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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The Board of Directors of Wynn Macau, Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2014 as follows.

FINANCIAL HIGHLIGHTS

	Group	
	For the year ended 31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands, except per share amounts or otherwise stated)</i>	
Casino revenues	27,787,970	29,536,047
Other revenues	1,656,885	1,804,807
EBITDA	8,423,039	8,866,518
Profit attributable to owners	6,445,435	7,700,905
Earnings per Share — basic and diluted (HK\$)	1.24	1.48

DIVIDEND

The Board has recommended that no final dividend be paid in respect of the year ended 31 December 2014.

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group	
		For the year ended 31 December	
		2014	2013
		HK\$	HK\$
	Notes	(in thousands)	
Operating revenues			
Casino		27,787,970	29,536,047
Rooms		132,444	114,546
Food and beverage		224,528	189,308
Retail and other		1,299,913	1,500,953
		29,444,855	31,340,854
Operating costs and expenses			
Gaming taxes and premiums		13,885,033	15,143,666
Staff costs		2,885,016	2,351,345
Other operating expenses	3	4,625,914	5,105,438
Depreciation and amortization		986,199	918,527
Property charges and other		96,854	9,573
		22,479,016	23,528,549
Operating profit		6,965,839	7,812,305
Finance revenues		142,438	110,868
Finance costs		(599,390)	(346,673)
Net foreign currency differences		(5,767)	28,963
Changes in fair value of interest rate swaps		(34,049)	110,491
		(496,768)	(96,351)
Profit before tax		6,469,071	7,715,954
Income tax expense	4	23,636	15,049
Net profit attributable to owners of the Company		6,445,435	7,700,905
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Available-for-sale investments:			
Changes in fair value		254	1,755
Reclassification adjustments for losses on derecognition of available-for-sale investments included in the consolidated statement of profit or loss		169	196
Other comprehensive income for the year		423	1,951
Total comprehensive income attributable to owners of the Company		6,445,858	7,702,856
Basic and diluted earnings per Share	5	HK\$1.24	HK\$1.48

Details of the dividends for the year are disclosed in note 10 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group As at 31 December 2014 HK\$ (in thousands)	2013 HK\$
	Notes		
Non-current assets			
Property and equipment and construction in progress		19,194,854	11,159,229
Leasehold interests in land		1,974,965	2,071,136
Goodwill		398,345	398,345
Deposits for acquisition of property and equipment		372,057	6,807
Interest rate swaps		45,887	79,929
Other non-current assets		169,356	156,768
Restricted cash and cash equivalents		5,124	—
Total non-current assets		22,160,588	13,872,214
Current assets			
Available-for-sale investments		—	38,022
Inventories		185,968	197,053
Trade and other receivables	6	570,602	556,359
Prepayments and other current assets		78,813	64,084
Amounts due from related companies	11	361,482	500,438
Restricted cash and cash equivalents		2,456	1,550,340
Cash and cash equivalents		10,789,890	14,130,433
Total current assets		11,989,211	17,036,729
Current liabilities			
Accounts payable	7	2,008,724	1,810,427
Land premium payables		239,029	227,511
Other payables and accruals	8	4,972,006	6,585,496
Amounts due to related companies	11	159,198	287,638
Income tax payables		15,049	15,049
Other current liabilities		24,246	22,864
Total current liabilities		7,418,252	8,948,985
Net current assets		4,570,959	8,087,744
Total assets less current liabilities		26,731,547	21,959,958

		Group	
		As at 31 December	
		2014	2013
		HK\$	HK\$
	<i>Notes</i>	<i>(in thousands)</i>	
Non-current liabilities			
Interest-bearing borrowings	9	18,604,658	11,683,461
Land premium payables		124,015	363,044
Construction retentions payable		402,898	121,222
Other payables and accruals	8	434,601	485,424
Deferred tax liabilities	4	8,587	—
Other long-term liabilities		113,075	93,965
		<hr/>	<hr/>
Total non-current liabilities		19,687,834	12,747,116
		<hr/>	<hr/>
Net assets		7,043,713	9,212,842
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Equity attributable to owners of the Company			
Issued capital		5,196	5,188
Share premium account		161,746	153,436
Shares held for employee ownership scheme		(16,154)	—
Reserves		6,892,925	3,970,419
Proposed final dividend		—	5,083,799
		<hr/>	<hr/>
Total equity		7,043,713	9,212,842
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) which comprise standards and interpretations approved by the International Accounting Standards Board (the “**IASB**”) and IFRS Interpretations Committee interpretations approved by the IFRS Interpretations Committee. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap.622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared on a historical cost basis, except for the revaluation of available-for-sale investments and derivative financial instruments which have been measured at fair value. All of the available-for-sale investments matured during the year. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The subsidiaries are fully consolidated from the date on which control is transferred to the Group, and will continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

On 15 May 2014, the Board of Directors approved an employee ownership scheme under which awarded shares may be awarded to employees of the Group in accordance with the related terms and conditions. Pursuant to the rules of the employee ownership scheme, the Group has set up a Trust for the purpose of administering the employee ownership scheme and holding the awarded shares before they vest. As the Group has control over the Trust, the Directors of the Company consider that it is appropriate to consolidate the Trust.

Inter-company transactions, balances and unrealized gains on transactions between group companies and dividends are eliminated on consolidation in full. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Application of new and revised IFRSs

The Group has adopted the following revised IFRSs and a new interpretation for the first time for the current year's financial statements:

Amendments to IFRS 10, IFRS 12 and IAS 27	<i>Investment Entities</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IFRIC-Int 21	<i>Levies</i>
Amendment to IFRS 2 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to IFRS 3 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to IFRS 13 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to IFRS 1 included in <i>Annual Improvements 2011–2013 Cycle</i>	<i>Meaning of Effective IFRSs</i>

¹ Effective from 1 July 2014

Other than explained below regarding the impact of IFRIC-Int21, the adoption of the above revised standards and the interpretation has had no significant financial effect on these financial statements.

IFRIC-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of IFRIC-Int 21.

The Group has not early adopted the new and revised IFRSs and new disclosure requirements under the Hong Kong Companies Ordinance, which have been issued but are 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 year ended 31 December 2014, the Group reviews Wynn Macau and Wynn Palace as two reportable segments.

3. OTHER OPERATING EXPENSES

	Group	
	For the year ended	
	31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Gaming promoters' commissions	1,674,904	2,065,238
Royalty fees	1,147,959	1,248,215
Cost of sales	452,619	534,195
Advertising and promotions	294,544	269,292
Utilities and fuel	198,577	189,774
Corporate support services and other	184,531	153,650
Repairs and maintenance expenses	158,705	123,523
Operating supplies and equipment	157,077	147,745
Operating rental expenses	54,060	30,797
Other support services	50,686	52,634
Auditors' remuneration	4,008	4,045
(Reversal of provision)/provision for doubtful accounts, net	(24,710)	33,672
Others	272,954	252,658
	<u>4,625,914</u>	<u>5,105,438</u>

4. INCOME TAX EXPENSE

The major components of the income tax expense for the years ended 31 December 2014 and 2013 were:

	Group	
	For the year ended	
	31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Income tax expense:		
Current — overseas	15,049	15,049
Deferred — overseas	8,587	—
	23,636	15,049

No provision for Hong Kong profits tax for the year ended 31 December 2014 has been made as there was no assessable profit generated in Hong Kong (2013: nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (2013: 12%).

