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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 Codes: 5279, 5280)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018,
BOARD RECOMMENDS FINAL DIVIDEND AND
CLOSURE OF REGISTER OF MEMBERS
APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Board of Directors of Wynn Macau, Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2018 as follows.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands, except per share amounts or otherwise stated)</i>	
		<i>(restated)</i>
Casino revenues	34,096,436	29,519,830
Other revenues	5,495,377	4,512,087
Adjusted EBITDA	10,777,018	8,497,522
Profit attributable to owners	6,245,390	3,700,494
Earnings per Share — basic and diluted (HK\$)	1.20	0.71

DIVIDEND

The Board has recommended that a final dividend of HK\$0.45 per Share in respect of the year ended 31 December 2018, which is subject to Shareholders’ approval at the forthcoming annual general meeting of the Company.

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended 31 December	
		2018	2017
		HK\$ (in thousands)	HK\$ (restated)
Operating revenues			
Casino		34,096,436	29,519,830
Rooms		2,222,337	1,695,558
Food and beverage		1,465,549	1,279,559
Retail and other		1,807,491	1,536,970
		<u>39,591,813</u>	<u>34,031,917</u>
Operating costs and expenses			
Gaming taxes and premiums		18,928,022	16,736,688
Staff costs		4,986,764	4,611,673
Other operating expenses	3	5,098,242	4,404,471
Depreciation and amortization		2,726,414	2,775,977
Property charges and other		153,916	133,464
		<u>31,893,358</u>	<u>28,662,273</u>
Operating profit		<u>7,698,455</u>	<u>5,369,644</u>
Finance revenues		102,592	14,964
Finance costs	4	(1,495,646)	(1,269,784)
Net foreign currency differences		(40,132)	(169,773)
Loss on extinguishment of debt		(7,452)	(223,928)
Others		—	(8,202)
		<u>(1,440,638)</u>	<u>(1,656,723)</u>
Profit before tax		<u>6,257,817</u>	<u>3,712,921</u>
Income tax expense	5	12,427	12,427
Net profit attributable to owners of the Company		<u>6,245,390</u>	<u>3,700,494</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 year		—	(208)
Total comprehensive income attributable to owners of the Company		<u>6,245,390</u>	<u>3,700,286</u>
Basic and diluted earnings per Share	6	<u>HK\$1.20</u>	<u>HK\$0.71</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2018	2017
		HK\$	HK\$
	Notes	(in thousands)	
Non-current assets			
Property and equipment and construction in progress		31,943,188	33,504,269
Leasehold interests in land		1,590,281	1,686,452
Goodwill		398,345	398,345
Deposits for acquisition of property and equipment		51,426	35,092
Other non-current assets		686,582	791,819
Restricted cash and cash equivalents		11,322	6,032
Total non-current assets		34,681,144	36,422,009
Current assets			
Inventories		312,625	331,644
Trade and other receivables	8	1,135,474	676,669
Prepayments and other current assets		136,462	133,787
Amounts due from related companies		282,918	181,086
Restricted cash and cash equivalents		6,745	10,854
Cash and cash equivalents		9,526,423	5,239,690
Total current assets		11,400,647	6,573,730
Current liabilities			
Accounts payable	9	766,905	681,147
Interest-bearing borrowings	11	—	449,259
Construction and retentions payables		393,424	456,299
Other payables and accruals	10	9,703,870	9,969,074
Amounts due to related companies		160,196	261,601
Income tax payables	5	12,427	12,427
Other current liabilities		28,109	46,492
Total current liabilities		11,064,931	11,876,299
Net current assets/(liabilities)		335,716	(5,302,569)
Total assets less current liabilities		35,016,860	31,119,440

		As at 31 December	
		2018	2017
		HK\$	HK\$
	<i>Notes</i>	<i>(in thousands)</i>	
Non-current liabilities			
Interest-bearing borrowings	<i>11</i>	33,078,147	27,674,046
Construction retentions payable		1,293	1,862
Other payables and accruals	<i>10</i>	203,943	265,992
Other long-term liabilities		215,018	176,782
		<hr/>	<hr/>
Total non-current liabilities		33,498,401	28,118,682
		<hr/>	<hr/>
Net assets		1,518,459	3,000,758
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Equity attributable to owners of the Company			
Issued capital		5,197	5,196
Share premium account		385,288	267,315
Shares held for employee ownership scheme		(160,749)	(112,062)
Reserves		1,288,723	2,840,309
		<hr/>	<hr/>
Total equity		1,518,459	3,000,758
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements also comply with the accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements. They have been prepared on a historical cost basis. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

All intra-group balances, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full on consolidation. Unrealized gains and losses resulting from transactions between Group companies are eliminated, except where unrealized losses provide evidence of an impairment of the asset transferred.

Application of new and revised IFRSs

The Group has adopted the following new and revised standards effective as of 1 January 2018:

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>
IFRIC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments to IFRS 1 and IAS 28
Amendments to IAS 40	<i>Transfers of Investment Property</i>

The Group applied IFRS 15 *Revenue from Contracts with Customers* (“**IFRS 15**”) and IFRS 9 *Financial Instruments* (“**IFRS 9**”) for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have a material impact on the consolidated financial statement of the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted IFRS 15 using the full retrospective method of adoption. The effect of adopting IFRS 15 is, as follows:

Impact on the consolidated statement of profit or loss and other comprehensive income (increase/(decrease)) for the year ended 31 December 2017:

	<i>Adjustments</i>	For the Year Ended 31 December 2017 HK\$ (in thousands)
Operating revenues		
Casino	<i>(a) (b)</i>	(4,111,427)
Rooms	<i>(a)</i>	1,274,092
Food and beverage	<i>(a)</i>	751,030
Retail and other	<i>(a)</i>	77,604
		<hr/>
		(2,008,701)
		<hr/>
Other operating expenses	<i>(a) (b)</i>	(2,008,701)
		<hr/>
Operating profit		—
		<hr/>
Profit before tax		—
		<hr/>
Net profit attributable to owners of the Company		—
		<hr/> <hr/>

The Group's revenue contracts with customers consist of casino wagers; providing services of rooms, food and beverage; and sales of retail and other goods.

