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Wynn Macau, Limited

永利澳門有限公司\*

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1128 and Debt Stock Code: 5983)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015, SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board of Directors of Wynn Macau, Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015 as follows.

### **FINANCIAL HIGHLIGHTS**

	<b>For the year ended 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$</b>	<b>HK\$</b>
	<i>(in thousands, except per share amounts or otherwise stated)</i>	
Casino revenues	<b>17,887,237</b>	27,787,970
Other revenues	<b>1,209,128</b>	1,656,885
Adjusted EBITDA	<b>4,681,249</b>	8,423,039
Profit attributable to owners	<b>2,410,398</b>	6,445,435
Earnings per Share — basic and diluted (HK\$)	<b>0.46</b>	1.24

### **DIVIDEND**

The Board has declared a special dividend of HK\$0.60 per Share (2014: special dividend: HK\$1.05) payable to Shareholders whose names appear on the register of members on 19 April 2016.

\* For identification purpose only

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended 31 December	
		2015	2014
		HK\$ (in thousands)	HK\$
<b>Operating revenues</b>			
Casino		17,887,237	27,787,970
Rooms		122,790	132,444
Food and beverage		221,872	224,528
Retail and other		864,466	1,299,913
		<u>19,096,365</u>	<u>29,444,855</u>
<b>Operating costs and expenses</b>			
Gaming taxes and premiums		8,700,935	13,885,033
Staff costs		3,121,416	2,885,016
Other operating expenses	3	3,229,983	4,625,914
Depreciation and amortization		1,000,373	986,199
Property charges and other		11,599	96,854
		<u>16,064,306</u>	<u>22,479,016</u>
<b>Operating profit</b>		<u>3,032,059</u>	<u>6,965,839</u>
Finance revenues		31,199	142,438
Finance costs	4	(595,628)	(599,390)
Net foreign currency differences		12,853	(5,767)
Changes in fair value of interest rate swaps		(41,078)	(34,049)
Loss on extinguishment of debt		(22,545)	—
		<u>(615,199)</u>	<u>(496,768)</u>
<b>Profit before tax</b>		<u>2,416,860</u>	<u>6,469,071</u>
Income tax expense	5	6,462	23,636
<b>Net profit attributable to owners of the Company</b>		<u><u>2,410,398</u></u>	<u><u>6,445,435</u></u>
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Available-for-sale investments:			
Changes in fair value		—	254
Reclassification adjustments for losses on derecognition of available-for-sale investments included in the consolidated statement of profit or loss		—	169
<b>Other comprehensive income for the year</b>		<u>—</u>	<u>423</u>
<b>Total comprehensive income attributable to owners of the Company</b>		<u><u>2,410,398</u></u>	<u><u>6,445,858</u></u>
<b>Basic and diluted earnings per Share</b>	6	<u><u>HK\$0.46</u></u>	<u><u>HK\$1.24</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2015	2014
		<i>HK\$</i>	<i>HK\$</i>
	<i>Notes</i>	<i>(in thousands)</i>	
<b>Non-current assets</b>			
Property and equipment and construction in progress		<b>31,071,898</b>	19,194,854
Leasehold interests in land		<b>1,878,794</b>	1,974,965
Goodwill		<b>398,345</b>	398,345
Deposits for acquisition of property and equipment		<b>308,579</b>	372,057
Interest rate swaps		<b>5,631</b>	45,887
Other non-current assets		<b>576,658</b>	169,356
Restricted cash and cash equivalents		<b>13,973</b>	5,124
<b>Total non-current assets</b>		<b>34,253,878</b>	22,160,588
<b>Current assets</b>			
Inventories		<b>179,825</b>	185,968
Trade and other receivables	8	<b>457,728</b>	570,602
Prepayments and other current assets		<b>98,673</b>	78,813
Amounts due from related companies		<b>560,052</b>	361,482
Restricted cash and cash equivalents		<b>1,995</b>	2,456
Cash and cash equivalents		<b>6,731,356</b>	10,789,890
<b>Total current assets</b>		<b>8,029,629</b>	11,989,211
<b>Current liabilities</b>			
Accounts payable	9	<b>1,621,099</b>	2,008,724
Land premiums payable		<b>124,015</b>	239,029
Other payables and accruals	10	<b>3,986,427</b>	4,972,006
Amounts due to related companies		<b>128,920</b>	159,198
Income tax payables	5	<b>15,049</b>	15,049
Other current liabilities		<b>33,277</b>	24,246
<b>Total current liabilities</b>		<b>5,908,787</b>	7,418,252
<b>Net current assets</b>		<b>2,120,842</b>	4,570,959
<b>Total assets less current liabilities</b>		<b>36,374,720</b>	26,731,547

		As at 31 December	
		2015	2014
		HK\$	HK\$
	Notes	(in thousands)	
<b>Non-current liabilities</b>			
Interest-bearing borrowings	11	31,317,919	18,604,658
Land premiums payable		—	124,015
Construction retentions payable		399,986	402,898
Other payables and accruals	10	381,178	434,601
Deferred tax liabilities	5	—	8,587
Interest rate swaps		836	—
Other long-term liabilities		172,522	113,075
<b>Total non-current liabilities</b>		<b>32,272,441</b>	<b>19,687,834</b>
<b>Net assets</b>		<b>4,102,279</b>	<b>7,043,713</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		5,196	5,196
Share premium account		161,746	161,746
Shares held for employee ownership scheme		(50,184)	(16,154)
Reserves		3,985,521	6,892,925
<b>Total equity</b>		<b>4,102,279</b>	<b>7,043,713</b>

# NOTES TO FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND PRESENTATION

These 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 applicable presentation and disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements. They have been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value. 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 2015. 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.

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

## Application of new and revised IFRSs

The Group has adopted the following revised IFRSs for the first time for the current year financial statements:

Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Annual Improvements <i>2010-2012 Cycle</i>	Amendments to a number of IFRSs
Annual Improvements <i>2011-2013 Cycle</i>	Amendments to a number of IFRSs

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact of the amendments is on the presentation and disclosure of certain information in the consolidated financial statements.

The Group has not adopted any new and revised IFRSs that have been issued but are not yet effective for the year ended 31 December 2015.

## 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 2015, the Group reviews Wynn Macau and Wynn Palace as two reportable segments.

## 3. OTHER OPERATING EXPENSES

	For the year ended	
	31 December	
	2015	2014
	HK\$	HK\$
	<i>(in thousands)</i>	
Gaming promoters' commissions	881,883	1,674,904
License fees	730,890	1,147,959
Cost of sales	299,810	452,619
Advertising and promotions	212,462	294,544
Utilities and fuel	192,323	198,577
Repairs and maintenance	189,652	158,705
Operating supplies and equipment	155,121	157,077
Corporate support services and other	82,634	184,531
Provision/(reversal of provision) for doubtful accounts, net	63,419	(24,710)
Operating rental expenses	60,077	54,060
Other support services	50,629	50,686
Auditors' remuneration	5,574	4,008
Other expenses	305,509	272,954
	<u>3,229,983</u>	<u>4,625,914</u>

## 4. FINANCE COSTS

	For the year ended	
	31 December	
	2015	2014
	HK\$	HK\$
	<i>(in thousands)</i>	
Interest expense	884,056	715,106
Bank fees for unused facilities	43,361	73,424
Amortization of debt financing costs	94,232	82,066
Less: capitalized interest	(426,021)	(271,206)
	<u>595,628</u>	<u>599,390</u>

## 5. INCOME TAX EXPENSE

The major components of the income tax expense for the years ended 31 December 2015 and 2014 were:

	For the year ended	
	31 December	
	2015	2014
	HK\$	HK\$
	<i>(in thousands)</i>	
<b>Income tax expense:</b>		
current — overseas	15,049	15,049
deferred — overseas	(8,587)	8,587
	<u>6,462</u>	<u>23,636</u>

No provision for Hong Kong profits tax for the year ended 31 December 2015 has been made as there was no assessable profit generated in Hong Kong (2014: nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (2014: 12%).