The tax position for the years ended 31 December 2014 and 2013 reconciles to profit before tax as follows:

	Group			
	For the year ended 31 December			
	2014		2013	
	HK\$	%	HK\$	%
	<i>(in thousands, except for percentages)</i>			
Profit before tax	6,469,071		7,715,954	
Tax at the applicable income tax rate	776,289	12.0	925,914	12.0
Income not subject to tax	(1,010,405)	(15.6)	(1,056,636)	(13.7)
Macau dividend tax	15,049	0.2	15,049	0.2
Deferred tax not recognized	161,354	2.5	115,863	1.5
Others	81,349	1.3	14,859	0.2
Effective tax expense for the year	23,636	0.4	15,049	0.2

Deferred income tax as at 31 December 2014 and 2013 relates to the following:

	Group			
	Consolidated Statements of Financial Position as at 31 December		Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
	<i>(in thousands)</i>			
Deferred tax liability:				
Property, equipment and other	(19,786)	—	19,786	—
Interest rate swap market value adjustment	(5,510)	(9,596)	(4,086)	9,596
	(25,296)	(9,596)		
Deferred income tax asset:				
Pre-opening costs and other	59,186	23,613	(35,573)	(13,318)
University of Macau Development				
Foundation contribution	12,829	14,102	1,273	1,211
Tax losses carried forward	232,403	210,037	(22,366)	9,449
Executive compensation	1,682	1,311	(371)	129
Property, equipment and other	180,698	138,420	(42,278)	(42,959)
Stock option plan	7,432	—	(7,432)	—
Less: allowances	(477,521)	(377,887)	99,634	35,892
	16,709	9,596		
Deferred income tax expense			8,587	—
Deferred tax liability, net	(8,587)	—		

The Group incurred Macau tax losses of approximately HK\$740.8 million, HK\$581.7 million and HK\$614.1 million during the tax years ended 31 December 2014, 2013, and 2012, respectively. These tax losses will expire in 2017, 2016 and 2015, respectively. As at 31 December 2014, the Group's deferred tax assets relating to the pre-opening costs and other, University of Macau Development Foundation contribution, interest rate swaps, stock option plan, executive compensation, fixed assets and tax loss carryforwards amounting to HK\$477.5 million (2013: HK\$377.9 million) were not recognized as the Group determined it was not probable that future taxable profits will be available against which the deferred tax asset could be utilized.

Effective 6 September 2006, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits (the "**Tax Holiday**"). On 30 November 2010, WRM received an additional 5-year exemption effective from 1 January 2011 through 31 December 2015. Accordingly, the Group was exempted from the payment of approximately HK\$768.4 million in such tax for the year ended 31 December 2014 (2013: HK\$844.9 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 June 2009, WRM entered into the WRM Shareholder Dividend Tax Agreement, effective retroactively to 2006, with the Macau Special Administrative Region that provided for annual payments of MOP7.2 million (approximately HK\$7.0 million) to the Macau Special Administrative Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits. The term of this agreement was five years, which coincided with the Tax Holiday which began in 2006. In November 2010, WRM applied for a 5-year extension of this agreement. In August 2011, the 5-year extension was granted with an annual payment of MOP15.5 million (approximately HK\$15.0 million) due to the Macau Special Administration Region for each of the years 2011 through 2015.

The Group is exempted from income tax in the Isle of Man and the Cayman Islands. The Group's subsidiaries file income tax returns in Macau and various foreign jurisdictions as required by law. The Group's income tax returns are subject to examination by tax authorities in the locations where it operates. The Group's 2010 to 2013 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 2013, the Financial Services Bureau commenced an examination of the 2009, 2010 and 2011 Complementary Tax returns for WRM. In 2014, the Financial Services Bureau issued the tax assessment for the years 2009, 2010 and 2011. While no additional tax was due, adjustments were made to WRM's tax loss carryforwards. The Group believes its liability for uncertain tax positions is adequate with respect to these years.

In January 2013, the Financial Services Bureau examined the 2009 and 2010 Macau Complementary Tax returns of Palo. The examination resulted in no change to the tax returns.

Quarterly, the Group undertakes reviews for any potentially unfavorable tax outcomes and when an unfavorable outcome is identified as being probable and can be reasonably estimated, the Group then establishes a tax reserve for such possible unfavorable outcome. Estimating potential tax outcomes for any uncertain tax issues is highly judgmental and may not be indicative of the ultimate settlement with the tax authorities. As of 31 December 2014, the Group has unrecognized tax losses of HK\$1.9 billion (2013: HK\$1.8 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authorities. The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters.

5. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per Share amount for the year ended 31 December 2014 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares of 5,187,753,416 in issue (2013: 5,187,550,000) excluding Shares of 7,511,000 reserved (2013: nil) and Shares of 650,000 purchased (2013: nil) for WML employee ownership scheme during the year.

The diluted earnings per Share amount for the year ended 31 December 2014 is calculated based on the consolidated net profit attributable to owners of the Company and on the weighted average number of 5,188,434,895 (2013: 5,188,151,245) Shares including Shares of 5,187,753,416 (2013: 5,187,550,000) outstanding during the year plus weighted average number of potential Shares of 681,479 (2013: 601,245) arising from deemed exercise of share options.

6. TRADE AND OTHER RECEIVABLES

	Group	
	As at 31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Casino	565,185	486,954
Hotel	4,665	665
Retail leases and other	155,505	232,642
	725,355	720,261
Less: allowance for doubtful accounts	(154,753)	(163,902)
Total trade and other receivables, net	570,602	556,359

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

	Group	
	As at 31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Within 30 days	147,557	170,675
31 to 60 days	115,596	165,814
61 to 90 days	84,751	123,141
Over 90 days	377,451	260,631
	725,355	720,261
Less: allowance for doubtful accounts	(154,753)	(163,902)
Net trade and other receivables	570,602	556,359

Substantially all of the trade and other receivables as at 31 December 2014 and 2013 were repayable within 14 days.

As at 31 December 2014, trade and other receivables with a gross value of HK\$725.4 million (2013: HK\$720.3 million) were partially impaired and provided for. Movements in the provision for impairment of receivables of the Group, which were collectively impaired, are as follows:

	HK\$
	<i>(in thousands)</i>
At 1 January 2013	294,025
Charge for the year, net	33,672
Amounts written off	(163,795)
At 31 December 2013 and 1 January 2014	163,902
Reversal for the year, net	(24,710)
Reversal of amounts written off, net	15,561
At 31 December 2014	154,753

7. ACCOUNTS PAYABLE

During 2014 and 2013, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at 31 December 2014 and 2013, based on invoice dates, is as follows:

	Group	
	As at 31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Within 30 days	1,920,720	1,698,108
31 to 60 days	13,444	53,973
61 to 90 days	5,672	5,722
Over 90 days	68,888	52,624
	<u>2,008,724</u>	<u>1,810,427</u>

8. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following as at 31 December 2014 and 2013:

	Group	
	As at 31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Current:		
Gaming taxes payable	958,574	1,471,397
Outstanding chip liabilities	2,441,930	3,442,012
Customer deposits	949,858	1,230,927
Donation payable	77,670	77,670
Other liabilities	543,974	363,490
	<u>4,972,006</u>	<u>6,585,496</u>
Non-current:		
Donation payable	434,601	485,424
Total	<u>5,406,607</u>	<u>7,070,920</u>

9. INTEREST-BEARING BORROWINGS

		Group	
		As at 31 December	
		2014	2013
	<i>Notes</i>	HK\$	HK\$
		<i>(in thousands)</i>	
Bank loans, secured	(a)	8,417,922	7,389,170
Senior notes, unsecured	(b)	10,512,077	4,652,505
		18,929,999	12,041,675
Less: debt financing costs, net		(325,341)	(358,214)
Total interest-bearing borrowings		18,604,658	11,683,461

Notes:

(a) Bank loans, secured

The Wynn Macau Credit Facilities total HK\$19.5 billion equivalent consisting of a HK\$7.4 billion equivalent fully funded senior term loan facility and a HK\$12.1 billion senior revolving credit facility. The senior secured facilities bear interest at a rate of LIBOR or HIBOR plus a margin of between 1.75% and 2.50% depending on WRM's leverage ratio.

