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SANDS CHINA LTD.

金沙中國有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1928)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2018

1. FINANCIAL HIGHLIGHTS

- Adjusted property EBITDA for the Group was US\$1.54 billion (HK\$12.08 billion) in the first half of 2018, an increase of 25.4%, compared to US\$1.23 billion (HK\$9.58 billion) in the first half of 2017.
- Total net revenues for the Group were US\$4.27 billion (HK\$33.47 billion) in the first half of 2018, an increase of 17.3%, compared to US\$3.64 billion (HK\$28.37 billion) in the first half of 2017.
- Profit for the Group was US\$979 million (HK\$7,683 million) in the first half of 2018, an increase of 44.4%, compared to US\$678 million (HK\$5,292 million) in the first half of 2017.

Unless otherwise indicated, capitalized terms used but not defined herein shall have the meanings ascribed to them in our 2017 annual report.

2. MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

The Board of Directors (the “**Board**”) of Sands China Ltd. (“**we**” or our “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended June 30, 2018 compared to the six months ended June 30, 2017.

Note: The translation of US\$ amounts into HK\$ amounts or vice versa has been made at the rate of US\$1.00 to HK\$7.8479 (six months ended June 30, 2017: US\$1.00 to HK\$7.8057) for the purposes of illustration only.

Net Revenues

Our net revenues consisted of the following:

	Six months ended June 30,		
	2018	2017	Percent change
	<i>(US\$ in millions)</i>		
Casino	3,382	2,825	19.7%
Rooms	357	297	20.2%
Mall	233	235	(0.9)%
Food and beverage	152	139	9.4%
Convention, ferry, retail and other	141	139	1.4%
	<hr/>	<hr/>	
Total net revenues	<u>4,265</u>	<u>3,635</u>	17.3%

Note: Prior period amounts have been adjusted to conform to the current period presentation.

Net revenues were US\$4.27 billion for the six months ended June 30, 2018, an increase of 17.3%, compared to US\$3.64 billion for the six months ended June 30, 2017. Net revenues increased in the majority of business categories, mainly driven by an increase in visitation and a meaningful growth in the Macao gaming market. We continued to enjoy market-leading visitation in Macao and focused on driving the high-margin mass market gaming business, while providing luxury amenities and high service levels to our VIP and premium players.

Our net casino revenues for the six months ended June 30, 2018 were US\$3.38 billion, an increase of 19.7%, compared to US\$2.83 billion for the six months ended June 30, 2017. The increase was primarily attributable to an increase of US\$259 million at The Venetian Macao and an increase of US\$129 million at Sands Cotai Central.

The following table summarizes the results of our casino activity:

	Six months ended June 30,		
	2018	2017	Change
	<i>(US\$ in millions)</i>		
The Venetian Macao			
Total net casino revenues	1,393	1,134	22.8%
Non-Rolling Chip drop	4,489	3,423	31.1%
Non-Rolling Chip win percentage	24.4%	25.6%	(1.2)pts
Rolling Chip volume	15,329	11,321	35.4%
Rolling Chip win percentage ⁽ⁱ⁾	3.66%	3.80%	(0.14)pts
Slot handle	1,656	1,334	24.1%
Slot hold percentage	4.8%	5.3%	(0.5)pts
Sands Cotai Central			
Total net casino revenues	804	675	19.1%
Non-Rolling Chip drop	3,395	2,836	19.7%
Non-Rolling Chip win percentage	21.2%	20.5%	0.7pts
Rolling Chip volume	5,000	5,421	(7.8)%
Rolling Chip win percentage ⁽ⁱ⁾	3.33%	3.05%	0.28pts
Slot handle	2,512	2,328	7.9%
Slot hold percentage	4.0%	4.0%	—pts
The Parisian Macao			
Total net casino revenues	599	528	13.4%
Non-Rolling Chip drop	2,143	1,956	9.6%
Non-Rolling Chip win percentage	19.9%	18.9%	1.0pts
Rolling Chip volume	9,077	7,482	21.3%
Rolling Chip win percentage ⁽ⁱ⁾	3.26%	3.36%	(0.10)pts
Slot handle	2,217	1,789	23.9%
Slot hold percentage	2.5%	3.6%	(1.1)pts
The Plaza Macao			
Total net casino revenues	278	180	54.4%
Non-Rolling Chip drop	734	597	22.9%
Non-Rolling Chip win percentage	24.8%	23.1%	1.7pts
Rolling Chip volume	5,704	4,247	34.3%
Rolling Chip win percentage ⁽ⁱ⁾	3.49%	2.66%	0.83pts
Slot handle	270	194	39.2%
Slot hold percentage	7.3%	7.4%	(0.1)pts
Sands Macao			
Total net casino revenues	308	308	—%
Non-Rolling Chip drop	1,316	1,239	6.2%
Non-Rolling Chip win percentage	18.4%	19.4%	(1.0)pts
Rolling Chip volume	2,271	2,881	(21.2)%
Rolling Chip win percentage ⁽ⁱ⁾	3.80%	3.01%	0.79pts
Slot handle	1,281	1,210	5.9%
Slot hold percentage	3.2%	3.3%	(0.1)pts

Note: Prior period amounts have been adjusted to conform to the current period presentation.

(i) This compares to our expected Rolling Chip win percentage of 3.0% to 3.3% (calculated before discounts and commissions).

Room revenues for the six months ended June 30, 2018 were US\$357 million, an increase of 20.2%, compared to US\$297 million for the six months ended June 30, 2017. The increase was mainly driven by increased demand at Sands Cotai Central and The Venetian Macao. During the six months ended June 30, 2018, there were approximately 18% fewer rooms available at The Parisian Macao compared to the six months ended June 30, 2017 due to the construction work of combining and converting standard rooms to suites.

The following table summarizes the results of our room activity:

	Six months ended June 30,		
	2018	2017	Change
	<i>(US\$ in millions, except average daily rate and revenue per available room)</i>		
The Venetian Macao			
Total room revenues	109	82	32.9%
Occupancy rate	95.8%	89.6%	6.2pts
Average daily rate <i>(in US\$)</i>	225	203	10.8%
Revenue per available room <i>(in US\$)</i>	215	182	18.1%
Sands Cotai Central			
Total room revenues	160	129	24.0%
Occupancy rate	93.2%	80.4%	12.8pts
Average daily rate <i>(in US\$)</i>	154	144	6.9%
Revenue per available room <i>(in US\$)</i>	144	116	24.1%
The Parisian Macao			
Total room revenues	61	60	1.7%
Occupancy rate	95.4%	84.9%	10.5pts
Average daily rate <i>(in US\$)</i>	150	136	10.3%
Revenue per available room <i>(in US\$)</i>	143	115	24.3%
The Plaza Macao			
Total room revenues	19	16	18.8%
Occupancy rate	87.8%	80.2%	7.6pts
Average daily rate <i>(in US\$)</i>	316	357	(11.5)%
Revenue per available room <i>(in US\$)</i>	277	286	(3.1)%
Sands Macao			
Total room revenues	8	10	(20.0)%
Occupancy rate	98.9%	98.2%	0.7pts
Average daily rate <i>(in US\$)</i>	162	193	(16.1)%
Revenue per available room <i>(in US\$)</i>	161	189	(14.8)%

Note: Prior period amounts have been adjusted to conform to the current period presentation.

Mall revenues for the six months ended June 30, 2018 were US\$233 million, remaining relatively constant as compared to US\$235 million for the six months ended June 30, 2017.

The following table summarizes the results of our mall activity on Cotai:

	Six months ended June 30,		
	2018⁽ⁱ⁾	2017	Change
	<i>(US\$ in millions, except per square foot amount)</i>		
The Venetian Macao			
Total mall revenues	109	106	2.8%
Mall gross leasable area <i>(in square feet)</i>	786,652	779,025	1.0%
Occupancy	91.4%	97.7%	(6.3)pts
Base rent per square foot <i>(in US\$)</i>	262	245	6.9%
Tenant sales per square foot <i>(in US\$)</i> ⁽ⁱⁱ⁾	1,656	1,340	23.6%
Sands Cotai Central⁽ⁱⁱⁱ⁾			
Total mall revenues	29	33	(12.1)%
Mall gross leasable area <i>(in square feet)</i>	517,238	425,630	21.5%
Occupancy	90.9%	93.5%	(2.6)pts
Base rent per square foot <i>(in US\$)</i>	114	120	(5.0)%
Tenant sales per square foot <i>(in US\$)</i> ⁽ⁱⁱ⁾	849	676	25.6%
The Parisian Macao			
Total mall revenues	30	34	(11.8)%
Mall gross leasable area <i>(in square feet)</i>	295,896	299,053	(1.1)%
Occupancy	90.7%	92.7%	(2.0)pts
Base rent per square foot <i>(in US\$)</i>	192	221	(13.1)%
Tenant sales per square foot <i>(in US\$)</i> ⁽ⁱⁱ⁾	649	N/A	N/A
The Plaza Macao			
Total mall revenues	64	63	1.6%
Mall gross leasable area <i>(in square feet)</i>	258,264	259,533	(0.5)%
Occupancy	98.8%	99.5%	(0.7)pts
Base rent per square foot <i>(in US\$)</i>	460	455	1.1%
Tenant sales per square foot <i>(in US\$)</i> ⁽ⁱⁱ⁾	4,078	3,097	31.7%

(i) Excludes the results of our mall operations at Sands Macao.