- (a) Gross casino revenues are measured by the aggregate net difference between gaming wins and losses. The Group applies a practical expedient by accounting for its casino wagering transactions on a portfolio basis versus an individual basis as all wagers have similar characteristics. Commissions rebated to customers either directly or indirectly through gaming promoters and other cash incentives earned by customers are recorded as a reduction of casino revenues. In addition to the wager, casino transactions typically include performance obligations related to complimentary goods or services provided to incentivize future gaming or in exchange for points earned under the Group's loyalty programs.

Upon adoption of IFRS 15, for casino transactions that include complimentary goods or services provided by the Group to incentivize future gaming, the Group allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Costs of complimentary goods or services that are provided under the Group's control and discretion and supplied by third parties are recorded as other operating expense. After allocating amounts to the complimentary goods or services provided and to the points earned under the Group's loyalty programs, the residual amount is recorded as casino revenue. The transaction price for rooms, food and beverage, retail and other transactions is based on the net amounts collected from other customers for similar goods and services provided and is recorded as revenue when the goods are provided or services are performed. Advance deposits on rooms are performance obligations that are recorded as customer deposits until services are provided to the customer. Revenues from contracts with multiple goods or services are allocated to each good or service based on its relative standalone selling price.

- (b) Upon adoption of IFRS 15, the portion of gaming promoters' commissions previously recorded as other operating expenses is now recorded as a reduction of casino revenue.
- (c) Presentation and disclosure requirements

The Group disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 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. There is no impact on the consolidated statement of changes in equity, consolidated statement of cash flows and basic and diluted earnings per Share.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods on or after 1 January 2018. The accounting policies under IAS 39, applicable before 1 January 2018, are disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2017. The effect of retrospectively adopting IFRS 9 is as follows:

- (a) Classification and measurement

The adoption of IFRS 9 does not have a significant impact on the classification and measurement of the Group's financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. The requirements in IFRS 9 for adjusting the amortized cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition. The gain or loss arising on modification of a financial liability that does not result in derecognition, is calculated by discounting the change in contractual cash flows using the original 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 a material impact on the consolidated financial statements.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortized cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group has applied the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. The adoption of IFRS 9 does not have a significant impact on the provision for impairment on its trade receivables.

There is no impact on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and basic and diluted earnings per Share.

The Group has not early adopted any other standards, 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 year ended 31 December 2018, the Group reviewed Wynn Palace and Wynn Macau as two reportable segments. Refer to Note 12 for segment information.

3. OTHER OPERATING EXPENSES

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
		<i>(restated)</i>
License fees	1,496,212	1,405,287
Cost of sales	774,404	609,678
Repairs and maintenance	517,420	404,639
Advertising and promotions	488,121	397,843
Operating supplies and equipment	459,276	399,310
Utilities and fuel	355,221	344,385
Contracted services	354,319	302,513
Corporate support services and other	83,938	128,365
Operating rental expenses	58,826	59,114
Other support services	53,091	55,933
Provision/(reversal of provision) for doubtful accounts, net	23,140	(56,090)
Auditor's remuneration	8,263	8,187
Other expenses	426,011	345,307
	<u>5,098,242</u>	<u>4,404,471</u>

4. FINANCE COSTS

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Interest expense	1,341,566	1,109,451
Amortization of debt financing costs	142,622	134,323
Bank fees for unused facilities	11,708	26,010
Less: capitalized interest	(250)	—
	<u>1,495,646</u>	<u>1,269,784</u>

5. INCOME TAX EXPENSE

The major components of the income tax expense for the years ended 31 December 2018 and 2017 were:

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Income tax expense:		
Current — overseas	<u>12,427</u>	<u>12,427</u>

No provision for Hong Kong profits tax for the year ended 31 December 2018 has been made as there was no assessable profit generated in Hong Kong (2017: nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (2017: 12%).

The tax position for the years ended 31 December 2018 and 2017 reconciles to profit before tax as follows:

	For the year ended 31 December			
	2018		2017	
	<i>HK\$</i>	<i>%</i>	<i>HK\$</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>			
Profit before tax	<u>6,257,817</u>		<u>3,712,921</u>	
Tax at the applicable income tax rate	750,938	12.0	445,551	12.0
Income not subject to tax	(1,233,563)	(19.7)	(939,393)	(25.2)
Macau dividend tax	12,427	0.2	12,427	0.3
Deferred tax not recognized	377,706	6.0	360,745	9.7
Others	104,919	1.7	133,097	3.5
Effective tax expense for the year	<u>12,427</u>	<u>0.2</u>	<u>12,427</u>	<u>0.3</u>

The Group incurred Macau tax losses of approximately HK\$2.68 billion, HK\$2.44 billion and HK\$2.46 billion during the tax years ended 31 December 2018, 2017 and 2016, respectively. These tax losses will expire in 2021, 2020, and 2019, respectively. As at 31 December 2018, the Group's deferred tax assets relating to the pre-opening costs and other, University of Macau Development Foundation contribution, share-based payment plan, executive compensation, fixed assets and tax loss carryforwards and others amounting to HK\$1.31 billion (2017: HK\$1.06 billion) were not recognized as the Group determined it was not probable that future taxable profits will be available against which the deferred tax assets could be utilized.

On 15 October 2015, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits (the "Tax Holiday") effective through 31 December 2020. Accordingly, the Group was exempted from the payment of approximately HK\$757.1 million in such tax for the year ended 31 December 2018 (2017: HK\$491.3 million). The Group's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its Concession Agreement.

In August 2016, WRM renewed the WRM Shareholder Dividend Tax Agreement with the Macau Special Administration Region that provided for annual payments of MOP12.8 million (approximately HK\$12.4 million) to the Macau Special Administration Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits for each of the years 2016 through 2020.

The Group is exempted from income tax in the Isle of Man and the Cayman Islands. The Group's subsidiaries file income tax returns in Macau and various foreign jurisdictions as required by law. The Group's income tax returns are subject to examination by tax authorities in the locations where it operates. The Group's 2014 to 2017 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Macau Special Administration Region (the "**Financial Services Bureau**"). In March 2017 and July 2017, the Financial Services Bureau commenced examination of the WRM and Palo's 2013 and 2014 Macau Complementary tax returns. In February 2018, the Financial Services Bureau issued its final tax assessments for Palo for the years 2013 and 2014 and the examination resulted in no change to the tax returns. In July 2018, the Financial Services Bureau issued final tax assessments for WRM for the years 2013 and 2014, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards.

