are adequate to offset adjustments that might be proposed by the Macau tax authorities. The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters.

6. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per Share for the six months ended 30 June 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 5,184,553,333 during the period (six months ended 30 June 2017: 5,180,316,178), excluding Shares reserved and purchased for the Company's employee ownership scheme. No Shares (six months ended 30 June 2017: nil) were purchased and no Shares (six months ended 30 June 2017: nil) were issued and reserved for the Company's employee ownership scheme during the six months ended 30 June 2018.

The calculation of diluted earnings per Share for the six months ended 30 June 2018 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares of 5,194,187,153 (six months ended 30 June 2017: 5,187,269,182) including the weighted average number of Shares in issue of 5,184,553,333 during the period (six months ended 30 June 2017: 5,180,316,178) plus the weighted average number of potential Shares of 9,633,820 (six months ended 30 June 2017: 6,953,004) arising from the deemed exercise of share options and deemed vesting of awards under the Company's employee ownership scheme.

7. DIVIDENDS

	For the Six Months Ended	
	30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
	(unaudited)	<i>(unaudited)</i>
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	—
	<u>3,897,534</u>	<u>2,182,121</u>

On 17 August 2018, the Board resolved to declare a total dividend of HK\$0.75 per Share, consisting of an interim dividend of HK\$0.32 per Share for the six months ended 30 June 2018 and a special dividend of HK\$0.43 per Share.

8. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following as at 30 June 2018 and 31 December 2017:

	As at 30 June 2018 HK\$ <i>(in thousands)</i> <i>(unaudited)</i>	As at 31 December 2017 HK\$ <i>(in thousands)</i> <i>(audited)</i>
Casino	607,574	575,415
Retail leases and other	184,548	167,007
Hotel	9,888	15,951
	<u>802,010</u>	<u>758,373</u>
Less: allowance for doubtful accounts	<u>(63,910)</u>	<u>(81,704)</u>
Total trade and other receivables, net	<u><u>738,100</u></u>	<u><u>676,669</u></u>

An aged analysis of trade and other receivables is as follows:

	As at 30 June 2018 HK\$ <i>(in thousands)</i> <i>(unaudited)</i>	As at 31 December 2017 HK\$ <i>(in thousands)</i> <i>(audited)</i>
Within 30 days	311,616	291,910
31 to 60 days	152,721	53,490
61 to 90 days	35,362	121,791
Over 90 days	302,311	291,182
	<u>802,010</u>	<u>758,373</u>
Less: allowance for doubtful accounts	<u>(63,910)</u>	<u>(81,704)</u>
Net trade and other receivables	<u><u>738,100</u></u>	<u><u>676,669</u></u>

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.

9. ACCOUNTS PAYABLE

During the six months ended 30 June 2018 and the year ended 31 December 2017, 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 2018 <i>HK\$</i> <i>(in thousands)</i> <i>(unaudited)</i>	As at 31 December 2017 <i>HK\$</i> <i>(audited)</i>
Within 30 days	351,393	544,819
31 to 60 days	40,718	53,427
61 to 90 days	13,384	33,503
Over 90 days	92,376	49,398
	<u>497,871</u>	<u>681,147</u>

10. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consist of the following as at 30 June 2018 and 31 December 2017:

	As at 30 June 2018 <i>HK\$</i> <i>(in thousands)</i> <i>(unaudited)</i>	As at 31 December 2017 <i>HK\$</i> <i>(audited)</i>
Current:		
Outstanding chip liabilities	3,231,971	4,839,965
Customer deposits	2,613,386	2,545,531
Gaming taxes payable	1,452,425	1,565,075
Donation payable	77,670	77,670
Others	879,762	940,635
	<u>8,255,214</u>	<u>9,968,876</u>
Non-current:		
Donation payable	197,004	265,992
	<u>8,452,218</u>	<u>10,234,868</u>

11. INTEREST-BEARING BORROWINGS

		As at 30 June 2018 HK\$ <i>(in thousands)</i>	As at 31 December 2017 <i>HK\$</i>
	<i>Notes</i>	<i>(unaudited)</i>	<i>(audited)</i>
Bank loans, secured	<i>(a)</i>	22,903,123	17,970,353
Senior notes, unsecured	<i>(b)</i>	10,595,272	10,553,330
		33,498,395	28,523,683
Less: debt financing costs, net		(358,233)	(400,378)
Total interest-bearing borrowings		33,140,162	28,123,305

Notes:

(a) Bank loans, secured

Wynn Macau Credit Facilities

As at 30 June 2018, the Wynn Macau Credit Facilities consisted of approximately HK\$23.87 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$18.01 billion equivalent fully funded senior term loan facility and an approximately HK\$5.86 billion equivalent senior revolving credit facility.

There is also an option to upsize the total senior secured credit facilities by approximately an additional HK\$7.80 billion equivalent (US\$1.00 billion) under the Wynn Macau Credit Facilities and related agreements upon the satisfaction of various conditions. The borrowings under the Wynn Macau Credit Facilities were used to refinance WRM's indebtedness in 2015 and for a variety of purposes, including to fund the construction and development of Wynn Palace and for general corporate purposes.

The HK\$18.01 billion equivalent term loan facility is repayable in graduating installments of between 2.50% to 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 September 2020, by which time any outstanding borrowings from the revolving loans 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 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 under the senior secured credit facilities.

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

As at 30 June 2018, the Group had HK\$970.6 million in funding available under the revolving credit facility of the Wynn Macau Credit Facilities.

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\$197.3 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\$493.2 million). The WMLF Revolving Credit Facility matured in July 2018, at which time any outstanding borrowings must 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\$4.71 billion) (the "**WML 2024 Notes**") and 5.5% senior notes due 2027 with an aggregate principal amount of US\$750 million (approximately HK\$5.89 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. 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 holders' WML Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

12. 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 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"). Wynn Palace is managed as an operating segment and a separate reportable segment. 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.