The tax position for the years ended 31 December 2015 and 2014 reconciles to the profit before tax as follows:

	For the year ended 31 December			
	2015		2014	
	HK\$	%	HK\$	%
	<i>(in thousands, except for percentages)</i>			
Profit before tax	<u>2,416,860</u>		<u>6,469,071</u>	
Tax at the applicable income tax rate	290,023	12.0	776,289	12.0
Income not subject to tax	(554,543)	(22.9)	(1,010,405)	(15.6)
Macau dividend tax	15,049	0.6	15,049	0.2
Deferred tax not recognized	166,845	6.9	161,354	2.5
Others	<u>89,088</u>	<u>3.7</u>	<u>81,349</u>	<u>1.3</u>
Effective tax expense for the year	<u>6,462</u>	<u>0.3</u>	<u>23,636</u>	<u>0.4</u>



Deferred income tax as at 31 December 2015 and 2014 relates to the following:

	<b>Consolidated Statement of Financial Position as at 31 December</b>		<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
	<i>(in thousands)</i>			
Deferred tax liability:				
Property, equipment and other	<b>(59,534)</b>	(19,786)	<b>39,748</b>	19,786
Interest rate swap market value adjustment	<b>(581)</b>	(5,510)	<b>(4,929)</b>	(4,086)
	<u><b>(60,115)</b></u>	<u>(25,296)</u>		
Deferred income tax asset:				
Pre-opening costs and other	<b>110,176</b>	59,186	<b>(50,990)</b>	(35,573)
University of Macau Development				
Foundation contribution	<b>11,491</b>	12,829	<b>1,338</b>	1,273
Tax losses carried forward	<b>272,030</b>	232,403	<b>(39,627)</b>	(22,366)
Executive compensation	<b>2,055</b>	1,682	<b>(373)</b>	(371)
Property, equipment and other	<b>219,518</b>	180,698	<b>(38,820)</b>	(42,278)
Share-based payment plan	<b>10,646</b>	7,432	<b>(3,214)</b>	(7,432)
Less: allowances	<b>(565,801)</b>	(477,521)	<b>88,280</b>	99,634
	<u><b>60,115</b></u>	<u>16,709</u>		
Deferred income tax (benefit)/expense			<u><b>(8,587)</b></u>	<u>8,587</u>
Deferred tax liability, net	<u><u>—</u></u>	<u><u>(8,587)</u></u>		

The Group incurred Macau tax losses of approximately HK\$985.7 million, HK\$699.5 million and HK\$581.7 million during the tax years ended 31 December 2015, 2014, and 2013, respectively. These tax losses will expire in 2018, 2017 and 2016, respectively. As at 31 December 2015, 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 amounting to HK\$565.8 million (2014: HK\$477.5 million) were not recognized as the Group determined it was not probable that future taxable profits will be available against which the deferred tax asset could be utilized.

Effective 6 September 2006, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits (the "**Tax Holiday**"). On 30 November 2010, WRM received an additional 5-year exemption effective from 1 January 2011 through 31 December 2015. On 15 October 2015, WRM received the third 5-year exemption effective from 1 January 2016 through 31 December 2020. Accordingly, the Group was exempted from the payment of approximately HK\$321.0 million in such tax for the year ended 31 December 2015 (2014: HK\$768.4 million). The Group's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau Special Gaming Tax and other levies in accordance with its Concession Agreement.

In June 2009, WRM entered into the WRM Shareholder Dividend Tax Agreement, effective retroactively to 2006, with the Macau Special Administrative Region that provided for annual payments of MOP7.2 million (approximately HK\$7.0 million) to the Macau Special Administrative Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits. The term of this agreement was five years, which coincided with the Tax Holiday which began in 2006. In November 2010, WRM applied for a 5-year extension of this agreement. In August 2011, the 5-year extension was granted with an annual payment of MOP15.5 million (approximately HK\$15.0 million) due to the Macau Special Administrative Region for each of the years 2011 through 2015. On 2 June 2015, WRM applied for an extension of this agreement for an additional five years through 31 December 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 2011 to 2014 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Government of the Macau Special Administrative Region (the "**Financial Services Bureau**"). In 2014, the Financial Services Bureau issued tax assessments for the years 2009, 2010 and 2011. In June 2015, the Financial Services Bureau commenced an examination of the 2012 Complementary Tax returns for WRM and in November 2015, the Financial Services Bureau issued its tax assessment for the year 2012. 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 of 31 December 2015, the Group has unrecognized tax losses of HK\$2.2 billion (2014: HK\$1.9 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authorities. The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters.

## 6. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per Share amount for the year ended 31 December 2015 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares of 5,186,778,378 in issue (2014: 5,187,753,416) excluding Shares reserved and purchased for the Company's employee ownership scheme. Shares of 3,091,000 (2014: Shares of 650,000) were purchased and none of shares (2014: Shares of 7,511,000) were issued and reserved for the Company's employee ownership scheme during the year.

The diluted earnings per Share amount for the year ended 31 December 2015 is calculated based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares of 5,186,943,827 (2014: 5,188,434,895) including weighted average number of Shares in issue of 5,186,778,378 during the year (2014: 5,187,753,416) plus weighted average number of potential Shares of 165,449 (2014: 681,479) arising from the deemed exercise of share options and deemed vesting of awards under the Company's employee ownership scheme.

## 7. DIVIDENDS

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$</b>	<b>HK\$</b>
	<i>(in thousands)</i>	
Special dividend for 2014 of HK\$1.05 (2013:nil) per Share	<b>5,446,461</b>	—
Interim dividend paid of nil (2014: HK\$0.70) per Share	—	3,631,610
	<b><u>5,446,461</u></b>	<b><u>3,631,610</u></b>

On 30 March 2016, the Board declared a special dividend of HK\$0.60 per Share which is expected to be paid on 27 April 2016.

## 8. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	HK\$	HK\$
	<i>(in thousands)</i>	
Casino	570,244	565,185
Hotel	5,014	4,665
Retail leases and other	102,493	155,505
	<u>677,751</u>	<u>725,355</u>
Less: allowance for doubtful accounts	<u>(220,023)</u>	<u>(154,753)</u>
Total trade and other receivables, net	<u><u>457,728</u></u>	<u><u>570,602</u></u>

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

	As at 31 December	
	2015	2014
	HK\$	HK\$
	<i>(in thousands)</i>	
Within 30 days	143,849	147,557
31 to 60 days	80,666	115,596
61 to 90 days	17,080	84,751
Over 90 days	436,156	377,451
	<u>677,751</u>	<u>725,355</u>
Less: allowance for doubtful accounts	<u>(220,023)</u>	<u>(154,753)</u>
Net trade and other receivables	<u><u>457,728</u></u>	<u><u>570,602</u></u>

Except for the advanced commission described below, the trade and other receivables are generally repayable within 14 days.

The Group typically advances commissions to gaming promoters at the beginning of each month to facilitate their working capital requirements. These advances were previously supported primarily by held checks and recognized as cash and cash equivalents (HK\$1.2 billion as at 31 December 2014). Market conditions in Macau and other regional economic factors have impacted the liquidity of certain gaming promoters. As a result, our advanced commissions to gaming promoters now are supported primarily with signed promissory notes.

The advanced commissions are on terms requiring settlement within five business days of the month following the advance. The Group recognized advanced commissions of HK\$363.5 million as trade and other receivables in the accompanying consolidated financial position as at 31 December 2015 and assesses these advanced commissions in connection with the Group's evaluation of its allowance for doubtful accounts. Additionally, the amount presented in the accompanying consolidated financial position has been offset by related commissions payable to gaming promoters of HK\$283.9 million as at 31 December 2015.