(b) Senior notes, unsecured

On 20 March 2014, the Company issued 5.25% fixed rate, unsecured senior notes due 2021 for an aggregate principal amount of US\$750 million (approximately HK\$5.9 billion), which were consolidated to form a single series with the then existing US\$600 million (approximately HK\$4.7 billion) 5.25% fixed rate, unsecured senior notes due 2021. The WML 2021 Additional Notes have the same terms and conditions as those of the WML 2021 Notes save for the issue date and purchase price, and are also listed on the Hong Kong Stock Exchange. The Company received net proceeds of US\$749 million (approximately HK\$5.8 billion) from the offering of the WML 2021 Additional Notes after including the premiums and deducting the commissions and expenses of the offering and excluding the receipt of accrued interest. The Company will use the net proceeds for working capital and general corporate purposes.

10. DIVIDENDS

Group
For the year ended
31 December
2014 2013
HK\$ **HK\$**
(in thousands)

Interim dividend paid of HK\$0.70 (2013: HK\$0.50) per Share	3,631,610	2,593,775
Proposed or paid final dividend of nil (2013: HK\$0.98) per Share	<u>—</u>	<u>5,084,179</u>
	<u>3,631,610</u>	<u>7,677,954</u>

The 2013 final dividend was approved by the Shareholders on 15 May 2014 and paid during 2014.

On 4 March 2015, the Board declared a special dividend of HK\$1.05 per share to be paid on 31 March 2015.

The Board has recommended that no final dividend be paid in respect of the year ended 31 December 2014.

11. RELATED PARTY DISCLOSURES

As at 31 December 2014 and 2013, the outstanding balances between the Group and the related companies were as follows:

Name of Related Companies	Relation to the Company	Group	
		As at 31 December	
		2014 HK\$ (in thousands)	2013 HK\$
Due from related companies			
— current			
WIML	Subsidiary of Wynn Resorts, Limited	361,187	500,143
Wynn Hotel Sales & Marketing, LLC	Subsidiary of Wynn Resorts, Limited	3	3
Wynn Manpower Limited	Subsidiary of Wynn Resorts, Limited	292	292
		361,482	500,438
Due to related companies			
— current			
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts, Limited	50,117	97,837
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	5,721	9,578
Wynn Resorts, Limited	Ultimate parent company	93,243	137,707
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	9,460	42,516
Wynn Resorts Development, LLC	Subsidiary of Wynn Resorts, Limited	657	—
		159,198	287,638

The amounts disclosed in the above table are unsecured, interest-free and repayable on demand.

The Group had the following material transactions with related companies during the year:

Name of Related Companies	Related to the Company	Primary Nature of Transactions	Group	
			For the year ended	
			31 December	2013
			2014	2013
			HK\$	HK\$
			<i>(in thousands)</i>	
Wynn Resorts, Limited	Ultimate parent company	Royalty fees (i)	1,147,959	1,248,215
Wynn Resorts, Limited	Ultimate parent company	Corporate support services (ii)	178,407	147,088
WIML	Subsidiary of Wynn Resorts, Limited	International marketing expenses (iii)	43,217	44,837
Wynn Resorts, Limited	Ultimate parent company	Share-based payment expenses	74,407	31,766
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	Staff secondment payroll charges (iv)	133,807	139,735
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	Design/development Payroll (v)	128,499	83,644
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	Airplane usage charges (ii)	7,519	15,123

Except for the share-based payment expenses incurred with Wynn Resorts, Limited, all of the above transactions are noted as continuing related party transactions.

Notes:

(i) Royalty fees

The license fees payable to Wynn Resorts, Limited equals the greater of (1) 3% of the gross monthly revenues of the Intellectual Property, as defined and (2) US\$1.5 million (approximately HK\$11.6 million) per month.

(ii) Corporate support services

The annual fees for the services provided by Wynn Resorts are based on an allocation of the actual proportion of Wynn Resorts' annual corporate departments' costs (including salaries and benefits for such employees during the period in which such services are rendered) and overhead expense related to the provision of such services and, in any event, such annual fees shall not exceed 50% of the aggregate annual corporate departments' costs and overhead expenses incurred by Wynn Resorts during any financial year.

Wynn Resorts allows the Company and its employees to use aircraft assets owned by Wynn Resorts and its subsidiaries (other than the Group) at hourly rates set by Las Vegas Jet, LLC, a subsidiary of Wynn Resorts.

(iii) International marketing expenses

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

(iv) Staff secondment payroll charges

Worldwide Wynn, a subsidiary of Wynn Resorts, Limited, is responsible for supplying management personnel to WRM for pre-determined lengths of time through secondment arrangements. Worldwide Wynn was compensated for these services with service fees equal to its aggregate costs plus 5% to Worldwide Wynn of the seconded employees during the periods of secondment to WRM.

(v) Design/development payroll

Wynn Design and Development provides design and development services to the Group in connection with the Wynn Palace project. Service fees are charged at the costs incurred by Wynn Design and Development to the Group for the services provided.

The above transactions were carried out on terms mutually agreed between the Group and the related companies. There were no significant charges from the Group to the related companies during the twelve months ended 31 December 2014 and 2013. In the opinion of the Directors, the related party transactions were conducted in the ordinary and usual course of the Group's business.

All such outstanding balances between the Group and the related companies are deemed to be trade in nature.

Home Purchase

In May 2010, Worldwide Wynn entered into a new employment agreement with Ms. Linda Chen, who is also a director of the Company. Under the terms of the new employment agreement, Worldwide Wynn caused WRM to purchase a house in Macau for use by Ms. Chen. As at 31 December 2014, the net carrying amount of the house together with improvements and its land lease right was HK\$59.6 million (2013: HK\$63.9 million).

12. SEGMENT INFORMATION

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 aggregated as one operating segment, which is also a reportable segment (“**Wynn Macau**”). The Group identifies each integrated resort as a reportable segment considering operations within each integrated resort have similar economic characteristics, type of customers, types of services and products, the regulatory environment of the operations and the Group’s organizational and management reporting structure. During the year ended 31 December 2014, the Group also reviews construction and development activities for its project under development, Wynn Palace as a separate reportable segment, in addition to its operating segment. The Group’s profits were contributed by Wynn Macau during the years ended 31 December 2014 and 2013 and accordingly no segment results are presented for the years ended 31 December 2014 and 2013. Other Macau primarily represents cash and investment securities held at the Company.