	For the Six Months Ended	
	30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>
		<i>(restated)</i>
Wynn Macau:		
Casino	7,932,135	8,286,878
Rooms	434,948	366,975
Food and beverage	293,923	250,601
Retail and other	440,741	355,350
Wynn Palace:		
Casino	8,568,882	5,442,979
Rooms	636,085	444,539
Food and beverage	414,557	342,604
Retail and other	461,545	366,099
Total operating revenues	<u>19,182,816</u>	<u>15,856,025</u>

	For the Six Months Ended	
	30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
<i>Notes</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
		<i>(restated)</i>
Adjusted EBITDA		
Wynn Macau	2,629,507	2,622,004
Wynn Palace	2,668,547	1,248,835
	<u>5,298,054</u>	<u>3,870,839</u>
Other operating costs and expenses		
Depreciation and amortization	1,356,018	1,393,098
Property charges and other	55,602	7,739
Share-based payments	63,714	62,339
Wynn Macau, Limited corporate expenses	50,391	40,202
	<u>3,772,329</u>	<u>2,367,461</u>
Non-operating income and expenses		
Finance revenues	42,845	4,982
Finance costs	(701,361)	(625,828)
Net foreign currency differences	(76,525)	(140,263)
Change in fair value of interest rate swaps	—	(8,190)
	<u>3,037,288</u>	<u>1,598,162</u>
Profit before tax		
Income tax expense	6,214	6,214
	<u>3,031,074</u>	<u>1,591,948</u>
Net profit attributable to owners of the Company		
	As at	As at
	30 June 2018	31 December 2017
	HK\$	HK\$
	<i>(in thousands)</i>	
	<i>(unaudited)</i>	<i>(audited)</i>
Total assets		
Wynn Palace	30,496,703	31,359,875
Wynn Macau	13,225,943	10,386,475
Other Macau	1,381,398	1,249,389
	<u>45,104,044</u>	<u>42,995,739</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a developer, owner and operator of two integrated destination casino resorts in Macau, Wynn Macau and Wynn Palace.

We operate integrated resorts that attract a wide range of customer segments and generate strong financial results. 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. Our emphasis on human resources and staff training underscores our commitment to providing our customers with superior levels of luxury service and guest experience. We also leverage Wynn International Marketing, Ltd.'s international branch offices located in Hong Kong, Singapore, Taiwan, Japan, Canada and the United States to attract international customers.

On 12 August 2016, WRM received notification from The Gaming Inspection and Coordination Bureau of Macau (“**DICJ**”) that Wynn Palace was approved to commence operations on 22 August 2016. DICJ authorized 100 new table games for operation at Wynn Palace effective 22 August 2016, 25 new table games for operation effective 1 January 2017 and 25 new table games for operation effective 1 January 2018 for a total of 150 new table games in aggregate. DICJ also approved 1,145 slot machines for operation at Wynn Palace effective 22 August 2016. We have and will continue to share table games between Wynn Macau and Wynn Palace, subject to the aggregate cap to optimize our casino operations.

Wynn Macau

Wynn Macau opened to the public on 6 September 2006 at the center of casino activities on the urban Macau peninsula. We completed expansion works at Wynn Macau in December 2007 and November 2009, adding more gaming space and additional food and beverage and retail amenities. Encore at Wynn Macau, a further expansion of Wynn Macau that added hotel accommodations and a range of gaming and non-gaming amenities, opened in April 2010.

Wynn Macau features:

- Approximately 273,000 square feet of casino space, offering 24-hour gaming and a full range of games, including private gaming salons, sky casinos and a poker pit;
- Two luxury hotel towers with a total of 1,008 spacious rooms and suites;
- Casual and fine dining in eight restaurants;
- Approximately 59,000 square feet of high-end, brand-name retail shopping;
- Recreation and leisure facilities, including two health clubs and spas, a salon and a pool;
- A rotunda show featuring a Chinese zodiac-inspired ceiling along with gold “prosperity tree” and a “dragon of fortune” attractions; and
- Approximately 31,000 square feet of meeting and convention space.

The following table presents the number of casino games available at Wynn Macau:

	As at 30 June	
	2018	2017
VIP table games	109	93
Mass market table games	207	206
Slot machines	879	948
Poker tables	12	13

Wynn Palace

On 22 August 2016, we opened Wynn Palace in the Cotai area of Macau.

Wynn Palace features:

- Approximately 424,000 square feet of casino space, offering 24-hour gaming and a full range of games, including private gaming salons and sky casinos;
- A luxury hotel with a total of 1,706 spacious rooms, suites and villas;
- Casual and fine dining in eleven food and beverage outlets;
- Approximately 106,000 square feet of high-end, brand-name retail shopping;
- Recreation and leisure facilities, including a cable car (“**SkyCab**”) ride, health club, spa, salon and pool;
- Public attractions including an 8-acre performance lake, floral art displays and fine art displays; and
- Approximately 37,000 square feet of meeting and convention space.

The following table presents the number of casino games available at Wynn Palace:

	As at 30 June	
	2018	2017
VIP table games	112	104
Mass market table games	211	202
Slot machines	1,073	1,141
Poker tables	—	4

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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 approximately 37 miles southwest of, and approximately one hour away via ferry from, Hong Kong. Macau, which has been a casino destination for more than 50 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 revenue from the HK\$21.53 billion generated in 2002. According to Macau statistical information, casinos in Macau generated approximately HK\$145.84 billion in gaming revenue during the six months ended 30 June 2018, an increase of approximately 18.9% over the approximate HK\$122.70 billion generated in the six months ended 30 June 2017, making Macau the largest gaming market in the world.

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. In the third quarter of 2016, both metrics began to improve and statistics for the first half of 2018 reflect a year-over-year increase of 8.0% with 16.8 million tourist arrivals to Macau. We have benefited from the rise in visitation to Macau during the first half of 2018.

The Macau market has experienced tremendous growth in capacity since the opening of Wynn Macau in 2006. As at 30 June 2018, there were 39,400 hotel rooms, 6,588 table games and 17,296 slots in Macau, compared to 12,978 hotel rooms, 2,762 table games and 6,546 slots as at 31 December 2006.

Gaming customers traveling to Macau typically come from nearby destinations in Asia, including mainland China, Hong Kong, Taiwan, South Korea and Japan. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, approximately 90.6% of visitors to Macau for the six months ended 30 June 2018 were from mainland China, Hong Kong and Taiwan.