(ii) Tenant sales per square foot reflects sales from tenants only after the tenant has been opened for a period of 12 months.

(iii) The Shoppes at Cotai Central will feature up to an estimated 600,000 square feet of gross leasable area upon completion of all phases of Sands Cotai Central's renovation, rebranding and expansion to The Londoner Macao.

Food and beverage revenues for the six months ended June 30, 2018 were US\$152 million, an increase of 9.4%, compared to US\$139 million for the six months ended June 30, 2017. The increase was primarily driven by an increase in property visitation.

Convention, ferry, retail and other revenues for the six months ended June 30, 2018 were US\$141 million, an increase of 1.4%, compared to US\$139 million for the six months ended June 30, 2017. The increase was driven by ferry operation as a result of increase in ticket sales volume.

Operating Expenses

Operating expenses were US\$3.20 billion for the six months ended June 30, 2018, an increase of 11.4%, compared to US\$2.88 billion for the six months ended June 30, 2017. The increase in operating expenses was primarily due to increases of business volumes across the majority of business categories.

Depreciation and amortization expenses were US\$308 million for the six months ended June 30, 2018, a decrease of 20.0%, compared to US\$385 million for the six months ended June 30, 2017. During the year ended December 31, 2017, the Group completed an evaluation of the estimated useful lives of its property and equipment and investment properties and determined that changes to the useful lives of certain assets were appropriate. The impact of this change for the six months ended June 30, 2018 was a decrease in depreciation expense of US\$82 million.

Adjusted property EBITDA⁽ⁱ⁾

The following table summarizes information related to our segments:

	Six months ended June 30,		
	2018	2017	Percent change
	<i>(US\$ in millions)</i>		
The Venetian Macao	679	547	24.1%
Sands Cotai Central	377	276	36.6%
The Parisian Macao	230	188	22.3%
The Plaza Macao	145	111	30.6%
Sands Macao	99	93	6.5%
Ferry and other operations	9	12	(25.0)%
Total adjusted property EBITDA	1,539	1,227	25.4%

Adjusted property EBITDA for the six months ended June 30, 2018 increased 25.4% to US\$1.54 billion, compared to US\$1.23 billion for the six months ended June 30, 2017. The increase was driven by the revenue increases in the majority of business categories. The management team continues to focus on operational efficiencies and cost control measures throughout both the gaming and non-gaming areas of the business.

- (i) Adjusted property EBITDA, which is a non-IFRS financial measure, is profit attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains/(losses), impairment loss, gain/(loss) on disposal of property and equipment, investment properties and intangible assets, interest, gain/(loss) on modification or early retirement of debt and income tax benefit/(expense). Management utilizes adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Gaming companies have historically reported adjusted property EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific casino properties, such as pre-opening expense and corporate expense, from their adjusted property EBITDA calculations. Adjusted property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating

performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments and debt principal repayments, which are not reflected in adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, adjusted property EBITDA as presented by the Group may not be directly comparable to similarly titled measures presented by other companies.

Interest Expense

The following table summarizes information related to interest expense:

	Six months ended June 30,		
	2018	2017	Percent change
	<i>(US\$ in millions)</i>		
Interest and other finance costs	89	74	20.3%
Less: interest capitalized	(1)	(1)	—%
Interest expense, net	<u>88</u>	<u>73</u>	20.5%

Interest expense, net of amounts capitalized, was US\$88 million for the six months ended June 30, 2018, compared to US\$73 million for the six months ended June 30, 2017. The increase was primarily due to a US\$15 million increase in interest and other finance costs, primarily driven by increases in interest rate and a US\$4 million increase in amortization of deferred financing cost due to adoption of IFRS 9. Our weighted average borrowing cost for the six months ended June 30, 2018 was approximately 3.0%, compared to 2.4% for the six months ended June 30, 2017.

Profit for the Period

Profit for the six months ended June 30, 2018 was US\$979 million, an increase of 44.4%, compared to US\$678 million for the six months ended June 30, 2017.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

We fund our operations through cash generated from our operations and our debt financing. As at June 30, 2018, we held cash and cash equivalents of US\$1.06 billion, which was primarily generated from our operations. Such cash and cash equivalents were mainly held in HK\$.

During the six months ended June 30, 2018, we withdrew borrowings in the aggregate principal amount of US\$746 million and repaid US\$249 million under the 2016 VML Revolving Facility. As at June 30, 2018, the Group had US\$1.49 billion of available borrowing capacity under the 2016 VML Revolving Facility.

Cash Flows — Summary

Our cash flows consisted of the following:

	Six months ended June 30,	
	2018	2017
	<i>(US\$ in millions)</i>	
Net cash generated from operating activities	1,680	1,304
Net cash used in investing activities	(217)	(220)
Net cash used in financing activities	(1,637)	(1,584)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(174)	(500)
Cash and cash equivalents at beginning of period	1,239	1,284
Effect of exchange rate on cash and cash equivalents	(2)	(3)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>1,063</u>	<u>781</u>

Cash Flows — Operating Activities

We derive most of our operating cash flows from our casino, mall and hotel operations. Net cash generated from operating activities for the six months ended June 30, 2018 increased 28.8% to US\$1.68 billion, compared to US\$1.30 billion for the six months ended June 30, 2017. The increase was primarily attributable to the increase in operating income and changes in our working capital accounts, consisting primarily of changes in trade and other payables.

Cash Flows — Investing Activities

Net cash used in investing activities for the six months ended June 30, 2018 was US\$217 million and was primarily attributable to capital expenditures for development projects as well as maintenance capital spending. Capital expenditures for the six months ended June 30, 2018, totaled US\$219 million, including US\$69 million, US\$68 million and US\$53 million for construction activities at The Venetian Macao, The Parisian Macao and Sands Cotai Central respectively and US\$29 million for our other operations.

Cash Flows — Financing Activities

Net cash used in financing activities for the six months ended June 30, 2018 was US\$1.64 billion, which was primarily attributable to US\$2.05 billion in dividend payments and US\$20 million of repayments on the 2016 Non-Extended VML Term Loans. During the six months ended June 30, 2018, we withdrew borrowings in the aggregate principal amount of US\$746 million and repaid US\$249 million under the 2016 VML Revolving Facility.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures, excluding capitalized interest and construction payables:

	Six months ended June 30,	
	2018	2017
	<i>(US\$ in millions)</i>	
The Venetian Macao	69	60
Sands Cotai Central	53	33
The Parisian Macao	68	111
The Plaza Macao	22	13
Sands Macao	7	3
Ferry and other operations	—	3
	<hr/>	<hr/>
Total capital expenditures	219	223
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Capital expenditures are used primarily for new projects and to renovate, upgrade and maintain existing properties.

In October 2017, we announced we will renovate, expand and rebrand Sands Cotai Central into a new destination integrated resort, The Londoner Macao, by adding extensive thematic elements both externally and internally. The Londoner Macao will feature new attractions and features from London, including some of London's most recognizable landmarks, an expanded retail mall and approximately 370 additional luxury suites located within the hotel tower that includes the suites under the St. Regis brand. Design work has commenced and construction will be phased to minimize disruption during the property's peak periods. We expect the project to be completed in 2020.

We also announced the tower adjacent to the Four Seasons Hotel Macao will feature approximately 280 additional premium quality suites. We have completed the structural work of the tower and plan to commence build out of the suites in 2018. We expect the project to be completed in 2019. The completion dates for these projects are subject to change as we continue our planning and design work.

CAPITAL COMMITMENTS

Future commitments for property and equipment that are not recorded in the financial statements herein are as follows:

	June 30,	December 31,
	2018	2017
	<i>(US\$ in millions)</i>	
Contracted but not provided for	200	201
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DIVIDENDS

On January 19, 2018, the Board declared an interim dividend of HK\$0.99 (equivalent to US\$0.127) per share. The interim dividend, amounting in aggregate to HK\$7.99 billion (equivalent to US\$1.02 billion), was paid on February 23, 2018.

On May 25, 2018, the Shareholders approved a final dividend of HK\$1.00 (equivalent to US\$0.127) per share for the year ended December 31, 2017 to Shareholders whose names appeared on the register of members of the Company on June 4, 2018. The final dividend, amounting in aggregate to HK\$8.08 billion (equivalent to US\$1.03 billion), was paid on June 22, 2018.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2018.