As at 31 December 2015, trade and other receivables with a gross value of HK\$677.8 million (2014: HK\$725.4 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:

	<i>HK\$</i> <i>(in thousands)</i>
At 1 January 2014	163,902
Reversal for the year, net	(24,710)
Reversal of amounts written off, net	<u>15,561</u>
At 31 December 2014 and 1 January 2015	154,753
Charge for the year, net	63,419
Reversal of amounts written off, net	<u>1,851</u>
<b>At 31 December 2015</b>	<b><u><u>220,023</u></u></b>

## 9. ACCOUNTS PAYABLE

During 2015 and 2014, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at 31 December 2015 and 2014, based on invoice dates, is as follows:

	<b>As at 31 December</b>	
	<b>2015</b>	2014
	<i>HK\$</i>	<i>HK\$</i>
	<i>(in thousands)</i>	
Within 30 days	<b>1,031,434</b>	1,920,720
31 to 60 days	<b>52,060</b>	13,444
61 to 90 days	<b>36,153</b>	5,672
Over 90 days	<b><u>501,452</u></b>	<u>68,888</u>
	<b><u><u>1,621,099</u></u></b>	<u><u>2,008,724</u></u>

## 10. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following as at 31 December 2015 and 2014:

	As at 31 December	
	2015	2014
	HK\$	HK\$
	<i>(in thousands)</i>	
<b>Current:</b>		
Gaming taxes payable	673,937	958,574
Outstanding chip liabilities	1,737,443	2,441,930
Customer deposits	959,910	949,858
Donation payable	77,670	77,670
Other liabilities	537,467	543,974
	<u>3,986,427</u>	<u>4,972,006</u>
<b>Non-current:</b>		
Donation payable	381,178	434,601
	<u>381,178</u>	<u>434,601</u>
<b>Total</b>	<u><u>4,367,605</u></u>	<u><u>5,406,607</u></u>

## 11. INTEREST-BEARING BORROWINGS

		As at 31 December	
		2015	2014
	Notes	HK\$	HK\$
		<i>(in thousands)</i>	
Bank loans, secured	(a)	21,225,648	8,417,922
Senior notes, unsecured	(b)	10,498,488	10,512,077
		<u>31,724,136</u>	<u>18,929,999</u>
Less: debt financing costs, net		<u>(406,217)</u>	<u>(325,341)</u>
Total interest-bearing borrowings		<u><u>31,317,919</u></u>	<u><u>18,604,658</u></u>

Notes:

### (a) Bank loans, secured

As at 31 December 2015, WRM's credit facilities consisted of approximately HK\$23.7 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$17.9 billion equivalent fully funded senior term loan facility and an approximately HK\$5.8 billion equivalent senior revolving credit facility.

On 30 September 2015, WRM entered into the Amended Wynn Macau Credit Facilities and re-appointed Bank of China Limited, Macau Branch as facilities agent, intercreditor agent and security agent. The Amended Wynn Macau Credit Facilities and related agreements, effective from 30 September 2015, expanded availability under WRM's senior secured bank facilities from HK\$19.4 billion equivalent (approximately US\$2.5 billion) to HK\$23.7 billion equivalent (approximately US\$3.05 billion), representing an increase of approximately HK\$4.3 billion equivalent (approximately US\$550 million) and extended the final maturity dates of WRM's senior secured credit facilities. There is also an option to upsize the total senior secured credit facilities by approximately an additional HK\$7.8 billion equivalent (US\$1.0 billion) under the Amended Wynn Macau Credit Facilities and related agreements upon the satisfaction of various conditions.

The borrowings under the Amended Wynn Macau Credit Facilities were used to refinance WRM's existing indebtedness and the balance will be used for a variety of purposes, including to fund the construction and development of Wynn Palace and for general corporate purposes.

The HK\$17.9 billion equivalent term loan facility is repayable in graduating installments of between 2.5% to 7.33% of the principal amount on a quarterly basis commencing December 2018, with a final installment of 50% of the principal amount repayable in September 2021. The final maturity of any outstanding borrowings from the revolving credit facility is September 2020, by which time any outstanding borrowings from the revolving loans must be repaid. The term loans and the revolving loans under the previous Wynn Macau Credit Facilities had final maturities in July 2018 and July 2017, respectively.

The borrowings under the Amended Wynn Macau Credit Facilities will 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 Amended Wynn Macau Credit Facilities.

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

The Amended Wynn Macau Credit Facilities contain representations, warranties, covenants and events of default customary for casino development financings in Macau.

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

In connection with the initial financing of the Wynn Macau project, the Group entered into a bank guarantee reimbursement agreement with Banco Nacional Ultramarino, S.A. ("BNU") to secure a guarantee currently in the amount of MOP300 million (approximately HK\$291.3 million) until 180 days after the end of the term of the Concession Agreement. This guarantee, which is for the benefit of the Macau government, assures certain aspects of the Group's performance under the Concession Agreement, including the payment of premiums, fines and indemnities for any material failures to perform under the terms of the Concession Agreement. BNU, as issuer of the guarantee, is currently secured by a second priority security interest in the senior lender collateral package. After repayment of all indebtedness under the WRM's credit facilities, the Group is obligated to promptly, upon demand by BNU, repay any claims made on the guarantee by the Macau government. The Group paid an annual fee to BNU of approximately MOP2.3 million (approximately HK\$2.2 million) for the guarantee during 2015.

As at 31 December 2015, the Group had HK\$2.5 billion in funding available under the revolving credit facility of the Amended Wynn Macau Credit Facilities.

**(b) Senior notes, unsecured**

The Company has issued 5.25% fixed rate, unsecured senior notes due 15 October 2021 for an aggregate principal amount of US\$1.35 billion (approximately HK\$10.5 billion). The Company may use the net proceeds from the offering of the WML 2021 Notes for working capital requirements and general corporate purposes. The WML 2021 Notes are listed on the Hong Kong Stock Exchange.



## 12. SEGMENT INFORMATION

The Group reviews the results of operations for each of its operating segments. Wynn Macau and Encore at Wynn Macau are managed as a single integrated resort and aggregated as one operating segment, which is also a reportable segment (“**Wynn Macau**”). The Group identifies each integrated resort as a reportable segment considering operations within each integrated resort have similar economic characteristics, type of customers, types of services and products, the regulatory environment of the operations and the Group’s organizational and management reporting structure. During the year ended 31 December 2015, the Group also reviews construction and development activities for its project under development, Wynn Palace as a separate reportable segment, in addition to its operating segment. The Group’s profits were contributed by Wynn Macau during the years ended 31 December 2015 and 2014 and accordingly no segment results are presented for the years ended 31 December 2015 and 2014. Other Macau primarily represents cash and investment securities held at the Company.

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<i>(in thousands)</i>	
Capital expenditures		
Wynn Macau	<b>555,487</b>	684,474
Wynn Palace	<b>12,153,005</b>	7,623,623
Other Macau	<b>1,642</b>	3,773
	<hr/>	<hr/>
Total	<b>12,710,134</b>	8,311,870
	<hr/> <hr/>	<hr/> <hr/>

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<i>(in thousands)</i>	
Total assets		
Wynn Macau <sup>#</sup>	<b>11,398,086</b>	12,481,781
Wynn Palace	<b>26,618,462</b>	14,401,006
Other Macau	<b>4,266,959</b>	7,267,012
	<hr/>	<hr/>
Total	<b>42,283,507</b>	34,149,799
	<hr/> <hr/>	<hr/> <hr/>



**For the year ended  
31 December**

**2015**                      2014  
***HK\$***                      ***HK\$***  
*(in thousands)*

Non-current assets		
Macau <sup>#</sup>	<b>34,235,520</b>	22,151,362
Hong Kong	<b>18,358</b>	9,226
	<hr/>	<hr/>
Total	<b><u>34,253,878</u></b>	<b><u>22,160,588</u></b>

<sup>#</sup> Total assets of Wynn Macau and non-current assets of Macau include goodwill of HK\$398,345,000 (2014: HK\$398,345,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

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

Our Macau resort complex features:

- Approximately 284,000 square feet of casino space, offering 24-hour gaming and a full range of games, including private gaming salons, sky casinos and a poker pit;
- Two luxury hotel towers with a total of 1,008 spacious rooms and suites;
- Casual and fine dining in eight restaurants;
- Approximately 57,000 square feet of high-end, brand-name retail shopping, including stores and boutiques such as Bvlgari, Cartier, Chanel, Dior, Dunhill, Ermenegildo Zegna, Ferrari, Giorgio Armani, Graff, Gucci, Hermes, Hugo Boss, Jaeger-LeCoultre, Loro Piana, Louis Vuitton, Miu Miu, Piaget, Prada, Richard Mille, Roger Dubuis, Rolex, Tiffany, Vacheron Constantin, Van Cleef & Arpels, Versace, Vertu, and others;
- Recreation and leisure facilities, including two health clubs and spas, a salon, and a pool; and
- Approximately 31,000 square feet of lounges and meeting facilities.

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

	<b>As at 31 December</b>	
	<b>2015</b>	<b>2014</b>
VIP table games	<b>190</b>	248
Mass market table games	<b>246</b>	201
Slot machines	<b>794</b>	672
Poker tables	<b>13</b>	13

Our aim is to build and operate appropriately scaled integrated resorts that attract a wide range of customer segments, generate strong financial results, and complement their surrounding market areas. To attract and retain our customers, we design and continually refresh our integrated resorts to create unique customer experiences across a wide range of gaming and non-gaming amenities and emphasize human resources and staff training to ensure our employees are prepared to provide the luxury service that our guests expect.