Quarterly, the Group undertakes reviews for any potentially unfavorable tax outcomes and when an unfavorable outcome is identified as being probable and can be reasonably estimated, the Group then establishes a tax reserve for such possible unfavorable outcome. Estimating potential tax outcomes for any uncertain tax issues is highly judgmental and may not be indicative of the ultimate settlement with the tax authorities.

As at 31 December 2018, the Group had unrecognized tax losses of HK\$7.58 billion (2017: HK\$5.93 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authorities. The Group believes that it has adequately provided reasonable reserves for foreseeable outcomes related to uncertain tax matters.

6. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per Share for the year ended 31 December 2018 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares in issue of 5,185,494,355 during the year (2017: 5,181,324,925), excluding Shares reserved and purchased for the Company's employee ownership scheme. 2,650,000 Shares (2017: Shares of 125,000) were purchased and nil Shares (2017: nil) were issued and reserved for the Company's employee ownership scheme during the year. 3,565,245 Shares vested under the Company's employee ownership scheme during the year.

The calculation of diluted earnings per Share for the year ended 31 December 2018 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares of 5,193,287,221 (2017: 5,189,138,935) including the weighted average number of Shares in issue of 5,185,494,355 during the year (2017: 5,181,324,925) plus the weighted average number of potential Shares of 7,792,866 (2017: 7,814,010) arising from the deemed exercise of share options and deemed vesting of awards under the Company's employee ownership scheme.

7. DIVIDENDS

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</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	—
2018 interim dividend of HK\$0.32 per Share declared (2017: HK\$0.21 per Share)	1,663,027	1,091,163
2018 special dividend of HK\$0.43 per Share declared	2,234,692	—
	<u>7,795,253</u>	<u>3,273,284</u>

The Board has recommended that a final dividend of HK\$0.45 per Share in respect of the year ended 31 December 2018, which is subject to Shareholders' approval at the forthcoming annual general meeting of the Company.

8. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following as at 31 December 2018 and 2017:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Casino	1,041,909	575,415
Retail leases and other	196,344	167,007
Hotel	7,986	15,951
	1,246,239	758,373
Less: allowance for doubtful accounts	(110,765)	(81,704)
Total trade and other receivables, net	<u>1,135,474</u>	<u>676,669</u>

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

	As at 31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Within 30 days	447,809	291,910
31 to 60 days	134,636	53,490
61 to 90 days	208,992	121,791
Over 90 days	454,802	291,182
	1,246,239	758,373
Less: allowance for doubtful accounts	(110,765)	(81,704)
Net trade and other receivables	1,135,474	676,669

The advanced commissions included in the trade and other receivables are on terms requiring settlement within five business days of the month following the advance. Except for the advanced commission, the trade and other receivables are generally repayable within 14 days. As at 31 December 2018, trade and other receivables with a gross value of HK\$1.25 billion (2017: HK\$758.4 million) were partially impaired and provided for. Movements in the provision for impairment of receivables of the Group, which were collectively impaired, are as follows:

	HK\$
	<i>(in thousands)</i>
As at 1 January 2017	195,287
Reversal of provision for the year, net	(56,090)
Amounts written off, net	(57,493)
	<hr/>
As at 31 December 2017 and 1 January 2018	81,704
Charge for the year, net	23,140
Reversal of amounts written off, net	5,921
	<hr/>
As at 31 December 2018	110,765
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As at 31 December 2018, the weighted average provision rate for the gross trade receivables within 365 days of HK\$1.11 billion was 8.5% and the one for the gross trade receivables over 365 days of HK\$24.1 million was 66.6%.

9. ACCOUNTS PAYABLE

During 2018 and 2017, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at 31 December 2018 and 2017, based on invoice dates, is as follows:

	As at 31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Within 30 days	579,220	544,819
31 to 60 days	52,727	53,427
61 to 90 days	16,610	33,503
Over 90 days	118,348	49,398
	<u>766,905</u>	<u>681,147</u>

10. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following:

	As at 31 December		1 January
	2018	2017	2017
	HK\$	HK\$	HK\$
	<i>(in thousands)</i>		
Current:			
Outstanding chip liabilities ⁽¹⁾	3,905,079	4,839,965	2,102,057
Customer deposits ⁽²⁾	2,722,322	2,545,691	1,758,942
Gaming taxes payable	1,858,734	1,565,075	1,175,553
Loyalty program and related liabilities ⁽³⁾	111,607	114,792	39,657
Donation payable	77,670	77,670	77,670
Other gaming-related liabilities ⁽⁴⁾	20,136	20,167	14,664
Others	1,008,322	805,714	697,614
	<u>9,703,870</u>	<u>9,969,074</u>	<u>5,866,157</u>
Non-current:			
Donation payable	203,943	265,992	325,022
Total	<u>9,907,813</u>	<u>10,235,066</u>	<u>6,191,179</u>

In providing goods and services to its customers, there is often a timing difference between the Group receiving cash and the Group recording revenue for providing services or holding events. The Group's primary liabilities associated with customer contracts are outstanding chip liabilities, customer deposits, loyalty program and related liabilities and other gaming related liabilities.

- (1) Outstanding chips represent amounts owed to gaming promoters and customers for chips in their possession. The amounts may be recognized as revenue or will be redeemed for cash in the future.
- (2) Customer deposits include casino front money deposits and advance room and other deposits. Casino front money deposits represent funds deposited by customers before gaming play occurs. Such amounts may be recognized as revenue or will be redeemed for cash in the future. The advance room and other deposits represent cash received in advance for goods and services to be provided in the future. These amounts will be recognized as revenue when the goods and services are provided. Decreases in this balance generally represent the recognition of revenue and increases in the balance represent additional deposits made by customers. The deposits are expected to be primarily recognized as revenue within one year.
- (3) Loyalty program and related liabilities represent the deferral of revenue until the loyalty points or other complimentary are redeemed. The amounts are expected to be recognized as revenue within one year from being earned by customers.
- (4) Other gaming-related liabilities generally represent unpaid wagers primarily in the form of unredeemed slot tickets.