PLEDGED FIXED ASSETS

We have pledged a substantial portion of our fixed assets to secure our loan facilities. As at June 30, 2018, we have pledged leasehold interests in land; buildings; building, land and leasehold improvements; furniture, fittings and equipment; construction in progress; and vehicles with an aggregate net book value of approximately US\$6.38 billion (December 31, 2017: US\$6.48 billion).

CONTINGENT LIABILITIES

The Group has contingent liabilities arising in the ordinary course of business. Management has made estimates for potential litigation costs based upon consultation with legal counsel. Actual results could differ from these estimates; however, in the opinion of management, such litigation and claims will not have a material adverse effect on our financial condition, results of operations or cash flows.

CAPITAL RISK MANAGEMENT

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of debt, which includes borrowings (including current and non-current borrowings as shown in Note 15 to the condensed consolidated financial statements), net of cash and cash equivalents, and equity attributable to Shareholders, comprising issued share capital and reserves.

The Group actively and regularly reviews and manages its capital structure to maintain the net debt-to-capital ratio (gearing ratio) at an appropriate level based on its assessment of the current risk and circumstances. This ratio is calculated as net debt divided by total capital. Net debt is calculated as interest bearing borrowings, net of deferred financing costs, less cash and cash equivalents and restricted cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

	June 30, 2018	December 31, 2017
	<i>(US\$ in millions)</i>	
Interest bearing borrowings, net of deferred financing costs	4,730	4,275
Less: cash and cash equivalents	(1,063)	(1,239)
restricted cash and cash equivalents	(12)	(11)
	<hr/>	<hr/>
Net debt	3,655	3,025
Total equity	3,501	4,538
	<hr/>	<hr/>
Total capital	7,156	7,563
	<hr/> <hr/>	<hr/> <hr/>
Gearing ratio	51.1%	40.0%
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The increase in the gearing ratio during the six months ended June 30, 2018 was due to dividend payments of US\$2.05 billion and increase in net borrowings of US\$455 million.

BUSINESS REVIEW AND PROSPECTS

Our business strategy is to develop Cotai and to leverage our large-scale integrated resort business model to create Asia's premier gaming, leisure, convention and meetings destination. The Company continues to execute on the strategies outlined in our 2017 annual report. These strategies have proven to be successful in the first half of 2018 and we are confident they will continue into the future.

As our integrated resorts mature, we will continue to reinvest in our portfolio of properties to maintain our high quality products and remain competitive in the markets in which we operate. We are constantly evaluating opportunities to improve our product offerings, such as refreshing our suites and rooms and our gaming areas.

The Venetian Macao

The VIP gaming areas in The Venetian Macao will be refurbished to provide the best possible service to our VIP and premium players. The objective is to create a new benchmark VIP gaming area in Macao, with all the associated world-class facilities and amenities. The areas will be contemporary in style and feature new furniture and fixtures. Guest technology requirements were also addressed as part of the refurbishment. Private gaming salons and private smoking rooms will be available to our VIP guests. Construction commenced in early 2018, and areas will progressively be brought on line from the second half of 2018 through to completion in late 2020.

The Plaza Macao

The VIP gaming areas in The Plaza Macao will also be refurbished. New entrances to the property and private gaming salons will be available to our VIP guests. Encompassing the premium player areas on the main floor and Level 2, and VIP areas on Level 3 and Level 4, construction commenced in early 2018, with areas being progressively refurbished in a staged approach until expected completion in the third quarter of 2019.

In October 2017, the Company announced the tower adjacent to the Four Seasons Hotel Macao will feature approximately 280 additional premium quality suites. The Company has completed the structural work of the tower and plan to commence build out of the suites in 2018. The Company expects the project to be completed in 2019.

The Parisian Macao

To better cater to changing customer demand, the number of suites in The Parisian Macao will be increased by combining and converting standard rooms. The construction of these suites will be completed in September 2018.

Sands Cotai Central

In October 2017, the Company announced it will renovate, expand and rebrand Sands Cotai Central into a new destination integrated resort, The Londoner Macao, by adding extensive thematic elements both externally and internally. The Londoner Macao will feature new attractions and features from London, including some of London's most recognizable landmarks, an expanded retail mall and approximately 370 additional luxury suites located within the hotel tower that includes the suites under the St. Regis brand. Design work has commenced and construction will be phased to minimize disruption during the property's peak periods. We expect the project to be completed in 2020.

Smoking Lounges in Gaming Areas

The Macao Legislative Assembly passed an amendment bill on July 14, 2017, which will come into force on January 1, 2019, making all casino areas non-smoking and mandatory for casinos to upgrade or set up smoking lounges. Within a one-year transition period after the effective date of the amendment bill, smoking lounges have to be set up in all VIP areas and the existing smoking lounges in the mass gaming floors across our properties will need to be upgraded to comply with the enhanced technical standards. Consequently a number of new and upgraded smoking lounges are planned for construction across all our properties. Construction work has commenced and is expected to be completed by the end of the year in line with the requirements for the appropriate regulatory approval.

LEGAL PROCEEDINGS

There has been no material change since the publication of the Company's 2017 annual report in respect of the legal proceedings that the Company is involved in.

3. CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

Corporate governance is the collective responsibility of the Board. The Directors firmly believe good corporate governance is key to creating Shareholder value and ensuring proper management of the Company in the interests of all stakeholders. An effective system of corporate governance requires that our Board approves strategic direction, monitors performance, oversees effective risk management and internal control systems, and leads the creation of the right compliant culture across the organization. It also gives our investors confidence that we are exercising our stewardship responsibilities with due skill and care.

To ensure that we adhere to high standards of corporate governance, we have developed our own corporate governance principles and guidelines that set out how corporate governance operates in practice within the Company. This is based on the policies, principles and practices set out in the Code and draws on other best practices.

Throughout the six months ended June 30, 2018, save as disclosed below, the Board considers the Company fully complied with the code provisions and certain recommended best practices set out in the Code.

Code Provision A.2.1 — Chairman and Chief Executive Officer roles

Code provision A.2.1 provides the roles of Chairman and Chief Executive Officer should be separate and not performed by the same individual. At Sands China, both roles have been performed by Mr. Sheldon Gary Adelson since March 2015. The Company believes the combined roles of Mr. Adelson provide for better leadership of the Board and management and allow for more focus on developing strategies and implementation of policies and objectives.

Code Provision E.1.2 — Annual General Meeting attendance

Code provision E.1.2 provides the Chairman of the Board should attend the annual general meeting of the Company. Mr. Sheldon Gary Adelson was unable to attend the annual general meeting held on May 25, 2018 due to other business commitments. In his absence, the annual general meeting was chaired by Dr. Wong Ying Wai, who liaised with Mr. Adelson on all key matters prior to the meeting. Mr. Adelson was also debriefed on the meeting and any matters arising to ensure any matters raised at the annual general meeting were followed up and considered by the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has developed the Company Code for securities transactions by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code. Following specific enquiry by the Company, all Directors have confirmed they have complied with the Company Code and, therefore, with the Model Code throughout the six months ended June 30, 2018 and to the date of this announcement.

BOARD AND BOARD COMMITTEES COMPOSITION

There was no change to the composition of the Board and the Board Committees of the Company during the six months ended June 30, 2018 and up to the date of this announcement.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed the accounting policies adopted by the Group and the unaudited condensed consolidated financial statements for the six months ended June 30, 2018, which was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. All Audit Committee members are Independent Non-Executive Directors, with Mr. Victor Patrick Hoog Antink (Chairman of the Audit Committee) and Mr. Kenneth Patrick Chung possessing the appropriate professional qualifications and accounting and related financial management expertise.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

4. FINANCIAL RESULTS

The financial information set out below in this announcement represents the condensed consolidated financial statements, which is unaudited but has been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and by our Audit Committee.