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 and currency export and travel restrictions (for example on Renminbi, the currency of the PRC, and 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, 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 gaming customers come from mainland China. Economic disruption, contraction or uncertainty in China can impact the number of patrons visiting our properties or the amount they may be willing to 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. Furthermore, the Chinese government's ongoing anti-corruption campaign has influenced the behavior of Chinese consumers and their spending patterns both domestically and abroad. The campaign and mainland Chinese 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 withdraw 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 bring from mainland China to Macau. 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 30 June 2018, 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. During 2016, we contributed to the new capacity in the market, with the opening of Wynn Palace in the Cotai area. Several of our competitors also opened additional facilities during 2016, 2017 and the first half of 2018 and will open additional facilities over the next few years, which will further increase other gaming and non-gaming offerings in Macau.

Wynn Macau and Wynn Palace also face competition from casinos throughout the world, including Singapore, the Philippines, Malaysia, Australia, Las Vegas, cruise ships in Asia that offer gaming and other casinos throughout Asia. We may also face potential competitions from Japan which recently passed legislation to legalize gaming.

Gaming Concession

The current term of our Concession Agreement with the Macau government expires on 26 June 2022. Unless the current term of our concession is extended before it expires or the Macau government agrees otherwise, all of our gaming operations 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. The Macau government has publicly commented that it is studying the process by which future gaming concessions may be awarded upon the expiration of existing concessions. The relevant concession or subconcession held by Galaxy, Venetian Macau and Melco also expires on 26 June 2022, whereas the relevant concession or subconcession held by SJM and MGM Macau expires on 31 March 2020.

Effective June 2017, the Macau government may redeem the 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 the concession. We may not be able to obtain a new gaming concession or renew or extend our Concession Agreement 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.

The Resignation of Mr. Stephen A. Wynn, the former Chief Executive Officer and Chairman of the Board of the Company, and his separation from the Group

On 7 February 2018, Mr. Wynn resigned as executive Director, Chairman of the Board, and Chief Executive Officer of the Company after allegations of inappropriate conduct by Mr. Wynn were reported. Mr. Wynn also resigned from his positions as director and officer of the Company's subsidiaries. The resulting controversy related to Mr. Wynn and his separation from the Group could significantly harm our business in numerous ways, including in ways that we cannot predict. Additional allegations have been and may in the future be asserted against Mr. Wynn. Allegations may also be asserted against any member of the Group in the future, and regulatory or legal proceedings involving any member of the Group may be commenced.

The foregoing events, controversy and possible litigation or disputes, as well as the Macau Litigation Related to Okada (as further detailed in “Litigation — Macau Litigation Related to Okada”) and any additional connected matters that may arise in the future, can be expensive and may divert management’s attention from the operations of our business. The foregoing events, controversy and possible litigation or disputes may also lead to additional scrutiny from regulators. In addition, publicity of the foregoing events, controversy and litigation and disputes (actual and potential) could negatively impact our business, reputation and competitive position and could reduce demand for the securities of the Company and thereby have a negative impact on their trading prices.

Furthermore, the Group’s integrated resort business model was pioneered by Mr. Wynn. Our business, reputation, and competitive position may be negatively affected as a result of our association with Mr. Wynn, or as a result of his separation from the Group and the loss of his skills and experience.

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 VIP players to Wynn Macau and Wynn Palace 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 Macau and Wynn Palace 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 was 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. Our commission percentages have remained stable throughout our operating history.

In addition to commissions, gaming promoters each receive 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 the gaming promoter’s clients.

Gaming promoters may experience certain difficulties in their Macau operations, including intensified competition in attracting patrons to come to Macau depending on certain factors, including Chinese government policies. These factors may cause gaming promoters to face a decrease in liquidity, limiting their ability to grant credit to their patrons, and difficulties in collecting credit they extend.

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 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.

Premium Credit Play

We selectively extend credit to our VIP players contingent upon our marketing team's knowledge of the players, 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 player resides. In the event the player does not reside in a jurisdiction where gaming debts are legally enforceable, we can attempt to assert jurisdiction over assets the player maintains in jurisdictions where gaming debts are recognized. In addition, we typically require a check in the amount of the applicable credit line from credit players, 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 will affect casino profitability.

Intellectual Property Rights

We have licensed the right to use certain "WYNN"-related trademarks and service marks from Wynn Resorts, Limited and Wynn Resorts Holdings, LLC, an affiliate of Wynn Resorts, Limited. 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, Limited ceases to hold more than a 50% voting interest in WRM or by the court appointed administrator in the event Wynn Resorts, Limited 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 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 United States Patent and Trademark Office (the “PTO”) and trademark registries including registries in Macau, mainland China, Hong Kong, Singapore, 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 Risks

We rely on information technology and other systems (including those maintained by third parties we work with) to maintain and transmit 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 relating to our operations and employees. The security of the information we maintain (or maintained by third parties we work with) is subject to ever-evolving threats and risks of compromised security including cyber-attack and cybersecurity breaches. Although we have implemented systems and processes to protect customers, employees and company information, the measures we take to deter and mitigate against these threats and risks may not be successful and our insurance coverage for protecting against cybersecurity risks may not be sufficient to cover the subsequent losses depending on the incident. A significant theft, loss or fraudulent use of customer or company data maintained by us or by a third party service provider could have an adverse effect on our reputation, cause a material disruption to our operations and management team, and result in remediation expenses, regulatory penalties and litigation by customers and other parties whose information was subject to such attacks, all of which could have a material adverse effect on our business, results of operations and cash flows.

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 gaming customers with the aim of increasing their winnings. Our gaming 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 an increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. 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. 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 Macau” and “Wynn Palace”, or similar names or images in likeness to ours, are doing so without our authorization and possibly unlawfully and with criminal intent. The Group is not responsible for the contents of such websites.

If our efforts to cause these sites to be shut down through civil action and by reporting these sites to the appropriate authorities (where applicable, including for possible criminal prosecution) are unsuccessful or not timely completed, these unauthorized activities may continue and 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.

To report fraudulent websites or e-mails purportedly connected to the Group, please e-mail inquiries@wynnmacau.com.