	For the year ended	
	31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Capital expenditures		
Wynn Macau	684,474	531,168
Wynn Palace	7,623,623	2,910,425
Other Macau	3,773	—
	<hr/>	<hr/>
Total	8,311,870	3,441,593
	<hr/>	<hr/>

	For the year ended	
	31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Total assets		
Wynn Macau	12,083,436	19,860,947
Wynn Palace	14,401,006	5,861,732
Other Macau	7,267,012	4,787,919
Goodwill	398,345	398,345
	<hr/>	<hr/>
Total	34,149,799	30,908,943
	<hr/>	<hr/>

For the year ended
31 December
2014 2013
HK\$ **HK\$**
(in thousands)

Non-current assets		
Macau	21,753,017	13,473,864
Hong Kong	9,226	5
Goodwill	398,345	398,345
	<hr/>	<hr/>
Total	<u>22,160,588</u>	<u>13,872,214</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

Our Macau resort complex features:

- Approximately 280,000 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 57,000 square feet of high-end, brand-name retail shopping, including stores and boutiques such as Bvlgari, Cartier, Chanel, Dior, Dunhill, Ermenegildo Zegna, Ferrari, Giorgio Armani, Graff, Gucci, Hermes, Hugo Boss, Jaeger-LeCoultre, Loro Piana, Louis Vuitton, Miu Miu, Piaget, Prada, Richard Mille, Roger Dubuis, Rolex, Tiffany, Vacheron Constantin, Van Cleef & Arpels, Versace, Vertu, and others;
- Recreation and leisure facilities, including two health clubs and spas, a salon, a pool; and
- Approximately 31,000 square feet of lounges and meeting facilities.

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

	As at 31 December	
	2014	2013
VIP table games	248	273
Mass market table games	201	220
Slot machines	672	866
Poker tables	13	10

In response to on-going evaluation of our operations and the feedback from our guests, we have been, and will continue to make enhancements and refinements to our resort complex. In February 2015, we completed the renovation of approximately 27,000 square feet of our casino space at Wynn Macau for new VIP gaming rooms.

Cotai Development — Wynn Palace

The Group is currently constructing Wynn Palace, an integrated resort containing an approximately 1,700-room hotel, performance lake, meeting space, casino, spa, retail offerings and food and beverage outlets in the Cotai area of Macau. The total project budget is approximately HK\$31 billion including construction costs, capitalized interest, pre-opening expenses, land costs and financing fees. As of 31 December 2014, we have invested approximately HK\$14 billion in the project. The Company expects to open Wynn Palace in the first half of 2016.

On 29 July 2013, WRM and Palo finalized and executed a guaranteed maximum price construction (“**GMP**”) contract with Leighton Contractors (Asia) Limited, acting as the general contractor. Under the GMP contract, the general contractor is responsible for both the construction and design of the Wynn Palace project. The general contractor is obligated to substantially complete the project in the first half of 2016 for a guaranteed maximum price of HK\$20 billion. An early completion bonus for achievement of substantial completion on or before 25 January 2016 will be paid to the general contractor if certain conditions are satisfied under the GMP contract. While our general contractor has notified us that certain conditions will not be satisfied under the GMP contract by the early completion target, the contractor stated it was still on target to complete the project on time and we continue to expect to open the property in the first half of 2016. Both the contract time and guaranteed maximum price are subject to further adjustment under certain specified conditions. The performance of the general contractor is backed by a full completion guarantee given by Leighton Holdings Limited, the parent company of the general contractor, as well as a performance bond for 5% of the guaranteed maximum price.

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 customers. According to Macau Statistical Information, casinos in Macau, the largest gaming market in the world, generated approximately HK\$341.3 billion in gaming revenue during the year ended 31 December 2014, a decrease of approximately 2.6% compared to the approximate HK\$350.2 billion generated in the year ended 31 December 2013.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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 have grown significantly in the last few years. However, in 2014, the Macau gaming market experienced its first year-over-year decline in annual gaming revenues since its liberalization in 2002, despite the increase in tourist arrivals to Macau by 7.5% in 2014 as compared to 2013.

Macau's gaming market is still dependent on tourists. Tourist arrivals were 31.5 million in 2014 compared to 29.3 million in 2013. The Macau market has experienced tremendous growth in capacity since the opening of Wynn Macau. As at 31 December 2014, there were 27,904 hotel rooms, 5,711 table games and 13,018 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 90.8% of visitors to Macau for the year ended 31 December 2014 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. Key factors affecting tourism levels in Macau may include, among others:

- 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 restrictions and the issuance of travel visas that may be in place from time to time;
- Competition from other destinations which offer gaming and leisure activities;
- Occurrence of natural disasters and disruption of travel; and
- Possible outbreaks of infectious disease.

Economic and Operating Environment

A significant number of our gaming customers at Wynn Macau come from mainland China. Any economic disruption or contraction in China could disrupt the number of patrons visiting our property 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 property. Furthermore, the Chinese government's ongoing anti-corruption campaign has had an overall chilling effect on the behavior of Chinese consumers and their spending patterns both domestically and abroad. The campaign has specifically led to tighter currency transfer regulations, including real time monitoring of certain financial channels, which could disrupt the number of visitors and the amount of money they can bring from mainland China to Macau. The overall effect of the campaign and monetary transfer restrictions may result in decreased visitation and 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 Crown, MGM Macau, and Venetian Macau. As at 31 December 2014, there were approximately 35 casinos in Macau, including 20 operated by SJM. Each of the current six operators has operating casinos and expansion plans announced or underway.

Wynn Macau also faces competition from casinos located in other areas of Asia, such as Resorts World Sentosa and Marina Bay Sands, in Singapore, and Resorts World Genting, located outside of Kuala Lumpur, Malaysia. Wynn Macau also faces competition from casinos in the Philippines such as Solaire Resort and Casino and City of Dreams Manila which opened in February 2015. Several other major casino resorts are scheduled to open over the next few years. Wynn Macau also encounters competition from other major gaming centers located around the world, including Australia and Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Further, if current efforts to legalize gaming in other Asian countries are successful, Wynn Macau will face additional regional competition.

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 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 generally pays the gaming promoters a commission which is a percentage of the gross gaming win generated by each gaming promoter. Approximately 80% of these commissions are netted against casino revenues, because such commissions approximate the amount of the commission returned to the VIP players by the gaming

promoters, and approximately 20% of these commissions are included in other operating expenses, which approximate the amount of the commission ultimately retained by the gaming promoters as compensation. The total amount of commissions paid to gaming promoters and netted against casino revenues was HK\$6.7 billion and HK\$8.3 billion for the years ended 31 December 2014 and 2013, respectively. Commissions decreased 18.9% for the year ended 31 December 2014 compared to the year ended 31 December 2013 as VIP gross table games win decreased due to decreased business volumes.

We typically advance commissions to gaming promoters 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, which is the difference between commissions advanced to each individual gaming promoter, and the commissions payable to each such gaming promoter, were HK\$730.6 million and HK\$500.9 million as at 31 December 2014 and 2013, respectively. 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. 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.

Given present market conditions in Macau and certain economic and other factors occurring in the region, gaming promoters may encounter difficulties in attracting patrons to come to Macau. Further, gaming promoters may experience decreased liquidity, limiting their ability to grant credit to their patrons, resulting in decreased gaming volumes in Macau and at Wynn Macau. Credit already extended by our gaming promoters to their patrons may become difficult for them to collect. The inability to attract sufficient patrons, grant credit and collect amounts due in a timely manner can negatively affect our gaming promoters' operations, cause gaming promoters to wind up or liquidate their operations or result in our gaming promoters leaving Macau, and as a result, our results of operations could be adversely impacted.