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

### **Cotai Development — Wynn Palace**

The Group is currently constructing Wynn Palace, an integrated resort containing an approximately 1,700-room hotel, a performance lake, meeting space, a casino, a spa, retail offerings and food and beverage outlets in the Cotai area of Macau. The total project budget is approximately HK\$32 billion including construction costs, capitalized interest, pre-opening expenses, land costs and financing fees. As of 31 December 2015, we have invested approximately HK\$27 billion in the project.

On 29 July 2013, WRM and Palo finalized and executed a guaranteed maximum price construction (“GMP”) contract with Leighton Contractors (Asia) Limited, acting as the general contractor. Under the GMP contract, the general contractor is responsible for both the construction and design of the Wynn Palace project. The general contractor is obligated to substantially complete the project in the first half of 2016 for a guaranteed maximum price of HK\$20.6 billion. On 18 November 2015 we were notified by the general contractor that the Wynn Palace project in the Cotai area of Macau will not be ready to open by the projected early completion date of 25 March 2016. The general contractor has expressed its commitment to the completion of the project by the required date, but has advised us that they dispute our assessment of liquidated damages. The Company still expects to open Wynn Palace in the first half of 2016; however, potential construction delays could push the opening date into the second half of 2016. Both the contract time and guaranteed maximum price are subject to further adjustment under certain specified conditions. The performance of the general contractor is backed by a full completion guarantee given by CIMIC Group Limited (formerly Leighton Holdings Limited), the parent company of the general contractor, as well as a performance bond for 5% of the guaranteed maximum price.

### **Macau**

Macau, which was a territory under Portuguese administration for approximately 450 years, was transferred from Portuguese to Chinese political control in December 1999. Macau is governed as a special administrative region of China and is located approximately 37 miles southwest of, and approximately one hour away via ferry from, Hong Kong. Macau, which has been a casino destination for more than 50 years, consists principally of a peninsula on mainland China, and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. We believe that Macau is located in one of the world’s largest concentrations of potential gaming customers despite a recent decline in gaming revenue. According to Macau statistical information, casinos in Macau, the largest gaming market in the world, generated approximately HK\$224.1 billion in gaming revenue during the year ended 31 December 2015. Since the introduction of new casinos starting in 2004, the Macau market has experienced a significant increase in annual gaming revenue from the HK\$21.5 billion generated in 2002; however, the Macau market has recently experienced significant year-over-year declines, including a 34.3% decline in 2015.

## FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### Tourism

The levels of tourism and overall gaming activities in Macau are key drivers of our business. Both the Macau gaming market and visitation to Macau have grown significantly leading up to 2014. However, beginning in 2014, the Macau gaming market experienced its first year-over-year decline in annual gaming revenues since its liberalization in 2002, despite the increase in tourist arrivals to Macau by 7.5% in 2014 as compared to 2013. Commencing from the fourth quarter of 2014, tourist arrivals to Macau have experienced a downward trend. Statistics show a decrease of 2.6% from 31.5 million in 2014 to 30.7 million in 2015. The decrease in tourist arrivals to Macau and a change in their spending habits and gaming activities have contributed to the further reduction in gaming revenues in Macau during 2015.

The Macau market has also experienced tremendous growth in capacity since the opening of Wynn Macau. As at 31 December 2015, there were 32,200 hotel rooms, 5,957 table games and 14,578 slots in Macau, compared to 12,978 hotel rooms, 2,762 table games and 6,546 slots as at 31 December 2006.

Gaming customers traveling to Macau typically come from nearby destinations in Asia including mainland China, Hong Kong, Taiwan, South Korea and Japan. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, approximately 90.9% of visitors to Macau for the year ended 31 December 2015 were from mainland China, Hong Kong and Taiwan.

Tourism levels in Macau are affected by a number of factors, all of which are beyond our control. Key factors affecting tourism levels in Macau may include, among others:

- Prevailing economic conditions in mainland China and Asia;
- Restrictions, conditions or other factors which affect visitation by citizens of mainland China to Macau;
- Various countries' policies on currency exchange controls and currency export restrictions, for example on the Renminbi, the currency of the PRC, and the issuance of travel visas that may be in place from time to time;
- Competition from other destinations which offer gaming and leisure activities;
- Occurrence of natural disasters and disruption of travel; and
- Possible outbreaks of infectious disease.

## **Economic and Operating Environment**

A significant number of our gaming customers at Wynn Macau come from mainland China. Any economic contraction or uncertainty in China would impact the number of patrons visiting our property and the amount they may be willing to spend. In addition, policies adopted from time to time by the Chinese government, including any travel restrictions imposed by China on its citizens, such as restrictions imposed on exit visas granted to residents of mainland China for travel to Macau, could affect the number of visitors from mainland China to our property. It is not known when, or if, policies similar to those implemented in 2009 restricting visitation by mainland Chinese citizens to Macau and Hong Kong will be put in place and travel policies may be adjusted, without notice, in the future. Furthermore, the Chinese government's ongoing anti-corruption campaign has influenced the behavior of Chinese consumers and their spending patterns both domestically and abroad. The campaign has specifically led to tighter monetary transfer regulations, including real time monitoring of certain financial channels, which has affected and may continue to impact the number of visitors and the amount of money they bring from mainland China to Macau. The overall effect of the campaign and monetary transfer restrictions may continue to impact Macau or result in an even greater decline in visitation and may continue to negatively affect our revenues and results of operations.

## **Competition**

Since the liberalization of Macau's gaming industry in 2002, there has been a significant increase in the number of casino properties in Macau. There are six gaming operators in Macau, including WRM. The three concessionaires are WRM, SJM, and Galaxy. The three subconcessionaires are Melco Crown, MGM Macau, and Venetian Macau. As at 31 December 2015, there were approximately 36 casinos in Macau, including 20 operated by SJM. Each of the current six operators has operating casinos and 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. Several of the current concessionaires and subconcessionaires have opened additional facilities in the Cotai area of Macau during 2015 or expect to open in 2016 and 2017. These Cotai facilities are expected to increase total hotel room inventory by approximately 25.5% from the current inventory and significantly increase other gaming and non-gaming offerings in Macau.

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

## Gaming Promoters

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

Gaming promoters introduce premium VIP players to Wynn Macau and often assist those players with their travel and entertainment arrangements. In addition, gaming promoters often grant credit to their players. In exchange for their services, Wynn Macau generally pays the gaming promoters a commission which is a percentage of the gross gaming win generated by each gaming promoter. Approximately 80% of these commissions are netted against casino revenues, because such commissions approximate the amount of the commission returned to the VIP players by the gaming promoters, and approximately 20% of these commissions are included in other operating expenses, which approximate the amount of the commission ultimately retained by the gaming promoters as compensation. The total amount of commissions paid to gaming promoters and netted against casino revenues was HK\$3.5 billion and HK\$6.7 billion for the years ended 31 December 2015 and 2014, respectively. Commissions decreased 47.3% for the year ended 31 December 2015 compared to the year ended 31 December 2014 as VIP gross table games win decreased due to decreased business volumes.

We typically advance commissions to certain gaming promoters at the beginning of each month to facilitate their working capital requirements. These advances are provided to a gaming promoter and are offset by the commissions earned by such gaming promoter during the applicable month. The aggregate amounts of exposure to our gaming promoters, which is the difference between commissions advanced to each individual gaming promoter, and the commissions payable to each such gaming promoter, declined substantially in part due to our tightening of advance policies and in part due to reduced business volume, to HK\$91.0 million as at 31 December 2015 from HK\$730.6 million as at 31 December 2014. At the end of each month, any commissions outstanding are cleared no later than the fifth business day of the succeeding month and prior to the advancement of any further funds to a gaming promoter. We believe we have developed strong relationships with our gaming promoters. Our commission percentages have remained stable throughout our operating history.

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

Given present market conditions in Macau and certain economic and other factors occurring in the region, gaming promoters are likely encountering difficulties in attracting patrons to come to Macau. Furthermore, gaming promoters are likely experiencing decreased liquidity, which may limit their ability to grant credit to their patrons, and likely result in decreased gaming volumes in Macau and at Wynn Macau. Credit already extended by our gaming promoters to their patrons has likely become difficult for them to collect. The inability to attract sufficient patrons, grant credit and collect amounts due in a timely manner has negatively affected our gaming promoters' operations, causing gaming promoters to wind up or liquidate their operations or resulting in some of our gaming promoters leaving Macau. Current and any future difficulties could adversely impact our results of operations.