11. INTEREST-BEARING BORROWINGS

	As at 31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Bank loans, secured	22,875,059	17,970,353
Senior notes, unsecured	10,572,466	10,553,330
	34,447,525	28,523,683
Less: debt financing costs, net	(369,378)	(400,378)
Total interest-bearing borrowings	<u>33,078,147</u>	<u>28,123,305</u>

As at 31 December 2018, the Group had approximately HK\$969.4 million in funding available under the revolving credit facility of the Wynn Macau Credit Facilities.

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 Palace, which opened on 22 August 2016, is managed as an operating segment and a reportable segment. Wynn Macau and Encore at Wynn Macau are managed as a single integrated resort and are aggregated as one operating segment, which is also a reportable segment ("Wynn Macau"). The Group identifies each integrated resort as a reportable segment considering operations within each integrated resort have similar economic characteristics, type of customers, types of services and products, the regulatory environment of the operations and the Group's organizational and management reporting structure. Other Macau primarily represents cash held at the Company.

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
	<i>(restated)</i>	
Wynn Palace:		
Casino	18,463,485	13,362,599
Rooms	1,332,801	948,481
Food and beverage	867,036	748,796
Retail and other	947,127	764,370
Wynn Macau:		
Casino	15,632,951	16,157,231
Rooms	889,536	747,077
Food and beverage	598,513	530,763
Retail and other	860,364	772,600
Total operating revenues	39,591,813	34,031,917

		For the year ended	
		31 December	
		2018	2017
		<i>HK\$</i>	<i>HK\$</i>
	<i>Notes</i>	<i>(in thousands)</i>	
Adjusted EBITDA			
Wynn Palace		5,760,532	3,397,708
Wynn Macau		5,016,486	5,099,814
		<u>10,777,018</u>	<u>8,497,522</u>
Other operating costs and expenses			
Depreciation and amortization		2,726,414	2,775,977
Property charges and other		153,916	133,464
Share-based payments		106,303	111,061
Wynn Macau, Limited corporate expenses		91,930	107,376
		<u>7,698,455</u>	<u>5,369,644</u>
Operating profit			
Non-operating income and expenses			
Finance revenues		102,592	14,964
Finance costs	4	(1,495,646)	(1,269,784)
Net foreign currency differences		(40,132)	(169,773)
Loss on extinguishment of debt		(7,452)	(223,928)
Others		—	(8,202)
		<u>6,257,817</u>	<u>3,712,921</u>
Profit before tax		<u>6,257,817</u>	<u>3,712,921</u>
Income tax expense	5	<u>12,427</u>	<u>12,427</u>
Net profit attributable to owners of the Company		<u><u>6,245,390</u></u>	<u><u>3,700,494</u></u>

For the year ended
31 December
2018 2017
HK\$ *HK\$*
(in thousands)

Capital expenditures

Wynn Palace	697,921	900,056
Wynn Macau	490,916	361,080
	<hr/>	<hr/>
Total	<u>1,188,837</u>	<u>1,261,136</u>

As at 31 December
2018 2017
HK\$ *HK\$*
(in thousands)

Total assets

Wynn Palace	30,286,168	31,359,875
Wynn Macau	15,354,131	10,386,475
Other Macau	441,492	1,249,389
	<hr/>	<hr/>
Total	<u>46,081,791</u>	<u>42,995,739</u>

As at 31 December
2018 2017
HK\$ *HK\$*
(in thousands)

Non-current assets

Macau	34,668,858	36,414,420
Foreign countries	12,286	7,589
	<hr/>	<hr/>
Total	<u>34,681,144</u>	<u>36,422,009</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a developer, owner and operator of two integrated destination casino resorts in Macau, Wynn Palace and Wynn Macau. Our resorts include world class hotel facilities, a variety of regional and international dining outlets and an array of one-of-a-kind entertainment options; many of them are free to the general public.

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 and the United States to attract international customers.

Wynn Palace

Wynn Palace is located in the Cotai area of Macau and opened to public on 22 August 2016.

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;
- Free public entertainment attractions including an 8-acre performance lake, animated floral art displays and fine art displays;
- A luxury hotel with a total of 1,706 spacious rooms, suites and villas;
- 13 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; 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 31 December	
	2018	2017
VIP table games	112	112
Mass market table games	211	198
Slot machines	1,119	1,013

Wynn Macau

Wynn Macau is located on the Macau peninsula and opened to the public on 6 September 2006. We completed expansion works at Wynn Macau in December 2007 and November 2009, which added 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. We have begun a reconfiguration of the current Wynn Club gaming area at Wynn Macau. When completed, this enhanced space will consist of approximately 40 mass market table games, a refurbished high-limit slot area, two new restaurants and approximately 7,400 square feet of retail space, and will provide for improved pedestrian access. We expect to complete the gaming enhancements and open the new restaurants in the third quarter of 2019, and we expect to open the new retail space at the end of 2019. Additionally, we plan to begin the Encore tower room refresh project in the second quarter of 2019. All 410 rooms in the tower will be refreshed to include replacement of selected furniture and fixtures. The project also includes upgrades to the room control system, entry door system and selected lighting upgrades. The Encore tower room refresh project will be completed in the fourth quarter of 2019. We estimate the total budget for these two projects to be approximately HK\$939.8 million.

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;
- Free public entertainment attractions including a rotunda show featuring a Chinese zodiac-inspired ceiling along with gold “prosperity tree” and a “dragon of fortune” attractions and a performance lake;
- Two luxury hotel towers with a total of 1,008 spacious rooms and suites;
- 11 food and beverage outlets;
- 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; 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 31 December	
	2018	2017
VIP table games	110	110
Mass market table games	206	195
Slot machines	777	933
Poker tables	13	11

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 Hong Kong. The journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by motor vehicle since the opening of the Hong Kong-Zhuhai-Macau Bridge in October 2018 and one hour by jetfoil ferry. Macau, which has been a casino destination for more than 55 years, consists principally of a peninsula on mainland China, and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. We believe that Macau is located in one of the world's largest concentrations of potential gaming customers. Since the introduction of new casinos starting in 2004, the Macau market has experienced a significant increase in annual gaming revenue from the HK\$21.53 billion generated in 2002. According to Macau statistical information, casinos in Macau generated approximately HK\$294.03 billion in gaming revenue during the year ended 31 December 2018, an increase of approximately 13.96% over the approximate HK\$258.00 billion generated in the year ended 31 December 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 in 2018, visitation increased by 9.8% to 35.8 million. We benefited from the rise in visitation to Macau during the year ended 31 December 2018.