CONSOLIDATED INCOME STATEMENT

		Six months ended June 30,	
		2018	2017
		<i>US\$ in millions</i>	
	<i>Note</i>	<i>except per share data</i>	
		<i>(Unaudited)</i>	
Net revenues	4	4,265	3,635
Gaming tax		(1,688)	(1,400)
Employee benefit expenses		(622)	(605)
Depreciation and amortization	5	(308)	(385)
Inventories consumed		(49)	(46)
Other expenses and losses	6	(537)	(439)
		<hr/>	<hr/>
Operating profit		1,061	760
Interest income		3	3
Interest expense, net of amounts capitalized	7	(88)	(73)
		<hr/>	<hr/>
Profit before income tax		976	690
Income tax benefit/(expense)	8	3	(12)
		<hr/>	<hr/>
Profit for the period attributable to equity holders of the Company		979	678
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to equity holders of the Company			
— Basic	9	US12.11 cents	US8.39 cents
		<hr/> <hr/>	<hr/> <hr/>
— Diluted	9	US12.10 cents	US8.39 cents
		<hr/> <hr/>	<hr/> <hr/>

Note: Prior period amounts have been adjusted to conform to the current period presentation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
Profit for the period attributable to equity holders of the Company	979	678
Other comprehensive loss, net of tax		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(17)	(22)
Total comprehensive income for the period attributable to equity holders of the Company	962	656

CONSOLIDATED BALANCE SHEET

		June 30,	December 31,
		2018	2017
		<i>US\$ in millions</i>	
		<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
Non-current assets			
Investment properties, net	11	651	1,311
Property and equipment, net	11	8,190	7,687
Intangible assets, net		37	34
Other assets, net		34	34
Trade and other receivables and prepayments, net		24	23
Total non-current assets		8,936	9,089
Current assets			
Inventories		14	15
Trade and other receivables and prepayments, net	12	320	293
Restricted cash and cash equivalents		12	11
Cash and cash equivalents		1,063	1,239
Total current assets		1,409	1,558
Total assets		10,345	10,647

		June 30, 2018	December 31, 2017
	<i>Note</i>	<i>US\$ in millions</i>	
		<i>(Unaudited)</i>	<i>(Audited)</i>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	81	81
Reserves		3,420	4,457
Total equity		3,501	4,538
LIABILITIES			
Non-current liabilities			
Trade and other payables	14	104	92
Borrowings	15	4,782	4,358
Deferred income tax liabilities		57	62
Total non-current liabilities		4,943	4,512
Current liabilities			
Trade and other payables	14	1,815	1,537
Current income tax liabilities		3	6
Borrowings	15	83	54
Total current liabilities		1,901	1,597
Total liabilities		6,844	6,109
Total equity and liabilities		10,345	10,647
Net current liabilities		(492)	(39)
Total assets less current liabilities		8,444	9,050

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve	Share premium	Statutory reserve	Share-based compensation reserves	Currency translation reserve	Retained earnings	Total
	<i>US\$ in millions</i>							
	<i>(Unaudited)</i>							
For the six months ended								
June 30, 2017								
Balance at January 1, 2017	81	87	1,411	6	89	6	3,327	5,007
Profit for the period	—	—	—	—	—	—	678	678
Other comprehensive loss for the period, net of tax	—	—	—	—	—	(22)	—	(22)
Total comprehensive income	—	—	—	—	—	(22)	678	656
Exercise of share options	—	—	6	—	—	—	—	6
Transfer to share premium upon exercise of share options	—	—	2	—	(2)	—	—	—
Forfeiture of share options	—	—	—	—	(2)	—	2	—
Share-based compensation of the Company	—	—	—	—	7	—	—	7
Dividends to equity holders of the Company (Note 10)	—	—	—	—	—	—	(2,069)	(2,069)
Balance at June 30, 2017	81	87	1,419	6	92	(16)	1,938	3,607
For the six months ended								
June 30, 2018								
Balance at January 1, 2018	81	87	1,428	6	88	(16)	2,864	4,538
Effect of adoption of IFRS 9 (Note 3)	—	—	—	—	—	—	24	24
Balance at January 1, 2018 (Restated)	81	87	1,428	6	88	(16)	2,888	4,562
Profit for the period	—	—	—	—	—	—	979	979
Other comprehensive loss for the period, net of tax	—	—	—	—	—	(17)	—	(17)
Total comprehensive income	—	—	—	—	—	(17)	979	962
Exercise of share options	—	—	22	—	—	—	—	22
Transfer to share premium upon exercise of share options	—	—	6	—	(6)	—	—	—
Forfeiture of share options	—	—	—	—	(1)	—	1	—
Share-based compensation of the Company	—	—	—	—	8	—	—	8
Dividends to equity holders of the Company (Note 10)	—	—	—	—	—	—	(2,053)	(2,053)
Balance at June 30, 2018	81	87	1,456	6	89	(33)	1,815	3,501

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
Net cash generated from operating activities	1,680	1,304
Cash flows from investing activities		
Increase in restricted cash and cash equivalents	(1)	—
Purchase of property and equipment	(199)	(200)
Additions to investment properties	(10)	(18)
Purchase of intangible assets	(10)	(5)
Interest received	3	3
	<hr/>	<hr/>
Net cash used in investing activities	(217)	(220)
Cash flows from financing activities		
Proceeds from exercise of share options	22	6
Proceeds from bank loans	746	650
Repayments of bank loans	(269)	(107)
Dividends paid	(2,052)	(2,067)
Repayments of finance lease liabilities	(14)	(4)
Interest paid	(70)	(62)
	<hr/>	<hr/>
Net cash used in financing activities	(1,637)	(1,584)
Net decrease in cash and cash equivalents	(174)	(500)
Cash and cash equivalents at beginning of period	1,239	1,284
Effect of exchange rate on cash and cash equivalents	(2)	(3)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	1,063	781
Cash and cash equivalents comprised:		
Cash at bank and on hand	496	386
Short-term bank deposits	567	395
	<hr/>	<hr/>
	1,063	781
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Principal activities

The Group is principally engaged in the operation of casino games of chance or games of other forms and the development and operation of integrated resorts and other ancillary services in Macao. The Group's immediate holding company is Venetian Venture Development Intermediate II. Las Vegas Sands Corp., a company incorporated in Nevada, U.S.A. and indirectly holds 70.02% ownership interest in the Group as at June 30, 2018, is the Group's ultimate holding company.

The Company was incorporated in the Cayman Islands on July 15, 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The Company's principal place of business is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Group owns and operates The Venetian Macao-Resort-Hotel (“**The Venetian Macao**”), which anchors the Cotai Strip, the Group's master-planned development of integrated resort properties in Macao. Sands Cotai Central opened in phases, beginning in April 2012. The property currently features four hotel towers, consisting of hotel rooms and suites under the Conrad, Holiday Inn, Sheraton and St. Regis brands. In October 2017, the Company announced it will renovate, expand and rebrand Sands Cotai Central into a new destination integrated resort, The Londoner Macao, by adding extensive thematic elements both externally and internally. The Londoner Macao will feature new attractions and features from London, including some of London's most recognizable landmarks, an expanded retail mall and approximately 370 additional luxury suites located within the hotel tower that includes the suites under the St. Regis brand. In September 2016, the Group opened The Parisian Macao, an integrated resort connected to The Venetian Macao and The Plaza Macao. The Group owns The Plaza Macao, which is located adjacent and connected to The Venetian Macao. The Plaza Macao is an integrated resort that includes the Four Seasons Hotel Macao, the Plaza Casino, Shoppes at Four Seasons and Paiza Mansions. Our plan is The Plaza Macao will also feature approximately additional 280 premium quality suites in a tower adjacent to the Four Seasons Hotel Macao. The Group also owns and operates the Sands Macao, the first Las Vegas-style casino in Macao. The Group's other ancillary services include ferry operations and other related operations.

The Company's shares were listed on the Main Board of the Stock Exchange on November 30, 2009.

The unaudited condensed consolidated financial statements are presented in millions of units of United States dollars (“**US\$ in millions**”), unless otherwise stated. The condensed consolidated financial statements were approved for issue by the Board of Directors of the Company on July 26, 2018.

These condensed consolidated financial statements have not been audited.

2. Basis of preparation

The condensed consolidated financial statements for the six months ended June 30, 2018 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the applicable disclosure requirements of Appendix 16 to the Listing Rules. They should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2017, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

3. Changes in accounting policies and disclosures

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial liabilities for cash-settled share-based payment transactions that are measured at fair value.

The accounting policies adopted and methods of computation used in the preparation of the condensed consolidated financial statements for the six months ended June 30, 2018 are consistent with those adopted and as described in the Group’s annual financial statements for the year ended December 31, 2017, except for the adoption of new and amendments to IFRSs as of January 1, 2018, noted below which are relevant to the Group.

IFRS 15 Revenue from Contracts with Customers

The accounting standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of IFRS 15 is an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. See Note 4 for these disclosures. The Group adopted the new standard on January 1, 2018, on a full retrospective basis.

Revenue from contracts with customers primarily consists of casino wagers, room sales, food and beverage transactions, convention sales and entertainment and ferry ticket sales. These contracts can be written, oral or implied by customary business practices.

Gross casino revenue is the aggregate of gaming wins and losses. The commissions rebated to junket operators and premium players for rolling play, cash discounts and other cash incentives to patrons related to gaming play are recorded as a reduction to gross casino revenue. Gaming contracts include a performance obligation to honor the patron’s wager and typically include a performance obligation to provide a product or service to the patron on a complimentary basis to incentivize gaming or in exchange for points earned under the Group’s loyalty programs.

For wagering contracts that include complimentary products and services provided by the Group to incentivize gaming, the Group allocates the relative stand-alone selling price of each product and service to the respective revenue type. Complimentary products or services provided under the Group's control and discretion, which are supplied by third parties, are recorded as an operating expense.