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, among other things that, 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 resort 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 affects casino profitability.

ADJUSTED EBITDA

Adjusted EBITDA is earnings before finance costs, taxes, depreciation, amortization, pre-opening costs, property charges and other, share-based payments, 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 EBITDA presented by Wynn Resorts, Limited for its Macau segment in its filings with the SEC, primarily due to the inclusion of royalty 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, operating profit, for the years ended 31 December 2014 and 2013.

	For the year ended	
	31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Operating profit	6,965,839	7,812,305
Add		
Depreciation and amortization	986,199	918,527
Pre-opening costs	169,559	24,538
Property charges and other	96,854	9,573
Share-based payments	110,694	35,653
Wynn Macau, Limited corporate expenses	93,894	65,922
Adjusted EBITDA	<u>8,423,039</u>	<u>8,866,518</u>

REVIEW OF HISTORICAL OPERATING RESULTS

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 year ended	
	31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands, except for averages, daily win figures and number of tables and slot machines)</i>	
Total casino revenues ⁽¹⁾	27,787,970	29,536,047
Rooms ⁽²⁾	132,444	114,546
Food and beverage ⁽²⁾	224,528	189,308
Retail and other ⁽²⁾	1,299,913	1,500,953
Total operating revenues	29,444,855	31,340,854
VIP table games turnover	838,206,096	954,008,946
VIP gross table games win ⁽¹⁾	23,662,624	28,670,414
Mass market table games drop ⁽³⁾	20,553,504	20,430,111
Mass market gross table games win ^{(1), (3)}	9,196,243	7,701,236
Slot machine handle	41,994,652	37,596,223
Slot machine win ⁽¹⁾	2,041,115	1,904,869
Average number of gaming tables ⁽⁴⁾	461	491
Daily gross win per gaming table ⁽⁵⁾	195,440	203,130
Average number of slots ⁽⁴⁾	679	866
Average daily win per slot ⁽⁵⁾	8,235	6,024

Notes:

- (1) Total casino revenues do not equal the sum of “VIP gross table games win,” “mass market gross table games win” and “slot machine win” because casino revenues are reported net of the relevant commissions. The following table presents a reconciliation of the sum of “VIP gross table games win,” “mass market gross table games win” and “slot machine win” to total casino revenues.

	For the year ended	
	31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
VIP gross table games win	23,662,624	28,670,414
Mass market gross table games win	9,196,243	7,701,236
Slot machine win	2,041,115	1,904,869
Poker revenues	172,104	139,368
Commissions	(7,284,116)	(8,879,840)
Total casino revenues	27,787,970	29,536,047

- (2) Promotional allowances are excluded from revenues in the accompanying consolidated statement of profit or loss and other comprehensive income prepared in accordance with IFRS. Management also evaluates non-casino revenues on an adjusted basis.

The following table presents a reconciliation of net non-casino revenues as reported in our consolidated statement of profit or loss and other comprehensive income to gross non-casino revenues calculated on the adjusted basis. The adjusted non-casino revenues as presented below are used for management reporting purposes and are not representative of revenues as determined under IAS 18.

	For the year ended	
	31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Room revenues	132,444	114,546
Promotional allowances	905,011	774,683
Adjusted room revenues	1,037,455	889,229
Food and beverage revenues	224,528	189,308
Promotional allowances	557,732	567,812
Adjusted food and beverage revenues	782,260	757,120
Retail and other revenues	1,299,913	1,500,953
Promotional allowances	49,243	44,151
Adjusted retail and other revenues	1,349,156	1,545,104

- (3) Mass market customers purchase gaming chips at either the gaming tables or the casino cage. Chips purchased at the casino cage are excluded from table games drop and will increase the expected win percentage. With the increased purchases at the casino cage, we believe the relevant indicator of volumes in the mass market should be table games win.
- (4) For purposes of this table, we calculate average number of gaming tables and average number of slots as the average number of gaming tables and slot machines in service on each day in the year.
- (5) Daily gross win per gaming table and daily win per slot 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 and Encore were open in the applicable year. In addition, the total table games win figures used herein do not correspond to casino revenues figures in our financial statements, because figures in our financial statements are calculated net of commissions and the total table games win herein is calculated before commissions.

Discussion of Results of Operations

Financial results for the year ended 31 December 2014 compared to financial results for the year ended 31 December 2013

Operating Revenues

Total operating revenues decreased by 6.0% from HK\$31.3 billion in 2013 to HK\$29.4 billion in 2014. This decrease was primarily due to lower gaming volume in our VIP casino and a lower win percentage in our VIP casino during 2014 compared to 2013.

Casino Revenues

Casino revenues decreased by 5.9%, from HK\$29.5 billion (94.2% of total operating revenues) in 2013 to HK\$27.8 billion (94.4% of total operating revenues) in 2014. The components and reasons are as follows:

VIP casino gaming operations. VIP gross table games win decreased by 17.5%, from HK\$28.7 billion in 2013 to HK\$23.7 billion in 2014. VIP table games turnover decreased by 12.1%, from HK\$954.0 billion in 2013 to HK\$838.2 billion in 2014. VIP gross table games win as a percentage of turnover (calculated before commissions) decreased from 3.01% in 2013 to 2.82% in 2014 which was within our expected range of 2.7% to 3.0%.

Mass market casino gaming operations. Mass market gross table games win increased by 19.4%, from HK\$7.7 billion in 2013 to HK\$9.2 billion in 2014. Mass market table games drop increased by 0.6% from HK\$20.4 billion in 2013 to HK\$20.6 billion in 2014. The mass market gross table games win percentage was 37.7% in 2013 compared to 44.7% in 2014.

Slot machine gaming operations. Slot machine win increased by 7.2%, from HK\$1.9 billion in 2013 to HK\$2.0 billion in 2014. Slot machine handle increased by 11.7%, from HK\$37.6 billion in 2013 to HK\$42.0 billion in 2014. Slot machine win per unit per day increased by 36.7% from HK\$6,024 in 2013 to HK\$8,235 in 2014. Slot machine win per unit per day increased primarily due to a decline in the average number of slot machines from 866 in 2013 to 679 in 2014.

Non-casino Revenues

Net non-casino revenues, which include room, food and beverage and retail revenues, decreased by 8.2% from HK\$1,804.8 million (5.8% of total operating revenues) in 2013 to HK\$1,656.9 million (5.6% of total operating revenues) in 2014.

Rooms. Our room revenues, which exclude promotional allowances in our consolidated statement of profit or loss and other comprehensive income, increased by 15.6% from HK\$114.5 million in 2013 to HK\$132.4 million in 2014.

Management also evaluates room revenues on an adjusted basis which include promotional allowances. Adjusted room revenues including promotional allowances increased by 16.7% from HK\$889.2 million in 2013 to HK\$1,037.4 million in 2014.

The following table presents additional information about our adjusted room revenues (which include promotional allowances):

Adjusted room revenues information

	For the year ended 31 December	
	2014	2013
Adjusted Average Daily Rate (includes promotional allowances of HK\$2,259 in 2014 and HK\$2,127 in 2013)	HK\$2,580	HK\$2,431
Occupancy	98.4%	95.5%
Adjusted REVPAR (includes promotional allowances of HK\$2,223 in 2014 and HK\$2,031 in 2013)	HK\$2,539	HK\$2,321

Food and beverage. Food and beverage revenues, which exclude promotional allowances in our consolidated statement of profit or loss and other comprehensive income, increased by 18.6% from HK\$189.3 million in 2013 to HK\$224.5 million in 2014.