The Macau market has experienced tremendous growth in capacity since the opening of Wynn Macau in 2006. As at 31 December 2018, there were 38,800 hotel rooms, 6,588 table games and 16,059 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, over 90% of visitors to Macau for the year ended 31 December 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, currency export, currency withdrawals, credit and debit card usage 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 could impact the number of patrons visiting our properties or the amount they spend. In addition, policies adopted from time to time by the Chinese government, including any travel restrictions imposed by China on its citizens, such as restrictions imposed on exit visas granted to residents of mainland China for travel to Macau, could disrupt the number of visitors from mainland China to our resorts. It is not known when, or if, policies restricting visitation by mainland Chinese citizens to Macau and Hong Kong, will be put in place and travel policies may be adjusted, without notice, in the future. Furthermore, Chinese government anti-corruption campaigns have influenced the behavior of Chinese consumers and their spending patterns both domestically and abroad. These campaigns, as well as mainland Chinese and Macau monetary outflow policies have specifically led to tighter monetary transfer regulations, including real time monitoring of certain financial channels, limitations on cash withdrawals from ATM machines by mainland China citizens, the reduction of annual 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 spend. The overall effect of the campaign and monetary transfer restrictions may negatively affect our revenues and results of operations.

Competition

Since the liberalization of Macau’s gaming industry in 2002, there has been a significant increase in the number of casino properties in Macau. There are six gaming operators in Macau, including WRM. The three concessionaires are WRM, SJM, and Galaxy. The three subconcessionaires are Melco, MGM Macau, and Venetian Macau. As at 31 December 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. We contributed new capacity in the market with the opening of Wynn Palace in August 2016. Several of our competitors have also opened facilities in the Cotai area over the past few years, which has significantly increased gaming and non-gaming offerings in Macau, with continued development and further openings in Cotai expected in the near future.

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

Gaming Concession

The term of our Concession Agreement with the Macau government ends on 26 June 2022. Unless the term of our concession agreement is extended, or our concession is renewed, subject to any separate agreement with the Macau government, all of our gaming operations, casino area and related equipment in Macau will be automatically transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations at the end of our concession agreement. The Macau government has publicly commented that it is studying the process by which concessions and subconcessions may be renewed, extended or issued. The relevant concession or subconcession held by SJM and MGM Macau was extended from 31 March 2020 to 26 June 2022 in March 2019. Accordingly, the relevant concession or subconcession held by Galaxy, SJM, Venetian Macau, MGM Macau and Melco also expires on 26 June 2022.

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

Macau Laws and Regulations

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

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

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

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

Gaming Promoters

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

Gaming promoters introduce premium VIP players to Wynn Palace and Wynn Macau and often assist those players with their travel and entertainment arrangements. In addition, gaming promoters often grant credit to their players. In exchange for their services, Wynn Palace and Wynn Macau pay the gaming promoters a commission which is a percentage of the gross gaming win generated by each gaming promoter. The total amount of commissions paid to gaming promoters 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, each gaming promoter receives a monthly complimentary allowance based on a percentage of the turnover its clients generate. The allowance is available for room, food and beverage and other products and services for discretionary use with 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 difficulty in collecting credit they extend.

The reputation and probity of the gaming promoters with whom we work are important to our own reputation and to our ability to operate in compliance with our gaming concession and Macau gaming laws. We conduct periodic reviews of the probity and compliance programs of our gaming promoters. However, we are not able to control our gaming promoters' compliance with these high standards of probity and integrity, and our gaming promoters may violate provisions in their contracts with us designed to ensure such compliance. Failure by a gaming promoter we work with to comply with Macau gaming laws or maintain the required standards of probity and integrity could adversely affect our reputation and our business.

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 may 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 could cause severe disruption to our business and have an adverse effect on our business, financial condition and results of operations.

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

If a third party successfully challenges our ownership of, or right to use, the “WYNN”-related trademarks and service marks, our business or results of operations could be harmed. We also are exposed to the risk that third parties may use “WYNN”-related trademarks without authorization.

Furthermore, due to the increased use of technology in computerized gaming machines and in business operations generally, other forms of intellectual property rights (such as patents and copyrights) are becoming increasingly relevant. It is possible that, in the future, third parties might assert superior intellectual property rights or allege that their intellectual property rights cover some aspect of our operations. The defense of such allegations may result in substantial expenses, and, if such claims are successfully prosecuted, may have a material impact on our business.

Cybersecurity

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

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

Despite the steps we have taken to deter and mitigate against these threats and risks, our systems, processes and security measures may not be successful and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Any perceived or actual electronic or physical security breach of information or systems maintained by us or our third-party service providers could disrupt our business, damage our reputation and our relationships with our stakeholders, expose us to risks of litigation, significant fines and penalties and liability, result in the deterioration of our stakeholders’ confidence in us, and adversely affect our business, results of operations and financial condition.

As these threats develop and grow, we may find it necessary to make significant further investments to protect data and our infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of employees. The occurrence of any of the cyber incidents described above could have a material adverse effect on our business, results of operations and cash flows.

Personal Data

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

Our Computer Systems and Websites

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

Risk of Fraud, Cheating and Theft

Acts of fraud or cheating through the use of counterfeit chips, covert schemes and other tactics, possibly in collusion with our employees, may be attempted or committed by our 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 Palace” and “Wynn Macau”, 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, loss on extinguishment of debt, 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 year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Operating profit	7,698,455	5,369,644
Add		
Depreciation and amortization	2,726,414	2,775,977
Property charges and other	153,916	133,464
Share-based payments	106,303	111,061
Wynn Macau, Limited corporate expenses	91,930	107,376
	<hr/>	<hr/>
Adjusted EBITDA	<u>10,777,018</u>	<u>8,497,522</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 consolidated statement of profit or loss and other comprehensive income line items and certain other data.