For wagering contracts that include products and services provided to a patron in exchange for points earned under the Group's loyalty programs, the Group allocates the estimated stand-alone selling price of the points earned to the loyalty program liability. The loyalty program liability is a deferral of revenue until redemption occurs. Upon redemption of loyalty program points for Group-owned products and services, the stand-alone selling price of each product or service is allocated to the respective revenue type. For redemptions of points with third parties, the redemption amount is deducted from the loyalty program liability and paid directly to the third party. Any discounts received by the Group from the third party in connection with this transaction are recorded to other revenue.

After allocation to the other revenue types for products and services provided to patrons as part of a wagering contract, the residual amount is recorded to casino revenue as soon as the wager is settled. As all wagers have similar characteristics, the Group accounts for its gaming contracts collectively on a portfolio basis versus an individual basis.

Hotel revenue recognition criteria are met at the time of occupancy. Food and beverage revenue recognition criteria are met at the time of service. Convention revenues are recognized when the related service is rendered or the event is held. Deposits for future hotel occupancy, convention space or food and beverage services contracts are recorded as deferred income until the revenue recognition criteria are met. Cancellation fees for hotel, meeting space and food and beverage services are recognized upon cancellation by the customer and are included in other revenues. Ferry and entertainment revenue recognition criteria are met at the completion of the ferry trip or event, respectively. Revenue from contracts with a combination of these services is allocated pro rata based on each service's relative stand-alone selling price.

The standard changes the accounting for complimentary services (including rooms, food and beverage, and other services) provided to casino guests as incentives related to gaming play. Complimentary revenues were previously excluded from revenues in the accompanying consolidated income statement prepared in accordance with IFRS. The adoption of the new standard resulted in a decrease in casino revenue due to complimentary services provided and recognition of revenue in the resulting business category of the goods or services provided when the services are rendered. The cost of providing such complimentary services were regrouped in the respective business categories. Certain commission arrangements with third parties were reclassified out of operating expenses and netted with revenue.

Effect on the consolidated income statement for the six months ended June 30, 2017 is as follows:

	For the six months ended June 30, 2017 as previously stated	Effects of IFRS 15	Reclassification (Note)	For the six months ended June 30, 2017 as restated
		<i>US\$ in millions</i>		
Net revenues	3,698	(63)	—	3,635
Gaming promoter/ agency commissions	(68)	65	3	—
Other expenses and losses	(434)	(2)	(3)	(439)

Note: Amount represented agency commissions. As the amount was immaterial, it was reclassified to “Other expenses and losses” for the purpose of presenting the consolidated income statement.

IFRS 9 Financial Instruments

The accounting standard replaces the provisions of IAS 39 “Financial Instruments: Recognition and Measurement” that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. In accordance with the transition provisions in IFRS 9 (7.2.15), comparative figures have not been restated.

Effect on the consolidated retained earnings as of January 1, 2018 is as follows:

	<i>Note</i>	<i>US\$ in millions</i>
Closing retained earnings as of December 31, 2017 — IAS 39		2,864
Decrease in carrying amount of bank loan measured at amortized cost	(i)	<u>24</u>
Opening retained earnings as of January 1, 2018 — IFRS 9		<u><u>2,888</u></u>

(i) Classification and measurement – borrowings

Following the adoption of IFRS 9, the Group is no longer able to defer the recognition of gain from the modification of debt, which did not result in a derecognition of the financial liability. Under the Group's previous accounting policies, this gain would have been recognized over the remaining life of the borrowing by adjusting the effective interest rate, on the basis the terms and conditions of the credit facility remained largely unchanged. As a result, the carrying amount of the bank loan which is still recognized on the date of the adoption of IFRS 9 has been decreased by US\$24 million and the opening retained earnings as of January 1, 2018 has been increased.

(ii) Impairment of financial asset

The Group's financial assets consist of cash and cash equivalents, restricted cash and cash equivalents and trade and other receivables that are subsequently recognized at amortized cost. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, using a lifetime expected loss allowance for all trade and other receivables. Cash and cash equivalents and restricted cash and cash equivalents are also subject to the impairment requirements of IFRS 9 and due to their nature the expected loss allowance is immaterial.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The loss allowance for trade receivables applying lifetime expected credit loss as compared to the incurred loss model of IAS 39 did not result in a material difference and hence did not result in an adjustment of opening retained earnings as of January 1, 2018.

For the other new and amendments to IFRSs that are effective for the period, there are no material impact on the results of operations and financial position of the Group.

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated financial statements, the significant judgments made by management in the process of applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended December 31, 2017.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2017. There have been no significant changes in any risk management policies since the year ended December 31, 2017.

4. Net revenues

The Group generates revenues at its properties by providing the following types of products and services: casino, rooms, mall, food and beverage and convention, ferry, retail and other. Revenue disaggregated by type of revenue and property is as follows:

	Casino	Rooms	Mall ⁽ⁱⁱ⁾	Food and beverage	Convention, ferry, retail and other	Net revenues
	<i>US\$ in millions</i>					
	<i>(Unaudited)</i>					
For the six months ended						
June 30, 2018						
The Venetian Macao	1,393	109	109	41	46	1,698
Sands Cotai Central	804	160	29	52	13	1,058
The Parisian Macao	599	61	30	31	9	730
The Plaza Macao	278	19	64	15	1	377
Sands Macao	308	8	2	13	2	333
Ferry and other operations	—	—	—	—	77	77
Inter-segment revenues ⁽ⁱ⁾	—	—	(1)	—	(7)	(8)
	3,382	357	233	152	141	4,265
	3,382	357	233	152	141	4,265
For the six months ended						
June 30, 2017						
The Venetian Macao	1,134	82	106	34	44	1,400
Sands Cotai Central	675	129	33	48	13	898
The Parisian Macao	528	60	34	31	10	663
The Plaza Macao	180	16	63	13	1	273
Sands Macao	308	10	—	13	3	334
Ferry and other operations	—	—	—	—	75	75
Inter-segment revenues ⁽ⁱ⁾	—	—	(1)	—	(7)	(8)
	2,825	297	235	139	139	3,635
	2,825	297	235	139	139	3,635

Note: Prior period amounts have been adjusted to conform to the current period presentation.

(i) Inter-segment revenues are charged at prevailing market rates.

(ii) Of this amount, US\$198 million and US\$35 million (six months ended June 30, 2017: US\$197 million and US\$38 million) are related to income from right of use and management fee and other, respectively. Income from right of use is recognized in accordance with IAS 17 Leases.

Contract and Contract Related Liabilities

The Group provides numerous products and services to its customers. There is often a timing difference between the cash payment by the customers and recognition of revenue for each of the associated performance obligations. The Group has the following main types of liabilities associated with contracts with customers: (1) outstanding chip liability, (2) loyalty program liability, and (3) customer deposits and other deferred revenue for gaming and non-gaming products and services yet to be provided.

The outstanding chip liability represents the collective amounts owed to junket operators and patrons in exchange for gaming chips in their possession. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of being purchased. The loyalty program liability represents a deferral of revenue until patron redemption of points earned. The loyalty program points are expected to be redeemed and recognized as revenue within one year of being earned. Customer deposits and other deferred revenue represent cash deposits made by customers for future services provided by the Group. With the exception of mall deposits, which are tied to the terms of the lease and typically extend beyond a year, the majority of these customer deposits and other deferred revenue are expected to be recognized as revenue or refunded to the customer within one year of the date the deposit was recorded.

The following table summarizes the liability activity related to contracts with customers:

	Outstanding chip liability		Loyalty program liability		Customer deposits and other deferred revenue⁽ⁱ⁾	
	2018	2017	2018	2017	2018	2017
	<i>US\$ in millions</i>					
	<i>(Unaudited)</i>					
Balance at January 1	418	483	30	45	424	343
Balance at June 30	647	522	33	32	440	387
Increase (decrease)	229	39	3	(13)	16	44

- (i) Of this amount, US\$126 million, US\$121 million, US\$113 million and US\$109 million as of June 30, 2018, January 1, 2018, June 30, 2017 and January 1, 2017, respectively, relates to mall deposits that are accounted for based on lease terms usually greater than one year.

5. Segment information

Management has determined the operating segments based on the reports reviewed by a group of senior management which is the chief operating decision-maker of the Group that makes strategic decisions. The Group considers the business from a property and service perspective.

The Group's principal operating and developmental activities occur in Macao, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its key operating segments, which are also the reportable segments: The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao, Sands Macao and ferry and other operations. The Group's primary projects under development include the renovation, expansion and rebranding of Sands Cotai Central and the additional rooms in the tower adjacent to the Four Seasons Hotel Macao.