Management also evaluates food and beverage revenues on an adjusted basis including promotional allowances. Food and beverage revenues adjusted to include these promotional allowances increased by 3.3% from HK\$757.1 million in 2013 to adjusted revenues of HK\$782.3 million in 2014.

Retail and other. Our retail and other revenues, which exclude promotional allowances in our consolidated statement of profit or loss and other comprehensive income decreased by 13.4% from HK\$1,501.0 million in 2013 to HK\$1,299.9 million in 2014. This decrease is primarily due to a decline in business in both of our owned stores and leased stores.

Management also evaluates retail and other revenues on an adjusted basis which includes promotional allowances. Adjusted retail and other revenues including promotional allowances decreased by 12.7% from HK\$1,545.1 million in 2013 to HK\$1,349.2 million in 2014. The decrease is primarily due to a decline in business in both of our owned stores and leased stores.

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums decreased by 8.3%, from HK\$15.1 billion in 2013 to HK\$13.9 billion in 2014. This decrease from 2013 to 2014 was due to decreased gross gaming win in our VIP casino. Wynn Macau is subject to a 35% gaming tax on gross gaming win. In addition, Wynn Macau is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

Staff costs. Staff costs increased from HK\$2.4 billion in 2013 to HK\$2.9 billion in 2014. The increase was due to general salary increment, additional staff benefits distribution in the form of bonuses and non-vested shares of the Company as well as increase in headcounts for preparation of the opening of Wynn Palace.

Other operating expenses. Other operating expenses decreased by 9.4%, from HK\$5.1 billion in 2013 to HK\$4.6 billion in 2014. During 2014, the Group recorded adjustments to the provision for doubtful accounts based on the results of historical collection patterns and current collection trends. For the year ended 31 December 2014, the adjustment made to the provision for doubtful accounts and reductions in business volume related expenses such as gaming promoters' commissions, royalty fees and cost of sales were partially offset by increases in corporate support services, repairs and maintenance and operating rental expenses.

Depreciation and amortization. Depreciation and amortization increased from HK\$918.5 million in 2013 to HK\$986.2 million in 2014 owing to the newly in-serviced equipments and renovated rooms and certain areas of the casinos towards the end of 2013 as well as during 2014.

Property charges and other. Property charges and other increased from HK\$9.6 million in 2013 to HK\$96.9 million in 2014. The increase was primarily due to costs related to assets retired or abandoned as a result of remodeling certain areas of the casino in response to customer preferences and changes in market demand.

As a result of the foregoing, total operating costs and expenses decreased by 4.5%, from HK\$23.5 billion in 2013 to HK\$22.5 billion in 2014.

Finance Revenues

Finance revenues increased from HK\$110.9 million in 2013 to HK\$142.4 million in 2014. The increase is mainly due to holding higher average cash balances during 2014. During 2014 and 2013, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our short-term investments are primarily in fixed deposits with a maturity of three months or less.

Finance Costs

Finance costs increased by 72.9%, from HK\$346.7 million in 2013 to HK\$599.4 million in 2014. Finance costs increased in 2014 primarily due to the increase in amounts outstanding under the Wynn Macau Credit Facility and the issuance of WML 2021 Additional Notes in March 2014, offset by the increase in capitalized interest related to the construction of Wynn Palace.

Interest Rate Swaps

As required under the terms of our various credit facilities, we have entered into agreements which swap a portion of the interest on our loans from floating to fixed rates. These transactions do not qualify for hedge accounting.

Changes in the fair value of our interest rate swaps are recorded as an increase or decrease in swap fair value during each year. We recorded a gain of HK\$110.5 million in 2013 compared to a loss of HK\$34.0 million for 2014 resulting from the increase and decrease in the fair value of our interest rate swaps in 2013 and 2014, respectively.

Income Tax Expense

In 2014, our income tax expense was HK\$23.6 million compared to an income tax expense of HK\$15.0 million for 2013. Our tax expense for 2014 primarily relates to the current tax expense recorded by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement and a deferred tax expense resulting from an increase in deferred tax liability for property and equipment. In 2013, our income tax expense relates to the current tax expense of our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement.

Net Profit Attributable to Owners of the Company

As a result of the foregoing, net profit attributable to owners of the Company decreased by 16.3%, from HK\$7.7 billion in 2013 to HK\$6.4 billion in 2014.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

Since Wynn Macau opened in 2006, 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 at 31 December 2014 were HK\$10.8 billion. Such cash is available for operations, new development activities, development of Wynn Palace and enhancements to Wynn Macau and Encore.

Our Wynn Macau Credit Facilities consist of approximately HK\$19.5 billion in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$7.4 billion fully funded senior term loan facility and an approximately HK\$12.1 billion senior revolving credit facility. As of 31 December 2014, the Group had approximately HK\$11.0 billion of available borrowing capacity under the Wynn Macau Credit Facilities.

On 20 March 2014, the Company issued 5.25% fixed rate, unsecured senior notes due 2021 for an aggregate principal amount of US\$750 million (approximately HK\$5.9 billion), which were consolidated to form a single series with the then existing US\$600 million (approximately HK\$4.7 billion) 5.25% fixed rate, unsecured senior notes due 2021. The Company received net proceeds of US\$749 million (approximately HK\$5.8 billion) from the offering of the WML 2021 Additional Notes after including the premiums and deducting the commissions and expenses of the offering and excluding the receipt of accrued interest. The WML 2021 Additional Notes have the same terms and conditions as those of the WML 2021 Notes, save for the issue date and purchase price, and also mature in October 2021.

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 31 December 2014 and 2013.

	As at 31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands except for percentages)</i>	
Interest-bearing borrowings, net	18,604,658	11,683,461
Accounts payable	2,008,724	1,810,427
Land premium payables	363,044	590,555
Construction retentions payable	402,898	121,222
Other payables and accruals	5,406,607	7,070,920
Amounts due to related companies	159,198	287,638
Other liabilities	137,321	116,829
Less: cash and cash equivalents	(10,789,890)	(14,130,433)
restricted cash and cash equivalents	(7,580)	(1,550,340)
Net debt	16,284,980	6,000,279
Equity	7,043,713	9,212,842
Total capital	7,043,713	9,212,842
Capital and net debt	23,328,693	15,213,121
Gearing ratio	69.8%	39.4%

Cash Flows

The following table presents a summary of the Group's cash flows for the years ended 31 December 2014 and 2013.

	For the year ended	
	31 December	
	2014	2013
	HK\$	HK\$
	<i>(in millions)</i>	
Net cash generated from operating activities	5,757.5	10,525.1
Net cash used in investing activities	(6,551.5)	(3,566.6)
Net cash used in financing activities	(2,537.8)	(3,327.3)
Net (decrease)/increase in cash and cash equivalents	(3,331.8)	3,631.2
Cash and cash equivalents at beginning of year	14,130.4	10,475.4
Effect of foreign exchange rate changes, net	(8.7)	23.8
Cash and cash equivalents at end of year	10,789.9	14,130.4

Net cash generated from operating activities

Our net cash generated from operating activities is primarily affected by changes in our working capital driven by a reduction in gaming liabilities and operating profit generated by our Macau Operations. Net cash from operating activities was HK\$5.8 billion in 2014 compared to HK\$10.5 billion in 2013.

Operating profit was HK\$7.0 billion in 2014 compared to HK\$7.8 billion in 2013.