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Wynn Palace:		
Casino revenues ⁽¹⁾	18,463,485	13,362,599
Rooms	1,332,801	948,481
Food and beverage	867,036	748,796
Retail and other	947,127	764,370
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Casino revenues ⁽¹⁾	15,632,951	16,157,231
Rooms	889,536	747,077
Food and beverage	598,513	530,763
Retail and other	860,364	772,600
Total operating revenues	<u>39,591,813</u>	<u>34,031,917</u>

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands, except for averages, win per unit per day figures and number of tables and slot machines)</i>	
Wynn Palace:		
VIP:		
VIP table games turnover	478,816,743	409,761,734
VIP table games win ⁽¹⁾	14,688,804	11,588,024
VIP table games win as a percentage of turnover	3.07%	2.83%
Average number of gaming tables ⁽²⁾	114	104
Table games win per unit per day ⁽³⁾	352,732	306,521
Mass market:		
Mass market table drop	38,607,230	27,202,666
Mass market table games win ⁽¹⁾	9,452,821	6,197,588
Mass market table games win percentage	24.48%	22.78%
Average number of gaming tables ⁽²⁾	209	202
Table games win per unit per day ⁽³⁾	124,085	83,860
Slot machine handle	30,820,957	23,800,082
Slot machine win ⁽¹⁾	1,595,137	1,291,961
Average number of slots ⁽²⁾	1,065	1,026
Slot machine win per unit per day ⁽³⁾	4,103	3,449

For the year ended
31 December
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	452,647,270	454,269,332
VIP table games win ⁽¹⁾	12,443,934	14,862,762
VIP table games win as a percentage of turnover	2.75%	3.27%
Average number of gaming tables ⁽²⁾	111	96
Table games win per unit per day ⁽³⁾	306,501	426,380
Mass market:		
Mass market table drop	39,641,216	35,261,569
Mass market table games win ⁽¹⁾	7,950,476	6,863,995
Mass market table games win percentage	20.06%	19.47%
Average number of gaming tables ⁽²⁾	203	204
Table games win per unit per day ⁽³⁾	107,347	92,097
Slot machine handle	29,311,945	27,480,093
Slot machine win ⁽¹⁾	1,264,695	1,203,076
Average number of slots ⁽²⁾	877	914
Slot machine win per unit per day ⁽³⁾	3,950	3,606

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 year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
VIP table games win	27,132,738	26,450,786
Mass market table games win	17,403,297	13,061,583
Slot machine win	2,859,832	2,495,037
Poker revenues	164,403	155,028
Commissions and others (including complimentary revenue allocated from casino revenues to rooms, food and beverage, retail and other revenues)	(13,463,834)	(12,642,604)
Total casino revenues	<u>34,096,436</u>	<u>29,519,830</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 year.
- (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 year.

Discussion of Results of Operations

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

Operating Revenues

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

Casino Revenues

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

VIP casino gaming operations. VIP gross table games win increased by 2.6%, from HK\$26.45 billion in 2017 to HK\$27.13 billion in 2018. The increase was driven by an increase in business volumes of Wynn Palace, with VIP table games turnover up 16.9%, from HK\$409.76 billion in 2017 to HK\$478.82 billion in 2018 and an increase in Wynn Palace VIP table games win as a percentage of turnover from 2.83% to 3.07%, partially offset by a decrease from Wynn Macau primarily driven by a drop of VIP table games win as a percentage of turnover from 3.27% in 2017 to 2.75% in 2018, 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 33.2%, from HK\$13.06 billion in 2017 to HK\$17.40 billion in 2018. The increase was driven by an increase in business volumes and an increase in the mass market table games win percentage of both Wynn Palace and Wynn Macau.

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

Non-casino Revenues

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

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

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

Room revenues information

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

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

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

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums increased by 13.1%, from HK\$16.74 billion for the year ended 31 December 2017 to HK\$18.93 billion for the same period of 2018. The increase was commensurate with the 15.5% increase in casino revenues. WRM is subject to a 35% gaming tax on gross gaming win. In addition, WRM is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

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

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

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

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

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

Finance Revenues

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

Finance Costs

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

Income Tax Expense

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

Net Profit Attributable to Owners of the Company

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

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

Since the opening of Wynn Macau and Wynn Palace on 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, cash on hand and availability under our credit facilities.

Our cash balances as at 31 December 2018 were approximately HK\$9.53 billion. This cash is available for operations, new development activities, enhancements to our operating properties, debt service and retirement, and general corporate purposes.

On 21 December 2018, WRM's senior secured bank facilities were amended to, among other things, extend the maturity dates of the senior secured term and revolving facilities. The availability of borrowings under WRM's amended senior secured bank facilities remain as HK\$23.84 billion equivalent, consisting of an approximately HK\$17.99 billion fully funded senior secured term loan and an approximately HK\$5.85 billion senior secured revolving credit facility. As at 31 December 2018, the Group had approximately HK\$969.4 million of available borrowing capacity under the Wynn Macau Credit Facilities.

On 20 September 2017, the Company completed the issuance of 4.875% senior notes due 2024 with an aggregate principal amount of US\$600 million (approximately HK\$4.70 billion) (the “WML 2024 Notes”) and 5.5% senior notes due 2027 with an aggregate principal amount of US\$750 million (approximately HK\$5.87 billion) (the “WML 2027 Notes”) and together with the WML 2024 Notes, the “WML Notes”). The Company used the net proceeds from the WML Notes and cash on hand to fund the cost of extinguishing the WML 2021 Notes.

On 18 July 2016, WMLF entered into an agreement as the borrower of a revolving credit facility for initially up to HK\$1.55 billion (approximately US\$197.7 million) with Bank of China Limited, Macau Branch as the lender. On 25 October 2016, the WMLF Revolving Credit Facility was amended and upsized, increasing the available borrowing capacity to HK\$3.87 billion (approximately US\$494.3 million). The WMLF Revolving Credit Facility matured in July 2018, at which time any outstanding borrowings were to be repaid. On the maturity day, there were no outstanding borrowings under the WMLF Revolving Credit Facility.