Revenue is comprised of revenue from the sale of goods and services in the ordinary course of the Group's activities. The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Sands Macao derive their revenue primarily from casino, hotel, mall, food and beverage, convention, retail and other sources. Ferry and other operations mainly derive their revenue from the sale of ferry tickets for transportation between Hong Kong and Macao.

The Group's segment information is as follows:

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
Net revenues		
The Venetian Macao	1,698	1,400
Sands Cotai Central	1,058	898
The Parisian Macao	730	663
The Plaza Macao	377	273
Sands Macao	333	334
Ferry and other operations	77	75
Inter-segment revenues ⁽ⁱ⁾	(8)	(8)
	4,265	3,635

Note: Prior period amounts have been adjusted to conform to the current period presentation.

(i) Inter-segment revenues are charged at prevailing market rates.

Six months ended June 30,
2018 2017
US\$ in millions
(Unaudited)

Adjusted property EBITDA (Unaudited)⁽ⁱ⁾	2018	2017
The Venetian Macao	679	547
Sands Cotai Central	377	276
The Parisian Macao	230	188
The Plaza Macao	145	111
Sands Macao	99	93
Ferry and other operations	9	12
	<hr/>	<hr/>
Total adjusted property EBITDA	1,539	1,227
Share-based compensation, net of amount capitalized ⁽ⁱⁱ⁾	(8)	(7)
Corporate expense	(62)	(57)
Pre-opening expense	(3)	(6)
Depreciation and amortization	(308)	(385)
Net foreign exchange losses	(4)	(7)
Loss on disposal of property and equipment, investment properties and intangible assets	(93)	(5)
	<hr/>	<hr/>
Operating profit	1,061	760
Interest income	3	3
Interest expense, net of amounts capitalized	(88)	(73)
	<hr/>	<hr/>
Profit before income tax	976	690
Income tax benefit/(expense)	3	(12)
	<hr/>	<hr/>
Profit for the period attributable to equity holders of the Company	979	678
	<hr/> <hr/>	<hr/> <hr/>

(i) Adjusted property EBITDA, which is a non-IFRS financial measure, is profit attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains/(losses), impairment loss, gain/(loss) on disposal of property and equipment, investment properties and intangible assets, interest, gain/(loss) on modification or early retirement of debt and income tax benefit/(expense). Management utilizes adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Gaming companies have historically reported adjusted property EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific casino properties, such as pre-opening expense and corporate expense, from their adjusted property EBITDA calculations. Adjusted property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments and debt principal repayments, which are not reflected in adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, adjusted property EBITDA as presented by the Group may not be directly comparable to similarly titled measures presented by other companies.

(ii) Amounts include no share-based compensation during the six months ended June 30, 2018 (six months ended June 30, 2017: US\$1 million and nil) related to corporate expense and pre-opening expense, respectively.

Six months ended June 30,
2018 2017
US\$ in millions
(Unaudited)

Depreciation and amortization

The Venetian Macao	71	85
Sands Cotai Central	117	139
The Parisian Macao	84	114
The Plaza Macao	16	20
Sands Macao	12	19
Ferry and other operations	8	8
	<hr/>	<hr/>
	308	385
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Depreciation and amortization expenses were US\$308 million for the six months ended June 30, 2018, a decrease of 20.0%, compared to US\$385 million for the six months ended June 30, 2017. During the year ended December 31, 2017, the Group completed an evaluation of the estimated useful lives of its property and equipment and investment properties and determined that changes to the useful lives of certain assets were appropriate. The impact of this change for the six months ended June 30, 2018 was a decrease in depreciation expense of US\$82 million.

Six months ended June 30,
2018 2017
US\$ in millions
(Unaudited)

Capital expenditures

The Venetian Macao	69	60
Sands Cotai Central	53	33
The Parisian Macao	68	111
The Plaza Macao	22	13
Sands Macao	7	3
Ferry and other operations	—	3
	<hr/>	<hr/>
	219	223
	<hr/> <hr/>	<hr/> <hr/>

	June 30, 2018	December 31, 2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>
Total assets		
The Venetian Macao	2,524	2,669
Sands Cotai Central	3,860	3,972
The Parisian Macao	2,494	2,531
The Plaza Macao	886	959
Sands Macao	285	288
Ferry and other operations	296	228
	<hr/>	<hr/>
	10,345	10,647
	<hr/> <hr/>	<hr/> <hr/>

Almost all of the non-current assets of the Group are located in Macao.

6. Other expenses and losses

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
Utilities and operating supplies	98	98
Contract labor and services	75	68
Royalty fees	56	51
Advertising and promotions	54	54
Repairs and maintenance	45	39
Management fees	23	19
Operating lease payments	8	15
Loss on disposal of property and equipment, investment properties and intangible assets	93	5
Net foreign exchange losses	4	7
Auditor's remuneration	1	1
Recovery of doubtful accounts, net	(3)	(1)
Other support services	48	56
Other operating expenses	35	27
	<hr/>	<hr/>
	537	439
	<hr/> <hr/>	<hr/> <hr/>

Note: Prior period amounts have been adjusted to conform to the current period presentation.

Loss on disposal of property and equipment, investment properties and intangible assets was US\$93 million for the six months ended June 30, 2018, compared with a loss of US\$5 million for the six months ended June 30, 2017. The increase was primarily due to a US\$92 million write-off of costs related to the tower adjacent to the Four Seasons Hotel Macao.

7. Interest expense, net of amounts capitalized

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
Bank borrowings	66	55
Amortization of deferred financing costs	14	11
Finance lease liabilities	4	3
Standby fee and other financing costs	5	5
	<u>89</u>	<u>74</u>
Less: interest capitalized	(1)	(1)
	<u>88</u>	<u>73</u>

8. Income tax (benefit)/expense

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
Current income tax		
Lump sum in lieu of Macao complementary tax on dividends	2	3
Deferred income tax	(5)	9
	<u>(3)</u>	<u>12</u>

The Company's subsidiaries that carry on business in Hong Kong are subject to the Hong Kong profits tax at 16.5% for the six months ended June 30, 2018 (six months ended June 30, 2017: same). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions. The maximum rate is 12% for Macao (six months ended June 30, 2017: same) and 25% for China (six months ended June 30, 2017: same).

Pursuant to the Despatch No. 320/2013 issued by the Chief Executive of Macao on October 3, 2013, Venetian Macau Limited (“VML”) was granted an extension of the tax exemption regarding Macao complementary tax on its gaming activities for an additional five years, effective from the tax year 2014 to the tax year 2018. In December 2017, VML requested an extension of the tax exemption for either an additional 5-year period or through June 26, 2022, the date VML’s subconcession agreement expires. There is no assurance that VML will receive an extension. Regarding the other subsidiaries, during the six months ended June 30, 2018, Macao complementary tax is calculated progressively at a maximum of 12% of the estimated assessable profit (six months ended June 30, 2017: same).

VML entered into a Shareholder Dividend Tax Agreement with the Macao Government. The agreement provides for an annual payment in lieu of Macao complementary tax otherwise due by VML’s shareholders on dividend distributions to them from gaming profits, effective through the end of 2013. In May 2014, VML entered into another Shareholder Dividend Tax Agreement with the Macao Government for an extension of the agreement through 2018 to correspond to the Macao complementary tax exemption on its gaming activities. VML intends to request an additional agreement with the Macao Government to correspond to the extension of the tax exemption regarding Macao complementary tax on its gaming activities if the extension of the tax exemption is granted; however, there is no certainty that the agreement will be granted.

9. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended June 30, 2018, the Company had outstanding share options that will potentially dilute the ordinary shares. For the six months ended June 30, 2017, the Company had outstanding share options and restricted share units that would potentially dilute the ordinary shares.

The calculation of basic and diluted earnings per share is based on the following:

	Six months ended June 30,	
	2018	2017
	<i>(Unaudited)</i>	
Profit attributable to equity holders of the Company <i>(US\$ in millions)</i>	<u>979</u>	<u>678</u>
Weighted average number of shares for basic earnings per share <i>(thousand shares)</i>	8,077,408	8,072,069
Adjustments for share options and restricted share units <i>(thousand shares)</i>	<u>10,429</u>	<u>4,466</u>
Weighted average number of shares for diluted earnings per share <i>(thousand shares)</i>	<u>8,087,837</u>	<u>8,076,535</u>
Earnings per share, basic	<u>US12.11 cents</u>	<u>US8.39 cents</u>
Earnings per share, basic ⁽ⁱ⁾	<u>HK95.04 cents</u>	<u>HK65.49 cents</u>
Earnings per share, diluted	<u>US12.10 cents</u>	<u>US8.39 cents</u>
Earnings per share, diluted ⁽ⁱ⁾	<u>HK94.96 cents</u>	<u>HK65.49 cents</u>

(i) The translation of US\$ amounts into HK\$ amounts has been made at the rate of US\$1.00 to HK\$7.8479 (six months ended June 30, 2017: US\$1.00 to HK\$7.8057).