Net cash used in investing activities

Net cash used in investing activities was HK\$6.6 billion in 2014, compared to HK\$3.6 billion in 2013. Major expenditures made in 2014 included capital expenditures of HK\$8.3 billion related to construction costs for Wynn Palace and renovations to enhance and refine the Macau Operations offset by a HK\$1.5 billion reduction in restricted cash. Major expenditures made in 2013 included capital expenditures of HK\$3.4 billion related primarily to site preparation costs and piling works for Wynn Palace and renovation projects to enhance and refine the Macau operations. In addition, net cash used in investing activities included HK\$781.7 million in restricted cash offset by HK\$390.5 million in proceeds from available-for-sale investments that matured and HK\$158.2 million in proceeds from the sale of certain assets.

Net cash used in financing activities

Net cash used in financing activities was HK\$2.5 billion during 2014 compared to HK\$3.3 billion net cash used in financing activities during 2013. During 2014, net cash used in financing activities was primarily due to a HK\$8.7 billion dividend payment and a HK\$533 million repayment for the senior revolving credit facility of the Wynn Macau Credit Facilities offset by HK\$5.9 billion proceeds from the WML 2021 Additional Notes and the HK\$1.5 billion proceeds from the senior revolving credit facility. During 2013, the HK\$9.0 billion of dividend payments made was offset by the HK\$4.6 billion net proceeds from the WML 2021 Notes and the HK\$1.6 billion net proceeds from the increase in the senior term loan facility.

Indebtedness

The following table presents a summary of our indebtedness as at 31 December 2014 and 2013.

Indebtedness information

	As at 31 December	
	2014	2013
	HK\$	HK\$
	<i>(in thousands)</i>	
Bank loans	8,417,922	7,389,170
Senior notes	10,512,077	4,652,505
Less: debt financing costs, net	(325,341)	(358,214)
	<hr/>	<hr/>
Total interest-bearing borrowings	<u>18,604,658</u>	<u>11,683,461</u>

The Group had approximately HK\$11.0 billion available to draw under the Wynn Macau Credit Facilities as at 31 December 2014.

Wynn Macau Credit Facilities

Overview

The Wynn Macau Credit Facilities consist of approximately HK\$19.5 billion in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$7.4 billion fully funded senior term loan facility and an approximately HK\$12.1 billion senior revolving credit facility. The facilities may be used for a variety of purposes, including investment in our Wynn Palace project, further enhancements at our resort and general corporate purposes.

The HK\$7.4 billion equivalent term loan facility matures in July 2018 with the principal amount of the term loan to be repaid in two installments in July 2017 and July 2018. The final maturity for the revolving credit facility is July 2017, by which date any outstanding revolving loans must be repaid. The senior secured facilities bear interest at a rate of LIBOR or HIBOR plus a margin of between 1.75% and 2.50% depending on WRM's leverage ratio.

Security and Guarantees

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

WML 2021 Notes

On 16 October 2013, the Company issued 5.25% fixed rate, unsecured senior notes due 2021 for an aggregate principal amount of US\$600 million (approximately HK\$4.7 billion). The Company received net proceeds of US\$591.0 million (approximately HK\$4.6 billion) from the offering of the WML 2021 Notes after deducting commissions and expenses of the offering and will use the net proceeds for working capital requirements and general corporate purposes. The WML 2021 Notes, which are listed on the Hong Kong Stock Exchange, mature in October 2021.

On 20 March 2014, the Company issued 5.25% fixed rate, unsecured senior notes due 2021 for an aggregate principal amount of US\$750 million (approximately HK\$5.9 billion). The WML 2021 Additional Notes were consolidated to form a single series with WML 2021 Notes, have the same terms and conditions as those of the WML 2021 Notes save for the issue date and purchase price, and are also listed on the Hong Kong Stock Exchange. The Company received net proceeds of US\$749 million (approximately HK\$5.8 billion) from the offering of the WML 2021 Additional Notes after including the premiums and deducting the commissions and expenses of the offering and excluding the receipt of accrued interest. The Company will use the net proceeds for working capital and general corporate purposes.

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 inflation, interest rates, and foreign currency exchange rates.

Foreign Exchange Risks

The financial statements of foreign operations are translated into Hong Kong dollars, the Company's functional and presentation currency, for incorporation into the consolidated financial statements. The majority of our assets and liabilities are denominated in U.S. dollars, Hong Kong dollars and Macau patacas, and 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 to the U.S. dollar, are subject to potential changes due to, among other things, changes in governmental policies and international economic and political developments.

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.

As at 31 December 2014, 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 pays 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. These interest rate swaps fix the all-in interest rate on approximately HK\$3.95 billion of borrowings under the Wynn Macau Credit Facilities at approximately 2.48%. These interest rate swap agreements mature in July 2017.

Under the third swap agreement, the Group pays a fixed interest rate of 0.6763% on borrowing of US\$243.8 million (approximately HK\$1.8 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. This interest rate swap fixes the all-in interest rate on US\$243.8 million (approximately HK\$1.8 billion) of borrowings under the Wynn Macau Credit Facilities at approximately 2.43%. This interest rate swap agreement matures in July 2017.

The carrying value of these interest rate swaps on the consolidated statement of financial position approximates its fair value. The fair value approximates the amount the Group would pay if these contracts were settled at the respective valuation dates. Fair value is 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, is subject to significant estimation and a high degree of variability of fluctuation between periods. We adjust this amount by applying a non-performance valuation, considering its creditworthiness or the creditworthiness of its counterparties at each settlement date, as applicable. These transactions do not qualify for hedge accounting. Accordingly, changes in the fair values during the years ended 31 December 2014 and 2013, were charged to the consolidated statement of profit or loss and other comprehensive income.

To the extent there are any liabilities of Wynn Macau under the swap agreement, such liabilities are secured by the same collateral package securing the Wynn Macau Credit Facilities.

OFF BALANCE SHEET ARRANGEMENTS

We have not entered into any transactions with special purpose entities nor do we engage in any transactions involving derivatives except for interest rate swaps. 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 funds available under the Wynn Macau 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 (including our development of Wynn Palace) 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 resort. 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 the Wynn Macau Credit Facilities, we believe that we have sufficient liquid assets to meet our working capital and operating requirements for the following 12 months.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, see note 11 to the Financial Statements. Our Directors confirm that all related party transactions are conducted on normal commercial terms, and that their terms are fair and reasonable.

DISCLOSURE OF FINANCIAL RESULTS IN MACAU

WRM, our subsidiary and the owner and operator of Wynn Macau, finalized its MFRS statutory financial statements at the end of February 2015 and anticipates filing its MFRS Consolidated Financial Statements with the Gaming Inspection and Coordination Bureau of Macau by 31 March 2015. This is a statutory filing requirement mandated by Macau law. In addition, WRM expects to publish its MFRS Condensed Consolidated Financial Statements in the Macau Official Gazette and local newspapers in Macau by the end of April 2015. The MFRS Consolidated Financial Statements and the MFRS Condensed Consolidated Financial Statements may not be directly comparable with our Company's financial results disclosed herein, which are prepared under IFRS.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2014.

CORPORATE GOVERNANCE REPORT

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and its Shareholders. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Code.

The Company has complied with the code provisions in the Code for the year ended 31 December 2014, except for the following deviation from code provision A.2.1 of the Code.

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

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and chief executive officer.