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	
	2018	2017
	HK\$	HK\$
	<i>(in thousands, except for percentages)</i>	
Interest-bearing borrowings	33,078,147	28,123,305
Accounts payable	766,905	681,147
Construction and retentions payables	394,717	458,161
Other payables and accruals	9,907,813	10,235,066
Amounts due to related companies	160,196	261,601
Other liabilities	243,127	223,274
Less: cash and cash equivalents	(9,526,423)	(5,239,690)
restricted cash and cash equivalents	(18,067)	(16,886)
Net debt	<u>35,006,415</u>	<u>34,725,978</u>
Equity	<u>1,518,459</u>	<u>3,000,758</u>
Total capital	<u>1,518,459</u>	<u>3,000,758</u>
Capital and net debt	<u><u>36,524,874</u></u>	<u><u>37,726,736</u></u>
Gearing ratio	<u><u>95.8%</u></u>	<u><u>92.0%</u></u>

Cash Flows

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

	For the year ended	
	31 December	
	2018	2017
	HK\$	HK\$
	<i>(in millions)</i>	
Net cash generated from operating activities	9,715.6	12,667.3
Net cash used in investing activities	(1,090.3)	(1,162.0)
Net cash used in financing activities	(4,334.0)	(8,858.4)
Net increase in cash and cash equivalents	4,291.3	2,646.9
Cash and cash equivalents at beginning of year	5,239.7	2,591.4
Effect of foreign exchange rate changes, net	(4.6)	1.4
Cash and cash equivalents at end of year	<u>9,526.4</u>	<u>5,239.7</u>

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

Net cash used in investing activities

Net cash used in investing activities was HK\$1.10 billion in 2018, compared to HK\$1.16 billion in 2017. Net cash used in 2018 included capital expenditures of HK\$1.19 billion for renovations to enhance and refine the Macau Operations and for purchases of property and equipment, partially offset by HK\$89.9 million of interest received and HK\$8.7 million in proceeds from the sale of property and equipment and other assets. Net cash used in 2017 included capital expenditures of HK\$1.26 billion for renovations to enhance and refine the Macau Operations and for purchases of property and equipment, partially offset by HK\$78.0 million of proceeds from insurance claims, HK\$14.9 million of interest receipts and HK\$6.2 million in proceeds from the sale of property and equipment and other assets.

Net cash used in financing activities

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

Indebtedness

The following table presents a summary of our indebtedness.

Indebtedness information

	As at 31 December	
	2018	2017
	HK\$	HK\$
	<i>(in thousands)</i>	
Bank loans	22,875,059	17,970,353
Senior notes	10,572,466	10,553,330
Less: debt financing costs, net	(369,378)	(400,378)
	<hr/>	<hr/>
Total interest-bearing borrowings	<u>33,078,147</u>	<u>28,123,305</u>

Wynn Macau Credit Facilities

Overview

On 21 December 2018, WRM's senior secured bank facilities were amended to, among other things, extend the maturity dates of the senior secured term loan and revolving credit facilities. As at 31 December 2018, the Wynn Macau Credit Facilities consisted of approximately HK\$23.84 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$17.99 billion equivalent fully funded senior term loan facility and an approximately HK\$5.85 billion equivalent senior revolving credit facility.

The borrowings under the Wynn Macau Credit Facilities were used to refinance WRM's existing indebtedness and for general corporate purposes.

The amended term loan facility is repayable in graduating installments of between 2.875% to 4.50% of the principal amount on a quarterly basis commencing 30 September 2020, with a final installment of 75% of the principal amount repayable on 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day). Prior to the amendment, the term loan facility was repayable in graduating installments of between 2.50% 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 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day), by which time any outstanding borrowings from the revolving credit facility must be repaid. Prior to the amendment, the final maturity of any outstanding borrowings from the revolving credit facility was repayable by September 2020.

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

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.

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 repayable by WRM under the senior secured credit facilities. The Directors confirm that there is no non-compliance with the financial covenants or general covenants contained in the Wynn Macau Credit Facilities.

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

The Group had approximately HK\$969.4 million available to draw under the revolving credit facility of the Wynn Macau Credit Facilities as at 31 December 2018.

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 holder's 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\$197.7 million) with Bank of China Limited, Macau Branch as the lender. On 25 October 2016, the WMLF Revolving Credit Facility was amended and upsized, increasing the available borrowing capacity to HK\$3.87 billion (approximately US\$494.3 million). The WMLF Revolving Credit Facility matured in July 2018, at which time any outstanding borrowings were to be repaid. On the maturity date, there were no outstanding borrowings under the WMLF Revolving Credit Facility.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

Foreign Currency Exchange Risks

The financial statements of foreign operations are translated into Hong Kong dollars, the Company's functional and presentation currency, for incorporation into the consolidated financial statements. The majority of our assets and liabilities are denominated in U.S. dollars, Hong Kong dollars and Macau patacas, and 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.

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

Interest Rate Risks

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

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

OFF BALANCE SHEET ARRANGEMENTS

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

OTHER LIQUIDITY MATTERS

We expect to fund our operations and capital expenditure requirements from operating cash flows, cash on hand 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.

DISCLOSURE OF FINANCIAL RESULTS IN MACAU

WRM, our subsidiary and the owner and operator of Wynn Macau and Wynn Palace, finalized its statutory financial statements under the Macau Financial Reporting Standards (“MFRS”) at the end of February 2019 and anticipates filing its MFRS Consolidated Financial Statements with the Gaming Inspection and Coordination Bureau of Macau by 31 March 2019. 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 2019. 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 THE 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 year ended 31 December 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 year ended 31 December 2018 except for the following deviation from provision A.2.1 of the Code.

The roles of 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. Mr. Wynn, the founder of the Company and WRM, had previously served as the Chairman and Chief Executive Officer of the Company prior to his resignation on 7 February 2018. The Board had determined that the combination of these roles held singularly by Mr. Wynn as the founder was in the best interest of the Company and all Shareholders.

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 year ended 31 December 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 year ended 31 December 2018.

ANNUAL REPORT

The Company's annual report for the year ended 31 December 2018 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 2018. The litigation matters set out below are disclosed on a voluntary basis and, as with all litigations, no assurances can be provided as to the outcome thereof.