## Premium Credit Play

We selectively extend credit to our VIP players contingent upon our marketing team's knowledge of the players, their financial background and payment history. We follow a series of credit procedures and require various signed documents from each credit recipient that are intended to ensure, among other things that, if permitted by applicable law, the debt can be legally enforced in the jurisdiction where the player resides. In the event the player does not reside in a jurisdiction where gaming debts are legally enforceable, we can attempt to assert jurisdiction over assets the player maintains in jurisdictions where gaming debts are recognized. In addition, we typically require a check in the amount of the applicable credit line from credit players, collateralizing the credit we grant.

## Number and Mix of Table Games and Slot Machines

The mix of VIP table games, mass table games and slot machines in operation at our resort changes from time to time as a result of marketing and operating strategies in response to changing market demand and industry competition. The shift in the mix of our games affects casino profitability.

## ADJUSTED EBITDA

Adjusted EBITDA is earnings before finance costs, finance revenues, net foreign currency differences, change in fair value of interest rate swaps, taxes, depreciation, amortization, pre-opening costs, property charges and other, share-based payments, Wynn Macau, Limited corporate expenses, and other non-operating income and expenses. Adjusted EBITDA is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Our Adjusted EBITDA presented herein also differs from the Adjusted Property EBITDA presented by Wynn Resorts, Limited for its Macau segment 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.

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<i>(in thousands)</i>	
Operating profit	<b>3,032,059</b>	6,965,839
Add		
Depreciation and amortization	<b>1,000,373</b>	986,199
Pre-opening costs	<b>425,223</b>	169,559
Property charges and other	<b>11,599</b>	96,854
Share-based payments	<b>128,031</b>	110,694
Wynn Macau, Limited corporate expenses	<b>83,964</b>	93,894
Adjusted EBITDA	<b><u>4,681,249</u></b>	<u>8,423,039</u>

# REVIEW OF HISTORICAL OPERATING RESULTS

## Summary Breakdown Table

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

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<i>(in thousands, except for averages, daily win figures and number of tables and slot machines)</i>	
Total casino revenues <sup>(1)</sup>	<b>17,887,237</b>	27,787,970
Rooms <sup>(2)</sup>	<b>122,790</b>	132,444
Food and beverage <sup>(2)</sup>	<b>221,872</b>	224,528
Retail and other <sup>(2)</sup>	<b>864,466</b>	1,299,913
<b>Total operating revenues</b>	<b>19,096,365</b>	29,444,855
VIP table games turnover	<b>449,024,510</b>	838,206,096
VIP gross table games win <sup>(1)</sup>	<b>12,867,822</b>	23,662,624
Mass market table drop	<b>37,661,198</b>	42,786,573
Mass market gross table games win <sup>(1)</sup>	<b>7,345,574</b>	9,196,243
Slot machine handle	<b>30,708,952</b>	41,994,652
Slot machine win <sup>(1)</sup>	<b>1,468,038</b>	2,041,115
Average number of gaming tables <sup>(3)</sup>	<b>458</b>	461
Daily gross win per gaming table <sup>(4)</sup>	<b>120,951</b>	195,440
Average number of slots <sup>(3)</sup>	<b>708</b>	679
Average daily win per slot <sup>(4)</sup>	<b>5,680</b>	8,235



Notes:

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

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<i>(in thousands)</i>	
VIP gross table games win	<b>12,867,822</b>	23,662,624
Mass market gross table games win	<b>7,345,574</b>	9,196,243
Slot machine win	<b>1,468,038</b>	2,041,115
Poker revenues	<b>161,510</b>	172,104
Commissions	<b>(3,955,707)</b>	(7,284,116)
	<hr/>	<hr/>
Total casino revenues	<b><u>17,887,237</u></b>	<b><u>27,787,970</u></b>

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

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

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	HK\$
	<i>(in thousands)</i>	
Room revenues	<b>122,790</b>	132,444
Promotional allowances	<b>848,987</b>	905,011
	<hr/>	<hr/>
Adjusted room revenues	<b><u>971,777</u></b>	<b><u>1,037,455</u></b>
	<hr/>	<hr/>
Food and beverage revenues	<b>221,872</b>	224,528
Promotional allowances	<b>374,255</b>	557,732
	<hr/>	<hr/>
Adjusted food and beverage revenues	<b><u>596,127</u></b>	<b><u>782,260</u></b>
	<hr/>	<hr/>
Retail and other revenues	<b>864,466</b>	1,299,913
Promotional allowances	<b>42,553</b>	49,243
	<hr/>	<hr/>
Adjusted retail and other revenues	<b><u>907,019</u></b>	<b><u>1,349,156</u></b>

- (3) For purposes of this table, we calculate average number of gaming tables and average number of slots as the average number of gaming tables and slot machines in service on each day in the year.
- (4) Daily gross win per gaming table and daily win per slot are presented in this table on the basis of the average number of gaming tables and average number of slots, respectively, over the number of days Wynn Macau and Encore were open in the applicable year. In addition, the total table games win figures used herein do not correspond to casino revenues figures in our financial statements, because figures in our financial statements are calculated net of commissions and the total table games win herein is calculated before commissions.

## Discussion of Results of Operations

### *Financial results for the year ended 31 December 2015 compared to financial results for the year ended 31 December 2014*

#### Operating Revenues

Total operating revenues decreased by 35.1% from HK\$29.4 billion in 2014 to HK\$19.1 billion in 2015. This decrease was primarily due to lower gaming volume in both our VIP casino and general casino during 2015 compared to 2014.

#### *Casino Revenues*

Casino revenues decreased by 35.6%, from HK\$27.8 billion (94.4% of total operating revenues) in 2014 to HK\$17.9 billion (93.7% of total operating revenues) in 2015. The components and reasons are as follows:

*VIP casino gaming operations.* VIP gross table games win decreased by 45.6%, from HK\$23.7 billion in 2014 to HK\$12.9 billion in 2015. VIP table games turnover decreased by 46.4%, from HK\$838.2 billion in 2014 to HK\$449.0 billion in 2015. VIP gross table games win as a percentage of turnover (calculated before commissions) increased from 2.82% in 2014 to 2.87% in 2015 which was within our expected range of 2.7% to 3.0%.

*Mass market casino gaming operations.* Mass market gross table games win decreased by 20.1%, from HK\$9.2 billion in 2014 to HK\$7.3 billion in 2015. Mass market table drop decreased by 12.0% from HK\$42.8 billion in 2014 to HK\$37.7 billion in 2015. The mass market gross table games win percentage was 21.5% in 2014 compared to 19.5% in 2015.

*Slot machine gaming operations.* Slot machine win decreased by 28.1%, from HK\$2.0 billion in 2014 to HK\$1.5 billion in 2015. Slot machine handle decreased by 26.9%, from HK\$42.0 billion in 2014 to HK\$30.7 billion in 2015. Slot machine win per unit per day decreased by 31.0% from HK\$8,235 in 2014 to HK\$5,680 in 2015. Slot machine win, slot machine handle and slot machine win per unit per day decreased primarily due to decreased business volumes.

#### *Non-casino Revenues*

Net non-casino revenues, which include room, food and beverage and retail and other revenues, decreased by 27.0% from HK\$1,656.9 million (5.6% of total operating revenues) in 2014 to HK\$1,209.1 million (6.3% of total operating revenues) in 2015. The decrease in revenues was largely due to lower retail sales in 2015.

*Rooms.* Our room revenues, which exclude promotional allowances in our consolidated statement of profit or loss and other comprehensive income, decreased by 7.3% from HK\$132.4 million in 2014 to HK\$122.8 million in 2015.

Management also evaluates room revenues on an adjusted basis which include promotional allowances. Adjusted room revenues including promotional allowances decreased by 6.3% from HK\$1,037.4 million in 2014 to HK\$971.8 million in 2015.

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

### Adjusted room revenues information

	<b>For the year ended 31 December</b>	
	<b>2015</b>	2014
Adjusted Average Daily Rate (includes promotional allowances of HK\$2,193 in 2015 and HK\$2,259 in 2014)	<b>HK\$2,503</b>	HK\$2,580
Occupancy	<b>96.5%</b>	98.4%
Adjusted REVPAR (includes promotional allowances of HK\$2,117 in 2015 and HK\$2,223 in 2014)	<b>HK\$2,416</b>	HK\$2,539

*Food and beverage.* Food and beverage revenues, which exclude promotional allowances in our consolidated statement of profit or loss and other comprehensive income, decreased by 1.2% from HK\$224.5 million in 2014 to HK\$221.9 million in 2015.