10. Dividends

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
2017 interim dividend of HK\$0.99 (equivalent to US\$0.127) per ordinary share declared on January 19, 2018 and paid	1,023	—
2017 final dividend of HK\$1.00 (equivalent to US\$0.127) per ordinary share declared on May 25, 2018 and paid	1,030	—
2016 interim dividend of HK\$0.99 (equivalent to US\$0.128) per ordinary share declared on January 20, 2017 and paid	—	1,030
2016 final dividend of HK\$1.00 (equivalent to US\$0.129) per ordinary share declared on May 26, 2017 and paid	—	1,039
	<u>—</u>	<u>1,039</u>
	<u>2,053</u>	<u>2,069</u>

On January 19, 2018, the Board declared an interim dividend of HK\$0.99 (equivalent to US\$0.127) per share. The interim dividend, amounting in aggregate to HK\$7.99 billion (equivalent to US\$1.02 billion), was paid on February 23, 2018.

On May 25, 2018, the Shareholders approved a final dividend of HK\$1.00 (equivalent to US\$0.127) per share for the year ended December 31, 2017 to Shareholders whose names appeared on the register of members of the Company on June 4, 2018. The final dividend, amounting in aggregate to HK\$8.08 billion (equivalent to US\$1.03 billion), was paid on June 22, 2018.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2018.

11. Property and equipment, net

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
Balance, beginning of period	7,687	8,111
Additions	210	109
Adjustments to project costs	(4)	(4)
Disposals	(1)	(5)
Transfer from investment properties	609	—
Depreciation	(282)	(356)
Exchange difference	(29)	(46)
	<hr/>	<hr/>
Balance, end of period	<u>8,190</u>	<u>7,809</u>

Pursuant to IAS 40 Investment Property, an entity shall transfer a property to/or from investment property when and only when there is a change in use. Subsequent to the Board's approval in October 2017 to introduce approximately 370 new suites in Sands Cotai Central and approximately 280 new suites in The Plaza Macao, observable actions have taken place to support management's intention to convert part of the St. Regis Macao Tower (formerly the St. Regis-serviced and -branded apart-hotel) and the tower adjacent to the Four Seasons Hotel Macao (formerly Four Seasons apart-hotel tower) to owner-occupied assets. As a result, during the six months ended June 30, 2018, the assets pertaining to part of the St. Regis Macao Tower and the tower adjacent to the Four Seasons Hotel Macao with an aggregate carrying amount of US\$609 million were transferred from investment properties to property and equipment.

12. Trade receivables

The aging analysis of trade receivables, net of provision for doubtful accounts, is as follows:

	June 30,	December 31,
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>
0–30 days	161	171
31–60 days	23	32
61–90 days	27	21
Over 90 days	42	13
	<hr/>	<hr/>
	<u>253</u>	<u>237</u>

Trade receivables mainly consist of casino receivables. The Group extends credit to approved casino customers following background checks and investigations of creditworthiness. Credit is granted to certain gaming promoters on a revolving basis. All gaming promoter credit

lines are generally subject to monthly review and regular settlement procedures to evaluate the current status of liquidity and financial health of these gaming promoters. Credit is granted based on the performance and financial background of the gaming promoter and, if applicable, the gaming promoter's guarantor. The receivables from gaming promoters can be offset against the commissions payable and front money deposits made by the gaming promoters. Absent special approval, the credit period granted to selected premium and mass market players is typically 7–15 days, while for gaming promoters, the receivables are typically repayable within one month following the granting of the credit, subject to terms of the relevant credit agreement. The Group generally does not charge interest for credit granted, but requires a personal check or other acceptable forms of security.

As at June 30, 2018, included in trade receivables after provision for doubtful accounts are casino receivables of US\$196 million (as at December 31, 2017: US\$150 million). There is a concentration of credit risk related to net casino receivables as 37.9% (as at December 31, 2017: 45.2%) of the casino receivables as at June 30, 2018 were from the top five customers. Other than casino receivables, there is no other concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The Group believes the concentration of its credit risk in casino receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures, and also believes no significant credit risk is inherent in the Group's trade receivables not provided for as at June 30, 2018 and December 31, 2017.

The Group maintains an allowance for doubtful casino, mall and hotel receivables and regularly evaluates the balances. Since January 1, 2018, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group specifically analyzes the collectability of each account with a balance over a specified dollar amount, based upon the age of the account, the customer's financial condition, collection history and any other known information, and the Group makes an allowance for trade receivables specifically identified as doubtful. The Group also monitors regional and global economic conditions and forecasts and considers forward-looking information in its evaluation of the adequacy of the recorded allowances.

13. Share capital

	<i>Ordinary shares of US\$0.01 each</i>	<i>US\$ in millions</i>
Issued and fully paid:		
At January 1, 2017 (audited)	8,071,130,245	81
Shares issued upon exercise of share options	<u>1,731,946</u>	<u>—</u>
At June 30, 2017 (unaudited)	<u>8,072,862,191</u>	<u>81</u>
At January 1, 2018 (audited)	8,074,417,766	81
Shares issued upon exercise of share options	<u>5,928,725</u>	<u>—</u>
At June 30, 2018 (unaudited)	<u>8,080,346,491</u>	<u>81</u>

14. Trade and other payables

		June 30, 2018	December 31, 2017
	<i>Note</i>	<i>US\$ in millions</i>	
		<i>(Unaudited)</i>	<i>(Audited)</i>
Trade payables		37	40
Outstanding chips liability	4	647	418
Customer deposits and other deferred revenue	4	440	424
Other tax payables		271	286
Accrued employee benefit expenses		136	137
Construction payables and accruals		159	111
Casino liabilities		59	50
Loyalty program liability	4	33	30
Interest payables		9	5
Payables to related companies — non-trade	17(b)	11	5
Other payables and accruals		117	123
		<u>1,919</u>	<u>1,629</u>
Less: non-current portion		<u>(104)</u>	<u>(92)</u>
Current portion		<u><u>1,815</u></u>	<u><u>1,537</u></u>

Note: Prior period amounts have been adjusted to conform to the current period presentation.

The aging analysis of trade payables is as follows:

	June 30, 2018	December 31, 2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>
0–30 days	33	29
31–60 days	2	5
61–90 days	1	3
Over 90 days	1	3
	<u>37</u>	<u>40</u>

15. Borrowings

	June 30, 2018	December 31, 2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current portion		
Bank loans, secured	4,741	4,301
Finance lease liabilities on leasehold interests in land, secured	122	127
Other finance lease liabilities, secured	3	3
	<hr/>	<hr/>
	4,866	4,431
Less: deferred financing costs	(84)	(73)
	<hr/>	<hr/>
	4,782	4,358
	<hr/>	<hr/>
Current portion		
Bank loans, secured	73	47
Finance lease liabilities on leasehold interests in land, secured	8	5
Other finance lease liabilities, secured	2	2
	<hr/>	<hr/>
	83	54
	<hr/>	<hr/>
Total borrowings	4,865	4,412
	<hr/> <hr/>	<hr/> <hr/>

The Group's borrowings are denominated in the following currencies:

	June 30, 2018	December 31, 2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>
HK\$	2,057	1,944
US\$	1,902	1,696
MOP	906	772
	<hr/>	<hr/>
	4,865	4,412
	<hr/> <hr/>	<hr/> <hr/>

The estimated fair value of the Group's bank loans as at June 30, 2018 was approximately US\$4.75 billion (as at December 31, 2017: US\$4.30 billion). The maturities of bank loans are as follows:

	June 30, 2018	December 31, 2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>
Repayable within 1 year	73	47
Repayable over 1 year but not exceeding 2 years	857	110
Repayable over 2 years but not exceeding 5 years	<u>3,884</u>	<u>4,191</u>
	<u><u>4,814</u></u>	<u><u>4,348</u></u>

The movements of bank loans are analyzed as follows:

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
Balance, beginning of period	4,348	4,388
Proceeds from bank loans	746	650
Repayments of bank loans	(269)	(107)
Exchange difference	<u>(11)</u>	<u>(18)</u>
Balance, end of period	<u><u>4,814</u></u>	<u><u>4,913</u></u>

During the six months ended June 30, 2018, the Group had net borrowings of US\$497 million under the 2016 VML Revolving Facility. As at June 30, 2018, the Group had US\$1.49 billion of available borrowing capacity under the 2016 VML Revolving Facility.