ADJUSTED EBITDA

Adjusted EBITDA is earnings before finance costs, finance revenues, net foreign currency differences, changes in fair value of interest rate swaps, income taxes, depreciation and amortization, 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 Adjusted EBITDA presented herein also differs from the Adjusted Property EBITDA presented by Wynn Resorts, Limited 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 Six Months Ended	
	30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Operating profit	3,772,329	2,367,461
Add		
Depreciation and amortization	1,356,018	1,393,098
Property charges and other	55,602	7,739
Share-based payments	63,714	62,339
Wynn Macau, Limited corporate expenses	50,391	40,202
Adjusted EBITDA	<u>5,298,054</u>	<u>3,870,839</u>

REVIEW OF HISTORICAL OPERATING RESULTS

The operating results reflect the Company's adoption of the IFRS 15 *Revenue from Contracts with Customers*, effective 1 January 2018. Certain prior period amounts have been restated to reflect the full retrospective adoption of the standard, with no impact on operating income, net profit attributable to owners of the Company and Adjusted EBITDA.

Summary Breakdown Table

The following table presents certain selected statement of profit or loss and other comprehensive income line items and certain other data.

	For the Six Months Ended	
	30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Wynn Macau:		
Casino ⁽¹⁾	7,932,135	8,286,878
Rooms	434,948	366,975
Food and beverage	293,923	250,601
Retail and other	440,741	355,350
Wynn Palace:		
Casino ⁽¹⁾	8,568,882	5,442,979
Rooms	636,085	444,539
Food and beverage	414,557	342,604
Retail and other	461,545	366,099
Total operating revenues	19,182,816	15,856,025

For the Six Months Ended

30 June

2018

2017

HK\$

HK\$

*(in thousands, except for averages,
win per unit per day figures and
number of tables and slot machines)*

Wynn Macau:

VIP:		
VIP table games turnover	243,037,692	227,814,358
VIP table games win ⁽¹⁾	6,286,590	7,813,649
VIP table games win as a percentage of turnover	2.6%	3.4%
Average number of gaming tables ⁽²⁾	113	92
Table games win per unit per day ⁽³⁾	307,879	467,491

Mass market:

Mass market table drop	20,500,799	17,134,027
Mass market table games win ⁽¹⁾	3,985,184	3,376,882
Mass market table games win percentage	19.4%	19.7%
Average number of gaming tables ⁽²⁾	203	204
Table games win per unit per day ⁽³⁾	108,208	91,363

Slot machine handle	15,410,826	13,404,479
Slot machine win ⁽¹⁾	644,137	606,845
Average number of slots ⁽²⁾	930	901
Slot machine win per unit per day ⁽³⁾	3,825	3,719

Wynn Palace:

VIP:		
VIP table games turnover	230,506,699	176,024,577
VIP table games win ⁽¹⁾	6,427,050	4,564,856
VIP table games win as a percentage of turnover	2.8%	2.6%
Average number of gaming tables ⁽²⁾	115	98
Table games win per unit per day ⁽³⁾	307,912	257,552

Mass market:

Mass market table drop	19,091,499	11,650,519
Mass market table games win ⁽¹⁾	4,629,164	2,614,530
Mass market table games win percentage	24.2%	22.4%
Average number of gaming tables ⁽²⁾	221	206
Table games win per unit per day ⁽³⁾	121,325	70,100

Slot machine handle	15,665,106	10,224,074
Slot machine win ⁽¹⁾	783,172	534,352
Average number of slots ⁽²⁾	1,065	1,011
Slot machine win per unit per day ⁽³⁾	4,061	2,921

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.

	For the Six Months Ended	
	30 June	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
VIP table games win	12,713,640	12,378,505
Mass market table games win	8,614,348	5,991,412
Slot machine win	1,427,309	1,141,197
Poker revenues	84,899	78,188
Commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues)	(6,339,179)	(5,859,445)
Total casino revenues	<u>16,501,017</u>	<u>13,729,857</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 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 Macau, Encore, and Wynn Palace were open in the applicable period.

Discussion of Results of Operations

Financial results for the six months ended 30 June 2018 compared to financial results for the six months ended 30 June 2017

Operating Revenues

Total operating revenues increased 21.0% from HK\$15.86 billion in the six months ended 30 June 2017 to HK\$19.18 billion in the six months ended 30 June 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 in the six months ended 30 June 2018 compared to the six months ended 30 June 2017, partially offset by a decrease from Wynn Macau driven by a low VIP table games win as a percentage of turnover.

Casino Revenues

Casino revenues increased 20.2% from HK\$13.73 billion (86.6% of total operating revenues) in the six months ended 30 June 2017 to HK\$16.50 billion (86.0% of total operating revenues) in the six months ended 30 June 2018. The components and reasons are as follows:

VIP casino gaming operations. VIP table games win increased by 2.7%, from HK\$12.38 billion in the six months ended 30 June 2017 to HK\$12.71 billion in the six months ended 30 June 2018. The increase was driven by an increase in business volumes of both Wynn Macau and Wynn Palace, with total VIP table games turnover up 17.3%, from HK\$403.84 billion in the six months ended 30 June 2017 to HK\$473.54 billion in the six months ended 30 June 2018 and an increase in Wynn Palace VIP table games win as a percentage of turnover from 2.6% to 2.8%, partially offset by a decrease in Wynn Macau VIP table games win as a percentage of turnover from 3.4% in the six months ended 30 June 2017 to 2.6% in the six months ended 30 June 2018, which was below our expected range of 2.7% to 3.0%.

Mass market casino gaming operations. Mass market table games win increased by 43.8%, from HK\$5.99 billion in the six months ended 30 June 2017 to HK\$8.61 billion in the six months ended 30 June 2018. The increase was driven by an increase in business volumes of both Wynn Macau and Wynn Palace and an increase in Wynn Palace mass market table games win percentage from 22.4% in the six months ended 30 June 2017 to 24.2% in the six months ended 30 June 2018.

Slot machine gaming operations. Slot machine win increased by 25.1% from HK\$1.14 billion in the six months ended 30 June 2017 to HK\$1.43 billion in the six months ended 30 June 2018. The increase in slot machine win was primarily driven by an increase in business volumes and average number of slots of both Wynn Macau and Wynn Palace, with total slot machine handle increase 31.5% from HK\$23.63 billion in the six months ended 30 June 2017 to HK\$31.08 billion in the six months ended 30 June 2018.