Management also evaluates food and beverage revenues on an adjusted basis including promotional allowances. Food and beverage revenues adjusted to include these promotional allowances decreased by 23.8% from HK\$782.3 million in 2014 to adjusted revenues of HK\$596.1 million in 2015.

*Retail and other.* Our retail and other revenues, which exclude promotional allowances in our consolidated statement of profit or loss and other comprehensive income decreased by 33.5% from HK\$1,299.9 million in 2014 to HK\$864.5 million in 2015. This decrease was primarily due to lower retail sales.

Management also evaluates retail and other revenues on an adjusted basis which includes promotional allowances. Adjusted retail and other revenues including promotional allowances decreased by 32.8% from HK\$1,349.2 million in 2014 to HK\$907.0 million in 2015. The decrease is primarily due to a decline in business in both our owned stores and leased stores.

### *Operating Costs and Expenses*

*Gaming taxes and premiums.* Gaming taxes and premiums decreased by 37.3%, from HK\$13.9 billion in 2014 to HK\$8.7 billion in 2015. This decrease from 2014 to 2015 was due primarily to decreased gross gaming win. 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 8.2% from HK\$2.9 billion in 2014 to HK\$3.1 billion in 2015. The increase was due to general salary increment. Additionally, the Company is carrying excess headcount above the needs for its current operations as the Company prepares for the opening of Wynn Palace.

*Other operating expenses.* Other operating expenses decreased by 30.2%, from HK\$4.6 billion in 2014 to HK\$3.2 billion in 2015. Provision for doubtful accounts increased from a benefit during 2014 to a provision in 2015. The change in the provision was primarily due to the impact of historical collection patterns and current collection trends, as well as specific reviews of customer accounts and outstanding gaming promoter accounts, on our estimated allowance for the respective periods. For 2015, the increase in provision for doubtful accounts, repairs and maintenance and operating rental expense, auditors' remuneration and other operating expenses was offset by decreases in corporate support related expenses and advertising and promotion costs, as well as reductions in business volume related expense such as gaming promoters' commissions, license fees, cost of sales and utilities and fuel.

*Depreciation and amortization.* Depreciation and amortization increased from HK\$986.2 million in 2014 to HK\$1,000.4 million in 2015. The increase is primarily due to additional depreciation associated with building improvements at Wynn Macau, including our new VIP gaming rooms. The increase was partially offset by a HK\$57.4 million reduction in depreciation due to a change in the estimated useful lives of certain assets of Wynn Macau. Effective September 1, 2015, we changed our estimate of remaining useful lives of buildings and improvements for Wynn Macau to more accurately reflect the estimated periods during which these assets are expected to remain in service.

*Property charges and other.* Property charges and other decreased from HK\$96.9 million in 2014 to HK\$11.6 million in 2015. Amounts in each period represent the gain/loss on the sale of equipment and other asset as well as costs related to assets retired or abandoned as a result of renovating certain assets of Wynn Macau in response to customer preferences and changes in market demand.

As a result of the foregoing, total operating costs and expenses decreased by 28.5%, from HK\$22.5 billion in 2014 to HK\$16.1 billion in 2015.

### ***Finance Revenues***

Finance revenues decreased from HK\$142.4 million in 2014 to HK\$31.2 million in 2015. The decrease was primarily due to holding lower average cash balances for 2015 compared to 2014. During 2015 and 2014, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our short-term investments were primarily in time deposits and fixed deposits with a maturity of three months or less.

### ***Finance Costs***

Finance costs remained essentially flat from HK\$599.4 million in 2014 to HK\$595.6 million in 2015. The increase of finance costs derived from the increase in amounts outstanding under the Amended Wynn Macau Credit Facility was offset by the increase in capitalized interest related to the construction of Wynn Palace.

## ***Interest Rate Swaps***

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

Changes in the fair value of our interest rate swaps are recorded as an increase or decrease in swap fair value during each year. We recorded a loss of HK\$34.0 million in 2014 compared to a loss of HK\$41.1 million for 2015, respectively, resulting from the movement in the fair value of our interest rate swaps.

## ***Income Tax Expense***

In 2015, our income tax expense was HK\$6.5 million, compared to HK\$23.6 million for 2014. Our income tax expense for 2015 primarily relates to the current tax expense recorded by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement and a deferred tax benefit resulting from a decrease in deferred tax liability for property and equipment. In 2014, our income tax expense relates to the current tax expense of our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement and a deferred tax expense resulting from an increase in deferred tax liability for property and equipment.

## ***Net Profit Attributable to Owners of the Company***

As a result of the foregoing, net profit attributable to owners of the Company decreased by 62.6%, from HK\$6.4 billion in 2014 to HK\$2.4 billion in 2015.

# **LIQUIDITY AND CAPITAL RESOURCES**

## **Capital Resources**

Since Wynn Macau opened in 2006, we have generally funded our working capital and recurring expenses as well as capital expenditures from cash flow from operations and cash on hand.

Our cash balances at 31 December 2015 were HK\$6.7 billion. Such cash is available for operations, new development activities, development of Wynn Palace and enhancements to Wynn Macau and Encore.

On 30 September 2015, WRM expanded its availability under its senior secured bank facility to approximately HK\$23.7 billion consisting of an approximately HK\$17.9 billion fully funded senior secured term loan facility and an approximately HK\$5.8 billion senior secured revolving credit facility. WRM also has the ability to upsize the total senior secured facilities by approximately an additional HK\$7.8 billion equivalent (US\$1.0 billion) pursuant to the terms and provisions of the Amended Wynn Macau Credit Facilities. Borrowings under the Amended Wynn Macau Credit Facilities were used to refinance WRM's existing indebtedness, to fund the construction and development of Wynn Palace, and for general corporate purposes.

The Company has issued 5.25% fixed rate unsecured senior notes due 2021 with an aggregate principal amount of US\$1.35 billion (approximately HK\$10.5 billion) for working capital requirements and general corporate purposes.

## 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.

	<b>As at 31 December</b>	
	<b>2015</b>	2014
	<b>HK\$</b>	<b>HK\$</b>
	<i>(in thousands except for percentages)</i>	
Interest-bearing borrowings	<b>31,317,919</b>	18,604,658
Accounts payable	<b>1,621,099</b>	2,008,724
Land premiums payable	<b>124,015</b>	363,044
Construction retentions payable	<b>399,986</b>	402,898
Other payables and accruals	<b>4,367,605</b>	5,406,607
Amounts due to related companies	<b>128,920</b>	159,198
Other liabilities	<b>205,799</b>	137,321
Less: cash and cash equivalents	<b>(6,731,356)</b>	(10,789,890)
restricted cash and cash equivalents	<b>(15,968)</b>	(7,580)
<b>Net debt</b>	<b>31,418,019</b>	16,284,980
Equity	<b>4,102,279</b>	7,043,713
<b>Total capital</b>	<b>4,102,279</b>	7,043,713
<b>Capital and net debt</b>	<b>35,520,298</b>	23,328,693
<b>Gearing ratio</b>	<b>88.5%</b>	69.8%



## Cash Flows

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

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$</b>	<b>HK\$</b>
	<i>(in millions)</i>	
Net cash generated from operating activities	<b>2,480.3</b>	5,757.5
Net cash used in investing activities	<b>(12,676.6)</b>	(6,551.5)
Net cash generated from/(used in) financing activities	<b>6,134.8</b>	(2,537.8)
Net decrease in cash and cash equivalents	<b>(4,061.5)</b>	(3,331.8)
Cash and cash equivalents at beginning of year	<b>10,789.9</b>	14,130.4
Effect of foreign exchange rate changes, net	<b>3.0</b>	(8.7)
Cash and cash equivalents at end of year	<b>6,731.4</b>	10,789.9

### *Net cash generated from operating activities*

Our net cash generated from operating activities is primarily affected by changes in our working capital driven by a reduction in gaming liabilities and operating profit generated by our Macau Operations. Net cash from operating activities was HK\$2.5 billion in 2015 compared to HK\$5.8 billion in 2014. Operating profit was HK\$3.0 billion in 2015 compared to HK\$7.0 billion in 2014. The decline in net cash generated from operating activities was primarily attributable to the decrease in operating profit.