Mr. Wynn, the founder of the Company and Wynn Macau, serves as the Chairman and Chief Executive Officer of the Company. The Board has determined that the combination of these roles held singularly by Mr. Wynn is 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. The Board has given careful consideration to separating the roles of Chairman and Chief Executive Officer and has determined that the Company and its Shareholders are best served by the current structure. Mr. Wynn's combined role promotes unified leadership and direction for the Board and executive management and allows for a single, clear focus for the Company's operational and strategic efforts.

The combined role of Mr. Wynn as both Chairman and Chief Executive Officer is balanced by the Company's governance structure, policies and controls. All major decisions are made in consultation with members of the Board and the relevant Board committees. The Company has three Board committees, namely the audit committee, the remuneration committee, and the nomination and corporate governance committee. Each Board committee comprises non-executive Directors only and is chaired by an independent non-executive Director. In addition, there are four independent non-executive Directors on the Board offering independent perspectives.

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 subsequently updated in November 2013. 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 year ended 31 December 2014.

AUDIT COMMITTEE

An Audit Committee has been established by the Company to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors of the Company. The Audit Committee members have reviewed the Group's results for the year ended 31 December 2014.

ANNUAL REPORT

The Company's annual report for the year ended 31 December 2014 containing all the information required by Appendix 16 of the Listing Rules will be published on the Company's and the Hong Kong Stock Exchange's websites in due course.

LITIGATION

The Group did not have any material litigation outstanding as at 31 December 2014 (2013: none). For the avoidance of doubt, we have not continued to disclose the on-going material litigation concerning Wynn Resorts, Limited and its subsidiaries (other than the Group) in this announcement as previously disclosed by us because the Group is not involved with such litigation as a defendant and such litigation does not have a material effect on the Group.

RE-ELECTION OF DIRECTORS

In accordance with article 17.18 of the Company's articles of association, one third of our Board will retire from office by rotation at the forthcoming annual general meeting. The three directors who will retire by rotation are Mr. Stephen A. Wynn and Ms. Linda Chen, each an executive Director, and Mr. Matthew O. Maddox, a non-executive Director. All retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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 of the Listing Rules
“Company” or “our Company”	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
“Las Vegas Jet, LLC”	Las Vegas Jet, LLC, a company formed under the laws of the State of Nevada, United States and a wholly owned subsidiary of Wynn Resorts, Limited
“LIBOR”	London Interbank Offered Rate
“Listing”	the initial listing of the Shares on the Main Board of the Hong Kong Stock Exchange on 9 October 2009
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Macau” or “Macau Special Administrative Region”	the Macau Special Administrative Region of the PRC
“Macau Operations”	the fully integrated Wynn Macau and Encore at Wynn Macau resort
“Melco Crown”	Melco Crown Gaming (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 and an indirect wholly owned subsidiary of the Company, subject to a 10% social and voting interest and MOP1.00 economic interest held by Mr. Wong Chi Seng (a Macau resident) in WRM
“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 similar 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
“Trust”	the trust constituted by the Trust Deed to service the employee ownership scheme
“Trust Deed”	the trust deed entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time) on 30 June 2014
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and as at the date of this announcement, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“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
“WIML”	Wynn International Marketing, Ltd., a company incorporated under the laws of Isle of Man and an affiliate of Wynn Resorts, Limited

“WML 2021 Notes”	the US\$600 million (approximately HK\$4.7 billion) 5.25% senior notes due 2021 issued by the Company in October 2013
“WML 2021 Additional Notes”	the additional US\$750 million (approximately HK\$5.9 billion) 5.25% senior notes due 2021 that were issued by the Company on 20 March 2014 and were consolidated to form a single series with the WML 2021 Notes
“Worldwide Wynn”	Worldwide Wynn, LLC, a company formed under the laws of the State of Nevada, United States and a wholly owned subsidiary of Wynn Resorts, Limited
“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 agreement, entered into during June 2009 and July 2011, each for a term of five years between WRM and the Macau Special Administrative Region, effective retroactively to 2006, that provide for an annual payment to the Macau Special Administrative Region of MOP7.2 million in years 2006 through 2010 and MOP15.5 million in years 2011 through 2015 in lieu of Complementary Tax otherwise due by WRM shareholders on dividend distributions to them from gaming profits earned in those years
“Wynn Design & Development”	Wynn Design & Development, LLC, a company formed under the laws of the State of Nevada, United States and a wholly-owned subsidiary of Wynn Resorts, Limited
“Wynn Las Vegas, LLC”	Wynn Las Vegas, LLC, a company formed under the laws of the State of Nevada, United States 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\$7.4 billion (equivalent) fully-funded senior term loan facilities and the HK\$12.1 billion (equivalent) senior revolving credit facilities extended to WRM as subsequently amended from time to time and, refinanced on 31 July 2012 and upsized on 30 July 2013

“Wynn Palace”	an integrated resort that we are constructing on approximately 51 acres of land in the Cotai area of Macau in accordance with the terms of the Cotai Land Concession Agreement
“Wynn Resorts, Limited”, “Wynn Resorts” or “WRL”	Wynn Resorts, Limited, a company formed under the laws of the State of Nevada, United States, our controlling shareholder (as defined in the Listing Rules)

GLOSSARY OF TERMS USED IN THIS ANNOUNCEMENT

“Adjusted Average Daily Rate”	adjusted average daily rate which is calculated by dividing total room revenues including the retail value of promotional allowances (less service charges, if any) by total rooms occupied including complimentary rooms
“Adjusted REVPAR”	adjusted revenue per available room which is calculated by dividing total room revenues including the retail value of promotional allowances (less service charges, if any) by total rooms available
“casino revenue”	revenue from casino gaming activities (gross table games win and gross slot win), calculated net of a portion of commissions and in accordance with IFRS
“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
“daily gross win per gaming table”	gross gaming win for table games divided by number of tables divided by the number of days in the applicable period
“drop”	the amount of cash and promotional coupons deposited in a gaming table’s drop box that serves as a repository for cash and promotional coupons
“gaming promoters”	individuals or corporations 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 revenue” or “gross gaming win”	the total win generated by all casino gaming activities combined, calculated before deduction of commissions

“gross slot win”	the amount of handle (representing the total amount wagered) that is retained as winnings. We record this amount and gross table games win as casino revenue after deduction of progressive jackpot liabilities and a portion of commissions
“gross table games win”	the amount of drop (in our general casino segment) or turnover (in our VIP casino segment) that is retained as winnings. We record this amount and gross slot win as casino revenue after deduction of a portion of commissions
“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
“promotional allowance”	the retail value of rooms, food and beverage and retail and other services furnished to guests (typically VIP clients) without charge
“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 Wynn Macau’s individual VIP players
“turnover”	the sum of all losing Rolling Chip wagers within the VIP program
“VIP client” or “VIP player”	client, patron or players who participates in Wynn Macau’s In-house VIP Program or in the VIP program of any of our gaming promoters
“VIP table games turnover”	turnover resulting from VIP table games only

By order of the Board
Wynn Macau, Limited
Stephen A. Wynn
Chairman

Hong Kong, 31 March 2015

As at the date of this announcement, the Board comprises Stephen A. Wynn, Gamal Aziz, Ian Michael Coughlan and Linda Chen (as Executive Directors); Matthew O. Maddox (as Non-Executive Director); and Allan Zeman, Nicholas Sallnow-Smith, Bruce Rockowitz and Jeffrey Kin-fung Lam (as Independent Non-Executive Directors).