The movements of finance lease liabilities on leasehold interests in land are analyzed as follows:

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
Balance, beginning of period	132	72
Additions	11	—
True-up adjustment	—	(1)
Repayments	<u>(13)</u>	<u>(3)</u>
Balance, end of period	<u><u>130</u></u>	<u><u>68</u></u>

16. Operating lease arrangements, commitments and contingencies

(a) Operating lease arrangements

(i) The Group as the lessee

The Group had future aggregate minimum lease payments under non-cancelable operating leases for property and equipment as follows:

	June 30, 2018	December 31, 2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>
No later than 1 year	4	4
Later than 1 year and no later than 5 years	2	2
	<u>6</u>	<u>6</u>

(ii) The Group as the lessor/grantor of the right of use

The future aggregate minimum lease/base fee receivables under non-cancelable agreements are as follows:

	June 30, 2018	December 31, 2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>
No later than 1 year	360	344
Later than 1 year and no later than 5 years	693	727
Later than 5 years	60	52
	<u>1,113</u>	<u>1,123</u>

(b) Capital commitments

Property and equipment commitments not provided for are as follows:

	June 30, 2018	December 31, 2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>
Contracted but not provided for	<u>200</u>	<u>201</u>

(c) Litigation

The Group has contingent liabilities arising in the ordinary course of business. Management has made estimates for potential litigation costs based upon consultation with legal counsel. Actual results could differ from these estimates; however, in the opinion of management, such litigation and claims will not have a material adverse effect on the Group's financial condition, results of operations or cash flows.

17. Related party transactions

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties during the period:

(a) Transactions during the period

(i) Management fee income

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
LVS	—	1
Intermediate holding companies	—	1
Fellow subsidiaries	2	1
	<u>2</u>	<u>3</u>

Management services are provided by the Group to LVS Group companies. These services include, but are not limited to, accounting services, information technology support, sourcing of goods and services, and design, development and construction consultancy services. Management fees are charged at actual cost incurred or on a cost-plus basis.

(ii) Management fee expense

	Six months ended June 30,	
	2018	2017
	<i>US\$ in millions</i>	
	<i>(Unaudited)</i>	
LVS	8	6
Fellow subsidiaries	3	3
	<u>11</u>	<u>9</u>

Management services are provided by LVS Group companies. These services include, but are not limited to, human resources support, accounting services, sourcing of goods and services, sourcing of tenants for the malls, transportation

services, other various types of marketing and promotion activities for the Group, and design, development and construction consultancy services. Management fees are charged at actual cost incurred or on a cost-plus basis.

(iii) Key management personnel remuneration

During the six months ended June 30, 2018, the aggregate amount of emoluments paid or payable by the Group to the Directors, the key management personnel of the Company, was US\$3 million (six months ended June 30, 2017: US\$3 million). In addition, two Directors in both periods presented received emoluments (inclusive of share-based compensation) from LVS for their services to the Group. The aggregate amount was US\$3 million (six months ended June 30, 2017: US\$2 million), of which US\$2 million (six months ended June 30, 2017: US\$2 million) was charged to the Group in respect of the management and administrative services provided by LVS to the Group for the six months ended June 30, 2018.

Save as disclosed above, no transactions have been entered into with the Directors of the Company during the six months ended June 30, 2018.

(iv) Royalty fees

There has been no change in the terms of the royalty agreement that was entered into with Las Vegas Sands, LLC in November 2009 since the last annual report. After the commencement of the operation of Sands Cotai Central and The Parisian Macao in April 2012 and September 2016, respectively, the Group is required to pay royalty fees in connection with these properties. During the six months ended June 30, 2018, the Group incurred US\$53 million (six months ended June 30, 2017: US\$48 million) of royalty fees under this agreement.

(v) Share-based compensation

The Group participates in the share-based compensation plan of LVS (Notes 18(c) and (d)).

(b) Period-end balances between the Group and related companies

	June 30, 2018	December 31, 2017
	<i>US\$ in millions</i>	
<i>Note</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Payables to related companies:		
LVS	3	2
Intermediate holding company	8	3
	<hr/>	<hr/>
14	11	5
	<hr/> <hr/>	<hr/> <hr/>

The credit period on the payables to related companies is 45 days. The payables are unsecured and interest-free.

18. Share-based compensation

(a) Share options of the Company

Movements in the number of share options outstanding and their related weighted average exercise prices attributable to the employees of the Group as grantees of the Equity Award Plan operated by the Company are as follows:

	Six months ended June 30,		2017	
	2018	Weighted average exercise price	Number of options	Weighted average exercise price
	'000	US\$	'000	US\$
	<i>(Unaudited)</i>			
Outstanding at January 1	48,252	4.39	38,185	4.48
Granted	17,007	5.76	16,475	4.20
Exercised	(5,929)	3.77	(1,732)	3.58
Forfeited	(1,807)	4.88	(2,522)	5.17
	57,523	4.84	50,406	4.38
Outstanding at June 30	57,523	4.84	50,406	4.38
Exercisable at June 30	17,680	5.09	15,532	4.97

(b) Restricted share units of the Company

The grant date fair value of restricted share units is the share price of the ordinary shares of the Company at the respective grant date. The number of unvested equity-settled restricted share units represents the number of ordinary shares of the Company to be given to the employees upon vesting.

Summaries of the unvested restricted share units under the Company's Equity Award Plan are presented below:

	Six months ended June 30,		Six months ended June 30,	
	2018		2017	
	Number of restricted share units '000	Weighted average grant date fair value US\$ <i>(Unaudited)</i>	Number of restricted share units '000	Weighted average grant date fair value US\$
Equity-settled				
Unvested at January 1	—	—	852	7.51
Grant	—	—	—	—
Modified to cash-settled	—	—	—	—
Unvested at June 30	<u>—</u>	—	<u>852</u>	7.51

	Six months ended June 30,		Six months ended June 30,	
	2018		2017	
	Number of restricted share units '000	Weighted average grant date fair value US\$ <i>(Unaudited)</i>	Number of restricted share units '000	Weighted average grant date fair value US\$
Cash-settled				
Unvested at January 1	852	7.51	236	7.13
Modified from equity-settled	—	—	—	—
Vested	<u>(852)</u>	7.51	<u>—</u>	—
Unvested at June 30	<u>—</u>	—	<u>236</u>	7.13

The fair value of the cash-settled liability awards is remeasured each reporting period until the vesting dates. Upon settlement, the Group will pay the grantees an amount in cash calculated based on the higher of (i) the closing price of the Company's shares on the vesting date, and (ii) the average closing price of the Company's shares for the five trading days immediately preceding the vesting date. If the vesting date is not a trading day, the trading day immediately preceding the vesting date shall be considered as the vesting date. All cash-settled restricted share units have been vested during the six months ended June 30, 2018. During the six months ended June 30, 2018, the Company paid US\$5 million (six months ended June 30, 2017: US\$2 million) to settle vested

restricted share units that were previously classified as equity awards. As at December 31, 2017, the accrued liability associated with these cash-settled restricted share units was US\$4 million. For the six months ended June 30, 2018, no fair value gain or loss (2017: nil) on remeasurement of the liability was recognized in the consolidated financial statements.

(c) Share options of LVS

Movements in the number of share options outstanding and their related weighted average exercise prices attributable to the employees of the Group as grantees of the 2004 Plan operated by LVS are as follows:

	Six months ended June 30,			
	2018		2017	
	Number of options '000	Weighted average exercise price US\$ (Unaudited)	Number of options '000	Weighted average exercise price US\$
Outstanding at January 1	198	72.83	357	71.20
Granted	23	77.44	—	—
Exercised	(62)	66.18	(8)	23.32
Expired	(102)	80.08	(121)	73.93
	<hr/>		<hr/>	
Outstanding at June 30	57	69.00	228	71.37
	<hr/> <hr/>		<hr/> <hr/>	
Exercisable at June 30	—	—	206	72.33
	<hr/> <hr/>		<hr/> <hr/>	

(d) Restricted shares and units of LVS

Movements in the number of unvested restricted shares and units and the respective weighted average grant date fair value attributable to the employees of the Group as grantees of the restricted shares and units granted by LVS are as follows:

	Six months ended June 30,			
	2018		2017	
	Number of restricted shares and units '000	Weighted average grant date fair value US\$	Number of restricted shares and units '000	Weighted average grant date fair value US\$
		(Unaudited)		
Unvested at January 1	—	—	35	64.78
Granted	—	—	—	—
Vested	—	—	—	—
	<hr/>		<hr/>	
Unvested at June 30	<u>—</u>	—	<u>35</u>	64.78

5. PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sandschina.com). The interim report for the six months ended June 30, 2018 will be dispatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
SANDS CHINA LTD.
Dylan James Williams
Company Secretary

Macao, July 26, 2018

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Sheldon Gary Adelson
Wong Ying Wai

Non-Executive Directors:

Robert Glen Goldstein
Charles Daniel Forman

Independent Non-Executive Directors:

Chiang Yun
Victor Patrick Hoog Antink
Steven Zygmunt Strasser
Kenneth Patrick Chung
Wang Sing

In case of any inconsistency between the English version and the Chinese version of this announcement, the English version shall prevail.