### *Net cash used in investing activities*

Net cash used in investing activities was HK\$12.7 billion in 2015, compared to HK\$6.6 billion in 2014. Major expenditures made in 2015 included capital expenditures of HK\$12.7 billion related to construction costs for Wynn Palace and renovations to enhance and refine the Macau Operations. Major expenditures made in 2014 included capital expenditures of HK\$8.3 billion related to construction costs for Wynn Palace and renovations to enhance and refine the Macau Operations, partially offset by a HK\$1.5 billion reduction in restricted cash.

## *Net cash generated from/(used in) financing activities*

Net cash generated from financing activities was HK\$6.1 billion during 2015 compared to HK\$2.5 billion net cash used in financing activities during 2014. During 2015, net cash generated from financing activities was primarily due to HK\$12.3 billion net proceeds from the refinancing of the Wynn Macau Credit Facilities in September 2015, partially offset by a HK\$5.4 billion special dividend payment made in March 2015, a HK\$489.1 million interest payment and a HK\$239.0 million payment for land premiums. During 2014, net cash used in financing activities was primarily due to a HK\$8.7 billion dividend payment and a HK\$533.4 million repayment for the senior revolving credit facility of the Wynn Macau Credit Facilities offset by HK\$5.9 billion proceeds from the WML 2021 Notes and the HK\$1.5 billion proceeds from the senior revolving credit facility.

## *Indebtedness*

The following table presents a summary of our indebtedness.

### *Indebtedness information*

	<b>As at 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$</b>	<b>HK\$</b>
	<i>(in thousands)</i>	
Bank loans	<b>21,225,648</b>	8,417,922
Senior notes	<b>10,498,488</b>	10,512,077
Less: debt financing costs, net	<b>(406,217)</b>	(325,341)
Total interest-bearing borrowings	<b><u>31,317,919</u></b>	<b><u>18,604,658</u></b>

The Group had approximately HK\$2.5 billion available to draw under the revolving credit facilities of the Amended Wynn Macau Credit Facilities as at 31 December 2015.

## *Wynn Macau Credit Facilities*

### *Overview*

As at 31 December 2015, WRM's credit facilities consisted of approximately HK\$23.7 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$17.9 billion equivalent fully funded senior term loan facility and an approximately HK\$5.8 billion equivalent senior revolving credit facility.



On 30 September 2015, WRM entered into the Amended Wynn Macau Credit Facilities and re-appointed Bank of China Limited, Macau Branch as facilities agent, intercreditor agent and security agent. The Amended Wynn Macau Credit Facilities and related agreements, effective from 30 September 2015, expanded availability under WRM's senior secured bank facilities from HK\$19.4 billion equivalent (approximately US\$2.5 billion) to HK\$23.7 billion equivalent (approximately US\$3.05 billion), representing an increase of approximately HK\$4.3 billion equivalent (approximately US\$550 million) and extended the final maturity dates of WRM's senior secured credit facilities. There is also an option to upsize the total senior secured credit facilities by approximately an additional HK\$7.8 billion equivalent (US\$1.0 billion) under the Amended Wynn Macau Credit Facilities and related agreements upon the satisfaction of various conditions.

The borrowings under the Amended Wynn Macau Credit Facilities were used to refinance WRM's existing indebtedness and the balance will be used for a variety of purposes, including to fund the construction and development of Wynn Palace and for general corporate purposes.

The HK\$17.9 billion equivalent term loan facility is repayable in graduating installments of between 2.5% to 7.33% of the principal amount on a quarterly basis commencing December 2018, with a final installment of 50% of the principal amount repayable in September 2021. The final maturity of any outstanding borrowings from the revolving credit facility is September 2020, by which time any outstanding borrowings from the revolving loans must be repaid. The term loans and the revolving loans under the previous Wynn Macau Credit Facilities had final maturities in July 2018 and July 2017, respectively.

The borrowings under the Amended Wynn Macau Credit Facilities will 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 Amended Wynn Macau Credit Facilities.

### *Security and Guarantees*

Borrowings under the Amended Wynn Macau Credit Facilities are guaranteed by Palo and by certain subsidiaries of the Company that own equity interests in WRM, and are secured by substantially all of the assets of, and equity interests in WRM and Palo. With respect to the Concession Agreement and WRM's land concession agreement, the WRM lenders have certain cure rights and consultation rights with the Macau government in the event of an enforcement action by the lenders.

### *Second Ranking Lender*

WRM is also party to a bank guarantee reimbursement agreement with Banco National 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 Amended Wynn Macau Credit Facilities.

## *Other Terms*

The Amended Wynn Macau Credit Facilities contain representations, warranties, covenants and events of default customary for casino development financings in Macau. The Directors confirm that there is no non-compliance with the financial covenants or general covenants contained in the Amended Wynn Macau Credit Facilities.

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

## ***WML 2021 Notes***

The Company issued 5.25% fixed rate unsecured senior notes due on 15 October 2021 with an aggregate principal amount of US\$1.35 billion (approximately HK\$10.5 billion). The Company may use the net proceeds from the offering of the WML 2021 Notes for working capital requirements and general corporate purposes. The WML 2021 Notes are listed on the Hong Kong Stock Exchange.

## **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 to the U.S. dollar, are subject to potential changes due to, among other things, changes in governmental policies and international economic and political developments.

### **Interest Rate Risks**

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

As at 31 December 2015, the Group had three interest rate swap agreements intended to manage a portion of the underlying interest rate risk on borrowings under the Amended Wynn Macau Credit Facilities. Under two swap agreements, the Group pays a fixed interest rate of 0.73% on borrowings of approximately HK\$3.95 billion incurred under the Amended Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment. These interest rate swaps fix the all-in interest rate on approximately HK\$3.95 billion of borrowings under the Amended Wynn Macau Credit Facilities at 2.23% to 2.98% and expire in July 2017.

Under the third swap agreement, the Group pays a fixed interest rate of 0.6763% on borrowing of US\$243.8 million (approximately HK\$1.8 billion) incurred under the Amended Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable LIBOR at the time of payment. This interest rate swap fixes the all-in interest rate on US\$243.8 million (approximately HK\$1.8 billion) of borrowings under the Amended Wynn Macau Credit Facilities at 2.18% to 2.93% and expires in July 2017.

The carrying value of these interest rate swaps on the consolidated statement of financial position approximates its fair value. The fair value approximates the amount the Group would pay if these contracts were settled at the respective valuation dates. Fair value is estimated based upon current, and predictions of future interest rate levels along a yield curve, the remaining duration of the instruments and other market conditions and, therefore, is subject to significant estimation and a high degree of variability of fluctuation between periods. We adjust this amount by applying a non-performance valuation, considering our creditworthiness or the creditworthiness of our counterparties at each settlement date, as applicable. These transactions do not qualify for hedge accounting. Accordingly, changes in the fair values during the years ended 31 December 2015 and 2014, were charged to the consolidated statement of profit or loss and other comprehensive income.

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

## **OFF BALANCE SHEET ARRANGEMENTS**

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

## **OTHER LIQUIDITY MATTERS**

We expect to fund our operations and capital expenditure requirements from operating cash flows, cash on hand and funds available under the Amended Wynn Macau Credit Facilities. However, we cannot be sure that operating cash flows will be sufficient for those purposes. We may refinance all or a portion of our indebtedness on or before maturity. We cannot be sure that we will be able to refinance any of the indebtedness on acceptable terms or at all.

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

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

Taking into consideration our financial resources, including our cash and cash equivalents, internally generated funds and availability under the Amended Wynn Macau 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 has 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, finalized its MFRS statutory financial statements at the end of February 2016 and anticipates filing its MFRS Consolidated Financial Statements with the Gaming Inspection and Coordination Bureau of Macau by 31 March 2016. 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 2016. The MFRS Consolidated Financial Statements and the MFRS Condensed Consolidated Financial Statements may not be directly comparable with our Company's financial results disclosed herein, which are prepared under IFRS.

## **PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2015.

## **CORPORATE GOVERNANCE REPORT**

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 2015 except for the following deviation from provision A.2.1 of the Code.

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

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

Mr. Wynn, the founder of the Company and Wynn Macau, serves as the Chairman and Chief Executive Officer of the Company. The Board has determined that the combination of these roles held singularly by Mr. Wynn is in the best interest of the Company and all Shareholders. The Board believes that the issue of whether to combine or separate the offices of Chairman of the Board and Chief Executive Officer is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination whether to combine or separate the roles based upon the circumstances. The Board has given careful consideration to separating the roles of Chairman and Chief Executive Officer and has determined that the Company and its Shareholders are best served by the current structure. Mr. Wynn's combined role promotes unified leadership and direction for the Board and executive management and allows for a single, clear focus for the Company's operational and strategic efforts.