Non-casino Revenues

Net non-casino revenues, which include rooms, food and beverage and retail and other revenues, increased by 26.1% from HK\$2.13 billion (13.4% of total operating revenues) in the six months ended 30 June 2017 to HK\$2.68 billion (14.0% of total operating revenues) in the six months ended 30 June 2018, primarily due to increases in rooms, food and beverage and retail and other revenues from both Wynn Macau and Wynn Palace.

Room. Our room revenues increased by 32.0% from HK\$811.5 million in the six months ended 30 June 2017 to HK\$1,071.0 million in the six months ended 30 June 2018, primarily due to higher Average Daily Rate and occupancy rate at both Wynn Macau and Wynn Palace.

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

Room revenues information

	For the Six Months Ended 30 June	
	2018	2017
Wynn Macau:		
Average Daily Rate	HK\$2,207	HK\$1,874
Occupancy	99.2%	96.6%
REVPAR	HK\$2,189	HK\$1,810
Wynn Palace:		
Average Daily Rate	HK\$1,984	HK\$1,473
Occupancy	96.5%	95.9%
REVPAR	HK\$1,915	HK\$1,413

Food and beverage. Food and beverage revenues increased by 19.4% from HK\$593.2 million in the six months ended 30 June 2017 to HK\$708.5 million in the six months ended 30 June 2018, as a result of increased covers at restaurants of both Wynn Macau and Wynn Palace.

Retail and other. Our retail and other revenues increased by 25.1% from HK\$721.4 million in the six months ended 30 June 2017 to HK\$902.3 million in the six months ended 30 June 2018, primarily due to strong same store sales growth at both Wynn Macau and Wynn Palace.

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums increased by 16.8% from HK\$7.78 billion in the six months ended 30 June 2017 to HK\$9.09 billion in the six months ended 30 June 2018. The increase was commensurate with the 20.2% 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 8.7% from HK\$2.29 billion in the six months ended 30 June 2017 to HK\$2.49 billion in the six months ended 30 June 2018. The increase was primarily due to general salary increment and an increase in the number of full-time equivalent employees.

Other operating expenses. Other operating expenses increased by 20.0% from HK\$2.02 billion in the six months ended 30 June 2017 to HK\$2.42 billion in the six months ended 30 June 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, contract service expenditures and other expenses and the change in provision for doubtful accounts. Provision for doubtful accounts was a benefit of HK\$22.2 million in the six months ended 30 June 2018, compared to a benefit of HK\$43.2 million for the same period of 2017. The change 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 decreased by 2.7% from HK\$1.39 billion in the six months ended 30 June 2017 to HK\$1.36 billion in the six months ended 30 June 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\$7.7 million in the six months ended 30 June 2017 to HK\$55.6 million in the six months ended 30 June 2018. Amounts in each period 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 Company in response to customer preferences and changes in market demand.

As a result of the foregoing, total operating costs and expenses increased by 14.2%, from HK\$13.49 billion in the six months ended 30 June 2017 to HK\$15.41 billion in the six months ended 30 June 2018.

Finance Revenues

Finance revenues increased from HK\$5.0 million in the six months ended 30 June 2017 to HK\$42.8 million in the six months ended 30 June 2018. The increase was primarily due to holding higher average cash balances in the six months ended 30 June 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 were primarily in time deposits and fixed deposits with a maturity of three months or less.

Finance Costs

Finance costs increased by 12.1% from HK\$625.8 million in the six months ended 30 June 2017 to HK\$701.4 million in the six months ended 30 June 2018. The increase is due to an increase in amounts outstanding under the Wynn Macau Credit Facilities.

Interest Rate Swaps

As required under the terms of the Wynn Macau Credit Facilities, we had entered into agreements which swap a portion of the interest on our loans from floating to fixed rates. These transactions did not qualify for hedge accounting.

Changes in the fair value of our interest rate swaps were recorded as an increase or decrease in swap fair value during each period. During the six months ended 30 June 2017, we recorded a loss of HK\$8.2 million, resulting from the movement in the fair value of our interest rate swaps. These interest rate swaps expired in July 2017.

Income Tax Expense

In the six months ended 30 June 2018 and 2017, our income tax expense was HK\$6.2 million. Our tax expense for the six months ended 30 June 2018 and 2017 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, compared to HK\$1.59 billion for the six months ended 30 June 2017, net profit attributable to owners of the Company was HK\$3.03 billion for the six months ended 30 June 2018.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

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

Our cash balances as at 30 June 2018 were approximately HK\$8.33 billion. This cash is available for operations, new development activities, enhancements to our operating properties, debt service and retirement and general corporate purposes.

On 30 September 2015, WRM expanded the availability of borrowings under its senior secured bank facility to approximately HK\$23.87 billion consisting of an approximately HK\$18.01 billion fully funded senior secured term loan facility and an approximately HK\$5.86 billion senior secured revolving credit facility. WRM also has the ability to upsize the total senior secured facilities by approximately an additional HK\$7.80 billion equivalent (US\$1.00 billion) pursuant to the terms and provisions of the agreement for the Wynn Macau Credit Facilities. As at 30 June 2018, the Group had approximately HK\$970.6 million of available borrowing capacity under the Wynn Macau Credit Facilities.

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\$197.3 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\$493.2 million). The WMLF Revolving Credit Facility matured in July 2018, at which time any outstanding borrowings must be repaid. On the maturity date, there were no outstanding borrowings under the WMLF Revolving Credit Facility.

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\$4.71 billion) (the “**WML 2024 Notes**”) and 5.5% senior notes due 2027 with an aggregate principal amount of US\$750 million (approximately HK\$5.89 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.

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	
	30 June	31 December
	2018	2017
	HK\$	HK\$
	<i>(in thousands, except for percentages)</i>	
Interest-bearing borrowings	33,140,162	28,123,305
Accounts payable	497,871	681,147
Construction and retentions payables	352,296	458,161
Other payables and accruals	8,452,218	10,234,868
Amounts due to related companies	224,370	261,601
Other liabilities	213,992	223,472
Less: cash and cash equivalents	(8,330,696)	(5,239,690)
restricted cash and cash equivalents	(14,197)	(16,886)
	<u>34,536,016</u>	<u>34,725,978</u>
Net debt		
	<u>34,536,016</u>	<u>34,725,978</u>
Equity	<u>2,216,921</u>	<u>3,000,758</u>
Total capital	<u><u>2,216,921</u></u>	<u><u>3,000,758</u></u>
Capital and net debt	<u><u>36,752,937</u></u>	<u><u>37,726,736</u></u>
Gearing ratio	<u><u>94.0%</u></u>	<u><u>92.0%</u></u>

Cash Flows

The following table presents a summary of the Group's cash flows.