Macau Litigation Related to Okada

WRM and certain individuals who are or were directors of WRM and/or the Company (collectively, the “**Wynn Macau Parties**”) were named as defendants in a lawsuit filed in the Court of First Instance of Macau (the “**Macau Court**”) by Mr. Kazuo Okada (“**Mr. Okada**”), Aruze USA, Inc. and Universal Entertainment Corp. (collectively, the “**Okada Parties**”). The principal allegations in the lawsuit were that the redemption of the Okada Parties’ shares in WRL was improper and undervalued, that the previously disclosed payment by WRM to an unrelated third party in consideration of relinquishment by that party of certain rights in and to any future development on the land in Cotai where Wynn Palace is located was unlawful and that the Company’s previously disclosed donation by WRM to the University of Macau Development Foundation was unlawful. The Okada Parties sought the dissolution of WRM and compensatory damages. The Company made a voluntary announcement in respect of this lawsuit on 3 July 2015.

On 11 July 2017, the Macau Court dismissed all the claims made by the Okada Parties against the Wynn Macau Parties as unfounded and imposed a fine of MOP41,500 (approximately HK\$40,000) on the Okada Parties. In addition, the Macau Court ordered the Okada Parties to pay Court fees and lawyer fees of the Wynn Macau Parties. The Okada Parties appealed the Macau Court’s decision and on 21 December 2017, the Wynn Macau Parties filed their response to the appeal with the Court of Appeal of Macau.

On 8 March 2018, Universal Entertainment Corp. and Aruze USA, Inc. (collectively, the “**Universal Parties**”) agreed to effectively withdraw as parties from these legal proceedings pursuant to the settlement agreement and mutual release entered into by, among others, the Universal Parties and Wynn Resorts, Limited. The Company made a voluntary announcement regarding the settlement agreement and mutual release on 9 March 2018. The Universal Parties voluntarily withdrew from these legal proceedings in March 2018 pursuant to the settlement agreement and mutual release, leaving Mr. Okada as the sole claimant. On 21 February 2019, the Court of Appeal dismissed Mr. Okada’s appeal and no appeal was lodged by Mr. Okada within the prescribed time, resulting in the final resolution of the lawsuit in favour of the Wynn Macau Parties.

Macau Litigation Related to Dore

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

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

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.

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. Ian Michael Coughlan, an executive Director, Dr. Allan Zeman and Mr. Jeffrey Kin-fung Lam, each an independent non-executive Director. All retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 17.2 of the Company's articles of association, Mr. Craig S. Billings having been appointed by the Board as a non-executive Director effective from 17 August 2018 and Ms. Leah Dawn Xiaowei Ye having been appointed by the Board as an independent non-executive Director effective from 1 April 2019, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board is pleased to announce the appointment of Ms. Leah Dawn Xiaowei Ye as an independent non-executive Director of the Company with effect from 1 April 2019.

Ms. Ye, aged 60, was the managing partner of the Beijing representative office of Morgan Lewis & Bockius LLP, an international law firm, from 2014 to 2018. Ms. Ye was also the co-managing partner of the Beijing representative office of Bingham McCutchen LLP from 2011 to 2014 before it had a merger with Morgan Lewis & Bockius LLP.

Ms. Ye has over 20 years of experience in Asia representing multinationals, large Chinese companies, financial institutions and investment funds with respect to their overseas investment, project financing, and initial public listing and offerings. Prior to 2011, Ms. Ye was a resident partner at Allen & Overy and Jones Day in China from 2003 to 2004 and from 2005 to 2011, respectively. She also served as a senior lawyer at the Beijing representative office of Shearman & Sterling from 1995 to 2003.

Ms. Ye is admitted to practice law in the District of Columbia of the United States. Ms. Ye was also a member of the American Chamber of Commerce in the People's Republic of China from 2005 to 2018. Ms. Ye graduated with a Bachelor of Arts from Georgetown University in 1983 and obtained a Juris Doctor from Georgetown University Law Center in 1988.

Save as disclosed above, Ms. Ye 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 has no other relationship with any Director, senior management or substantial or controlling shareholders (each as defined in the Listing Rules) of the Company.

The Company has issued an appointment letter to Ms. Ye pursuant to which her appointment is for a period of two 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, Ms. Ye is entitled to a fee of HK\$700,000 per annum and may be entitled to a discretionary bonus. Ms. Ye is also entitled to additional fees should she become a chairperson or a member of a committee of the Board. The chairperson and members of the audit and risk committee of the Company are entitled to an annual fee of HK\$275,000 and HK\$225,000, respectively. The chairperson and members of the remuneration or nomination and corporate governance committees of the Company are entitled to an annual fee of HK\$200,000 and HK\$150,000, respectively.

As at the date of this announcement, Ms. Ye had no interest in the shares of the Company or Wynn Resorts, Limited. Ms. Ye's alias and former name is 葉小瑋.

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 Ms. Ye as an independent non-executive Director that needs to be brought to the attention of the shareholders of the Company and the Hong Kong Stock Exchange.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of HK\$0.45 per Share in respect of the year ended 31 December 2018. Subject to Shareholders' approval of the final dividend at the forthcoming annual general meeting, the register of members of the Company will be closed from 5 June 2019 to 10 June 2019 (both dates inclusive) during which period no transfer of Shares will be registered and the final dividend is expected to be paid on 19 June 2019. Shareholders registered under the Hong Kong branch register of members as of 10 June 2019 will be entitled to the dividends. All dividends will be paid in Hong Kong dollars. In order to determine the identity of the Shareholders who are entitled to the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 4 June 2019.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young (the "Auditor"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this announcement.

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 31 December 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
“DICJ”	The Gaming Inspection and Coordination Bureau of Macau
“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 Palace and Wynn Macau and Encore at Wynn Macau
“Melco”	Melco Resorts (Macau) Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires
“MGM Macau”	MGM Grand Paradise Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires
“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
“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
“WML 2021 Notes”	the US\$600 million (approximately HK\$4.70 billion) 5.25% senior notes due 2021 issued by the Company in October 2013 and the additional US\$750 million (approximately HK\$5.87 billion) 5.25% senior notes due 2021 issued by the Company on 20 March 2014 (Debt Stock Code: 5983), which were consolidated and form a single series of notes
“WML 2024 Notes”	the US\$600 million (approximately HK\$4.70 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\$5.87 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\$197.7 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\$494.3 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\$17.99 billion (equivalent) fully-funded senior term loan facilities and the HK\$5.85 billion (equivalent) senior revolving credit facilities extended to WRM as subsequently amended from time to time and refinanced on 21 December 2018
“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 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, 28 March 2019

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