	For the Six Months Ended	
	30 June	
	2018	2017
	HK\$	HK\$
	<i>(in millions)</i>	
Net cash generated from operating activities	3,137.3	5,434.9
Net cash used in investing activities	(429.5)	(395.3)
Net cash generated from/(used in) financing activities	373.3	(5,291.1)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	3,081.1	(251.5)
Cash and cash equivalents at beginning of period	5,239.7	2,591.4
Effect of foreign exchange rate changes, net	9.9	2.1
	<hr/>	<hr/>
Cash and cash equivalents at end of period	8,330.7	2,342.0
	<hr/>	<hr/>

Net cash generated from operating activities

Our net cash generated from operating activities is primarily affected by changes in our working capital and operating profit generated by our Macau Operations. Net cash from operating activities was HK\$3.14 billion for the six months ended 30 June 2018, compared to HK\$5.43 billion for the six months ended 30 June 2017. Operating profit was HK\$3.77 billion for the six months ended 30 June 2018, compared to HK\$2.37 billion for the six months ended 30 June 2017. The decrease in net cash 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\$429.5 million for the six months ended 30 June 2018, compared to HK\$395.3 million for the six months ended 30 June 2017. Net cash used in the six months ended 30 June 2018 included capital expenditures of HK\$468.2 million for renovations to enhance and refine the Macau Operations and for purchases of property and equipment, partially offset by HK\$38.5 million of interest receipts. Net cash used in the six months ended 30 June 2017 included capital expenditures of HK\$401.4 million for renovations to enhance and refine the Macau Operations, partially offset by HK\$4.8 million of interest receipts and HK\$1.4 million in proceeds from the sale of property and equipment and other assets.

Net cash generated from financing activities

Net cash generated from financing activities was HK\$373.3 million during the six months ended 30 June 2018, compared to net cash of HK\$5.29 billion used in financing activities during the six months ended 30 June 2017.

During the six months ended 30 June 2018, the net cash generated from financing activities was primarily due to receipts of HK\$4.89 billion proceeds from the senior revolving credit facility of the Wynn Macau Credit Facilities and receipts of HK\$14.3 million from exercise of share options, partially offset by a HK\$3.90 billion special dividend payment made in April 2018, and HK\$634.0 million of interest payments. During the six months ended 30 June 2017, the net cash used in financing activities was primarily due to a HK\$2.18 billion final dividend payment made in June 2017, repayments of HK\$2.10 billion on the senior revolving credit facility of the Wynn Macau Credit Facilities, a HK\$1.47 billion repayment of the WMLF Revolving Credit Facility and HK\$550.9 million of interest payments, partially offset by receipts of HK\$1.01 billion proceeds from the senior revolving credit facility of the Wynn Macau Credit Facilities.

Indebtedness

The following table presents a summary of our indebtedness.

Indebtedness information

	As at	
	30 June	31 December
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Bank loans	22,903,123	17,970,353
Senior notes	10,595,272	10,553,330
Less: debt financing costs, net	(358,233)	(400,378)
Total interest-bearing borrowings	<u>33,140,162</u>	<u>28,123,305</u>

Wynn Macau Credit Facilities

Overview

As at 30 June 2018, the Wynn Macau Credit Facilities consisted of approximately HK\$23.87 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$18.01 billion equivalent fully funded senior term loan facility and an approximately HK\$5.86 billion equivalent senior revolving credit facility.

There is also an option to upsize the total senior secured credit facilities by approximately an additional HK\$7.80 billion equivalent (US\$1.00 billion) under the Wynn Macau Credit Facilities and related agreements upon the satisfaction of various conditions. The borrowings under the Wynn Macau Credit Facilities were used to refinance WRM's indebtedness in 2015 and for a variety of purposes, including to fund the construction and development of Wynn Palace and for general corporate purposes.

The HK\$18.01 billion equivalent term loan facility is repayable in graduating installments of between 2.50% to 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 September 2020, by which time any outstanding borrowings from the revolving loans 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 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. With respect to the Concession Agreement and WRM's land concession agreement, the WRM lenders have certain cure rights and consultation rights with the Macau government in the event of an enforcement action by the lenders.

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 (approximately 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, 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 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 agreement and related agreements and has no rights or obligations thereunder.

The Group had approximately HK\$970.6 million available to draw under the revolving credit facility of the Wynn Macau Credit Facilities as at 30 June 2018.

WML 2021 Notes

On 11 September 2017, the Company commenced a cash offer to purchase and cancel any and all of the outstanding aggregate principal amount of the WML 2021 Notes. On 21 September 2017, approximately US\$946.4 million (approximately HK\$7.39 billion) principal amount of the WML 2021 Notes were repurchased and cancelled by the Company pursuant to the cash offer. The Company redeemed and cancelled the remaining US\$403.6 million (approximately HK\$3.15 billion) principal amount of the outstanding WML 2021 Notes and discharged the indenture under which the WML 2021 Notes were issued on 20 October 2017. The withdrawal of the listing of the WML 2021 Notes became effective on 27 October 2017.

WML Notes

On 20 September 2017, the Company completed the issuance of 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. 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 holders' WML Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

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\$197.3 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\$493.2 million). The WMLF Revolving Credit Facility matured in July 2018, at which time any outstanding borrowings must be repaid. On the maturity date, there were no outstanding borrowings under the WMLF Revolving Credit Facility.

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 condensed consolidated financial statements. The majority of our assets and liabilities are denominated in U.S. dollars, Hong Kong dollars and Macau patacas, and there are 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.

We attempted to manage exposure to foreign currency exchange risks associated with future scheduled interest payments through the use of foreign currency forward contracts. These contracts involved the exchange of one currency for a second currency at a future date and are with a counterparty, which is a major international financial institution.

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.

The Group had three interest rate swap agreements intended to manage a portion of the underlying interest rate risk on borrowings under the Wynn Macau Credit Facilities. Under two swap agreements, the Group paid a fixed interest rate of 0.73% on borrowings of approximately HK\$3.95 billion incurred under the Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment.

Under the third swap agreement, the Group paid a fixed interest rate of 0.6763% on borrowing of US\$243.8 million (approximately HK\$1.91 billion) incurred under the Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable LIBOR at the time of payment.

The carrying value of these interest rate swaps on the condensed consolidated statement of financial position approximated its fair value. The fair value approximated the amount the Group would pay or receive if these contracts were settled at the respective valuation dates. Fair value was estimated based upon current, and predictions of future interest rate levels along a yield curve, the remaining duration of the instruments and other market conditions and, therefore, was subject to significant estimation and a high degree of variability of fluctuation between periods. We adjusted this amount by applying a non-performance valuation, considering our creditworthiness or the creditworthiness of our counterparties at each settlement date, as applicable. These transactions did not qualify for hedge accounting. Accordingly, changes in the fair values during the six months ended 30 June 2017 were charged to the condensed consolidated statement of profit or loss and other comprehensive income.

All three of the above swap agreements expired in July 2017.

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 and availability under our credit facilities. 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 and availability under our credit facilities, we believe that we have sufficient liquid assets to meet our current and anticipated working capital and operating requirements.

RELATED PARTY TRANSACTIONS

Our Directors confirm that all related party transactions have been conducted on normal commercial terms, and that their terms are fair and reasonable.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2018.

CORPORATE GOVERNANCE CODE

Our commitment to integrity and dedication to maintaining and ensuring high standards of corporate governance are fundamental to our ability to conduct our business and sustain the respect of the investment community and the people who regulate our industry. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Code and are regularly reviewed and developed in the interests of the Company, its Shareholders and other stakeholders.

The Company has complied with the code provisions in the Code for the six months ended 30 June 2018 except for the following deviation from provision A.2.1 of the Code.

Mr. Stephen A. Wynn as our Chairman and Chief Executive Officer

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has complied with code provision A.2.1 of the Code since 7 February 2018 upon the appointment of Mr. Matthew O. Maddox as the Chief Executive Officer of the Company and Dr. Allan Zeman as the Chairman of the Board. Prior to 7 February 2018, Mr. Wynn, the founder of the Company and WRM, had served as the Chairman and Chief Executive Officer of the Company. The Board had determined that the combination of these roles held singularly by Mr. Wynn was in the best interest of the Company and all Shareholders. The Board believes that the issue of whether to combine or separate the offices of Chairman of the Board and Chief Executive Officer is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination whether to combine or separate the roles based upon the circumstances. Mr. Wynn's combined role promoted unified leadership and direction for the Board and executive management. The combined role of Mr. Wynn as both Chairman and Chief Executive Officer was balanced by the Company's governance structure, policies and controls.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code on 16 September 2009 as its code of conduct for securities transactions by Directors. On 23 March 2010, the Company adopted its own code of conduct for securities transactions, which was most recently updated in March 2017. The terms of such code are no less exacting than those set out in the Model Code. Having made specific enquiry of the Directors, all Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors as set out in the Model Code and the Company's own code of conduct for the six months ended 30 June 2018.

AUDIT AND RISK COMMITTEE

An Audit and Risk Committee has been established by the Company to review and supervise the financial reporting process, internal control procedures and risk management system of the Group. The Audit and Risk Committee comprises three independent non-executive Directors of the Company. The Audit and Risk Committee members have reviewed the Group's results for the six months ended 30 June 2018.

INTERIM REPORT

The Company's unaudited interim financial information for the reporting period has been reviewed by the Company's Audit and Risk Committee members which comprises three independent non-executive Directors: Mr. Nicholas Sallnow-Smith, Dr. Allan Zeman and Mr. Bruce Rockowitz and by the Company's auditors in accordance with Hong Kong Standards 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. The report on review of the interim financial information by the auditors will be included in the interim report of the Company for the six months ended 30 June 2018 to be sent to the Shareholders.

LITIGATION

The Group did not have any material litigation outstanding as at 30 June 2018. The litigation matters set out below are disclosed on a voluntary basis and, as with all litigation, 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 ("**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.

These proceedings may continue with respect to Mr. Kazuo Okada as he is not a party to the settlement agreement and mutual release. The Company intends to vigorously defend WRM and the other defendants in the lawsuits.

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. The Company has sought advice from counsel in Macau, and based on such advice, the Company believes the claims are devoid of merit and are unfounded. The Company intends to vigorously defend WRM in the lawsuits.

COOPERATION WITH THE CCAC

In July 2014, the Company was contacted by the Commission Against Corruption of Macau (the “**CCAC**”) requesting certain information related to the Company’s land in the Cotai area of Macau. The Company cooperated with the CCAC’s request.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board is pleased to announce the appointment of Mr. Craig S. Billings as a Non-Executive Director of the Board of the Company effective 17 August 2018.

Mr. Craig S. Billings, aged 45, 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.

Save as disclosed above, Mr. Billings has not held any other directorship in any other public companies in Hong Kong or overseas in the last three years preceding the date of this announcement, and Mr. Billings has no other relationship with any Director, senior management or substantial or controlling shareholders (each as defined in the Listing Rules) of the Company.

Mr. Billings entered into an appointment letter with the Company for a period of three years subject to the relevant provisions of retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. Under the terms of the appointment letter, Mr. Billings is entitled to a fixed fee of HK\$100 per annum.

As at the date of this announcement, Mr. Billings is interested in 55,765 shares in the common stock of Wynn Resorts, Limited. Mr. Billings has no interests in the securities of the Company as at the date of this announcement.

As noted above, Mr. Billings was the Chief Executive Officer and President of ZEN Entertainment, Inc. (“ZEN”), a Las Vegas corporation operating in the software development industry, from March 2011 to June 2012. Mr. Billings joined the company as part of a restructuring and repositioning process focused on ultimately seeking a sale of the company or its assets. In January 2013, ZEN filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code for restructuring in contemplation of its sale to NYX Gaming Group Limited, which was subsequently completed in April 2013. At the time of the petition ZEN had liabilities of approximately US\$18 million.

Save as disclosed above, there is no further information to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to the appointment of Mr. Billings as a Non-executive Director that needs to be brought to the attention of the shareholders of the Company and the Hong Kong Stock Exchange.

DEFINITIONS USED IN THIS ANNOUNCEMENT

“Board of Directors” or “Board”	the Board of Directors of our Company
“Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules as applicable on 30 June 2018
“Company”, “our Company” or “WML”	Wynn Macau, Limited, a company incorporated on 4 September 2009 as an exempted company with limited liability under the laws of the Cayman Islands and an indirect subsidiary of Wynn Resorts, Limited
“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 24 June 2002
“Cotai Land Concession Agreement”	the land concession contract entered into between WRM, Palo and the Macau government for approximately 51 acres of land in the Cotai area of Macau, and for which formal approval from the Macau government was published in the official gazette of Macau on 2 May 2012
“Director(s)”	the director(s) of our Company
“Encore” or “Encore at Wynn Macau”	a casino resort located in Macau, connected to and fully integrated with Wynn Macau, owned and operated directly by WRM, which opened on 21 April 2010
“Galaxy”	Galaxy Casino, S.A., one of the six gaming operators in Macau and one of the three concessionaires
“Group”, “we”, “us” or “our”	our Company and its subsidiaries, or any of them, and the businesses carried on by such subsidiaries, except where the context makes it clear that the reference is only to the Company itself and not to the Group
“HIBOR”	Hong Kong Interbank Offered Rate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards

“LIBOR”	London Interbank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Macau” or “Macau Special Administrative Region”	the Macau Special Administrative Region of the PRC
“Macau Operations”	the integrated Wynn Macau and Encore at Wynn Macau and Wynn Palace
“Melco”	Melco Crown (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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“MOP” or “pataca”	Macau pataca, the lawful currency of Macau
“Palo Real Estate Company Limited” or “Palo”	Palo Real Estate Company Limited, a limited liability company incorporated under the laws of Macau, subject to Ms. Linda Chen 10% social and voting interest and MOP1.00 economic interest in WRM, an indirect wholly-owned subsidiary of the Company
“PRC”, “China” or “mainland China”	the People’s Republic of China and, except where the context requires and only for the purpose of this announcement, references in this announcement to the PRC or China do not include Taiwan, Hong Kong or Macau; the term “Chinese” has a correlatives meaning
“SEC”	the U.S. Securities and Exchange Commission
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.001 each in the share capital of our Company
“Shareholder(s)”	holder(s) of Share(s) of the Company from time to time
“SJM”	Sociedade de Jogos de Macau S.A., one of the six gaming operators in Macau and one of the three concessionaires
“US\$”	United States dollars, the lawful currency of the United States

“U.S. GAAP”	the Generally Accepted Accounting Principles of the United States
“Venetian Macau”	Venetian Macau S.A., one of the six gaming operators in Macau and one of the three sub-concessionaires
“WML 2021 Notes”	the US\$600 million (approximately HK\$4.71 billion) 5.25% senior notes due 2021 issued by the Company in October 2013 and the additional US\$750 million (approximately HK\$5.89 billion) 5.25% senior notes due 2021 issued by the Company on 20 March 2014 (Debt Stock Code: 5983), which were consolidated to form one single series of notes
“WML 2024 Notes”	the US\$600 million (approximately HK\$4.71 billion) 4.875% senior notes due 2024 issued by the Company in September 2017 (Debt Stock Code: 5279)
“WML 2027 Notes”	the US\$750 million (approximately HK\$5.89 billion) 5.50% senior notes due 2027 issued by the Company in September 2017 (Debt Stock Code: 5280)
“WML Notes”	WML 2027 Notes and together with the WML 2024 Notes, the WML Notes
“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 (approximately US\$197.3 million) revolving credit facility extended to WMLF on 18 July 2016 and the principal amount was subsequently increased to HK\$3.87 billion (approximately US\$493.2 million) on 25 October 2016
“WRM”	Wynn Resorts (Macau) S.A., a company incorporated under the laws of Macau and a wholly-owned subsidiary of the Company
“WRM Shareholder Dividend Tax Agreement”	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 International Marketing, Ltd.”	Wynn International Marketing, Ltd., a company incorporated under the laws of Isle of Man and a wholly-owned subsidiary of Wynn Resorts, Limited
“Wynn Macau”	a casino hotel resort located in Macau, owned and operated directly by WRM, which opened on 6 September 2006, and where appropriate, the term also includes Encore at Wynn Macau
“Wynn Macau Credit Facilities”	together, the HK\$18.01 billion (equivalent) fully-funded senior term loan facilities and the HK\$5.86 billion (equivalent) senior revolving credit facilities extended to WRM on 30 September 2015
“Wynn Palace”	an integrated resort situated on approximately 51 acres of land in the Cotai area of Macau in accordance with the terms of the Cotai Land Concession Agreement, which is operated by WRM and opened on 22 August 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 Wynn Resorts, Limited
“Wynn Resorts, Limited”, “Wynn Resorts” or “WRL”	Wynn Resorts, Limited, a company formed under the laws of the State of Nevada, United States, and our controlling shareholder (as defined in the Listing Rules)

GLOSSARY OF TERMS USED IN THIS ANNOUNCEMENT

“Average Daily Rate”	average daily rate which is calculated by dividing total room revenues, including complimentaries (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 Macau government to promote games of fortune and chance or other casino games to patrons, 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 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 knowledge of the players, their financial background and payment history
“REVPAR”	revenue per available room which is calculated by dividing total room revenues, including complimentaries (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
“turnover”	the sum of all losing Rolling Chip wagers within the VIP program
“VIP client” or “VIP player”	client, patron or player who participates in our Macau Operations’ In-house VIP Program or in the VIP program of any of our gaming promoters

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

Hong Kong, 17 August 2018

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 and Maurice L. Wooden (as Non-Executive Directors); Allan Zeman (as Independent Non-Executive Director and Chairman); and Nicholas Sallnow-Smith, Bruce Rockowitz and Jeffrey Kin-fung Lam (as Independent Non-Executive Directors).