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

This structure encourages independent and effective oversight of the Company's operations and prudent management of risk. For the reasons stated above and as a result of the structure, policies and procedures outlined above, and in light of the historical success of Mr. Wynn's leadership, the Board has concluded that the current Board leadership structure is in the best interests of the Company and its 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 subsequently updated in November 2013. The terms of such code are no less exacting than those set out in the Model Code. Having made specific enquiry of the Directors, all Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors as set out in the Model Code and the Company's own code of conduct for the year ended 31 December 2015.



## 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 2015.

## ANNUAL REPORT

The Company's annual report for the year ended 31 December 2015 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 2015. The litigation matters set out below are disclosed on a voluntary basis and, as with all litigation, no assurances can be provided as to the outcome thereof.

### Macau Litigation Related to Okada

WRM and certain individuals who are or were directors of WRM and/or the Company have been named as defendants in a lawsuit filed in the Court of First Instance of Macau (the "**Macau Court**") by Mr. Kazuo Okada ("**Okada**") and two of Okada's controlled companies, Aruze USA, Inc. and Universal Entertainment Corp. (collectively, the "**Okada Parties**"). The principal allegations in the lawsuit are 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 the Company is constructing Wynn Palace was unlawful and that the Company's previously disclosed donation by WRM to the University of Macau Development Foundation was unlawful. The Okada Parties seek the dissolution of WRM and compensatory damages.

The Company made a voluntary announcement in respect of this lawsuit on 3 July 2015. The Company has sought advice from counsel in Macau, and based on such advice, the Company believes that the claims are devoid of merit and are unfounded. The Company intends to vigorously defend WRM and the other defendants in the lawsuit. The lawsuit is at an early phase of litigation.

## **Macau Litigation Related to Dore**

WRM has been named a defendant in several 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 requests that allegedly has resulted in certain losses for these individuals. The principal allegations common to the lawsuits are that WRM, as a gaming concessionaire, should be held responsible for Dore’s conduct on the basis that WRM is responsible for the supervision of Dore’s activities at Wynn Macau that resulted in the purported losses.

The Company made a voluntary announcement in connection with the Dore Incident on 14 September 2015. The Company has sought advice from counsel in Macau, and based on such advice, the Company believes the claims are devoid of merit and are unfounded. The Company intends to vigorously defend WRM in the lawsuits. The lawsuits are only in the early phases of litigation.

## **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 is cooperating with the CCAC’s request.

## **SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board has declared a special dividend of HK\$0.60 per Share payable to Shareholders whose names appear on the register of members of the Company on 19 April 2016. It is expected that the special dividend will be paid on 27 April 2016.

In order to determine the identity of the Shareholders who are entitled to the special dividend, the register of members of the Company will be closed from 15 April 2016 to 19 April 2016 (both dates inclusive), during which period no transfer of Shares will be effected. All dividends will be paid in Hong Kong dollars. In order to qualify for the special 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 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 14 April 2016.

## **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. Gamal Aziz, an executive Director, and Mr. Jeffrey Kin-fung Lam and Mr. Bruce Rockowitz, each an independent non-executive Director. All retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

## DEFINITIONS USED IN THIS ANNOUNCEMENT

“Amended Wynn Macau Credit Facilities”	together, the HK\$17.9 billion (equivalent) fully-funded senior term loan facilities and the HK\$5.8 billion (equivalent) senior revolving credit facilities extended to WRM on 30 September 2015
“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 2015
“Company” or “our Company”	Wynn Macau, Limited, a company incorporated on 4 September 2009 as an exempted company with limited liability under the laws of the Cayman Islands and an indirect subsidiary of Wynn Resorts, Limited
“Concession Agreement”	the Concession Contract for the Operation of Games of Chance or Other Games in Casinos in the Macau Special Administrative Region entered into between WRM and the Macau government on 24 June 2002
“Cotai Land Concession Agreement”	the land concession contract entered into between WRM, Palo and the Macau government for approximately 51 acres of land in the Cotai area of Macau, and for which formal approval from the Macau government was published in the official gazette of Macau on 2 May 2012
“Director(s)”	the director(s) of our Company
“Encore” or “Encore at Wynn Macau”	a casino resort located in Macau, connected to and fully integrated with Wynn Macau, owned and operated directly by WRM, and that 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 fully integrated Wynn Macau and Encore at Wynn Macau resort
“Melco Crown”	Melco Crown Gaming (Macau) Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires
“MGM Macau”	MGM Grand Paradise Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“MOP” or “pataca”	Macau pataca, the lawful currency of Macau
“Palo Real Estate Company Limited” or “Palo”	Palo Real Estate Company Limited, a limited liability company incorporated under the laws of Macau, 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\$4.7 billion) 5.25% senior notes due 2021 issued by the Company in October 2013 and the additional US\$750 million (approximately HK\$5.9 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
“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 in June 2009 and July 2011, each for a term of five years between WRM and the Macau Special Administrative Region, effective retroactively to 2006, that provide for an annual payment to the Macau Special Administrative Region of MOP7.2 million in years 2006 through 2010 and MOP15.5 million in years 2011 through 2015 in lieu of Complementary Tax otherwise due by WRM shareholders on dividend distributions to them from gaming profits earned in those years

“Wynn Macau”	a casino hotel resort located in Macau, owned and operated directly by WRM, which opened on 6 September 2006, and where appropriate, the term also includes Encore at Wynn Macau
“Wynn Macau Credit Facilities”	together, the HK\$7.4 billion (equivalent) fully-funded senior term loan facilities and the HK\$12.1 billion (equivalent) senior revolving credit facilities extended to WRM as subsequently amended from time to time and refinanced on 30 September 2015 as the Amended Wynn Macau Credit Facilities
“Wynn Palace”	an integrated resort to be operated by WRM that we are constructing on approximately 51 acres of land in the Cotai area of Macau in accordance with the terms of the Cotai Land Concession Agreement
“Wynn Resorts, Limited”, “Wynn Resorts” or “WRL”	Wynn Resorts, Limited, a company formed under the laws of the State of Nevada, United States, and our controlling shareholder (as defined in the Listing Rules)

## GLOSSARY OF TERMS USED IN THIS ANNOUNCEMENT

“Adjusted Average Daily Rate”	adjusted average daily rate which is calculated by dividing total room revenues including the retail value of promotional allowances (less service charges, if any) by total rooms occupied including complimentary rooms
“Adjusted REVPAR”	adjusted revenue per available room which is calculated by dividing total room revenues including the retail value of promotional allowances (less service charges, if any) by total rooms available
“casino revenue”	revenue from casino gaming activities (gross table games win and gross slot win), calculated net of a portion of commissions and in accordance with IFRS
“chip(s)”	a token; usually in the form of plastic disc(s) or plaque(s) issued by a casino to customers in exchange for cash or credit, which must be used (in lieu of cash) to place bets on gaming tables
“daily gross win per gaming table”	gross gaming win for table games divided by number of tables divided by the number of days in the applicable period
“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
“gross slot win”	the amount of handle (representing the total amount wagered) that is retained as winnings. We record this amount and gross table games win as casino revenue after deduction of progressive jackpot liabilities and a portion of commissions
“gross table games win”	the amount of drop (in our general casino segment) or turnover (in our VIP casino segment) that is retained as winnings. We record this amount and gross slot win as casino revenue after deduction of a portion of commissions

“In-house VIP Program”	an internal marketing program wherein we directly market our casino resorts to gaming clients, including to high-end or premium players in the greater Asia region. These players are invited to qualify for a variety of gaming rebate programs whereby they earn cash commissions and room, food and beverage and other complimentary allowances based on their turnover level. We often extend credit to these players based upon knowledge of the players, their financial background and payment history
“promotional allowance”	the retail value of rooms, food and beverage and retail and other services furnished to guests (typically VIP clients) without charge
“Rolling Chip”	physically identifiable chip that is used to track VIP wagering volume for purposes of calculating commissions and other allowances payable to gaming promoters and Wynn Macau’s individual VIP players
“table drop”	the amount of cash deposited in a gaming table drop box that serves as a repository for cash, plus cash chips purchased as the casino cage
“turnover”	the sum of all losing Rolling Chip wagers within the VIP program
“VIP client” or “VIP player”	client, patron or players who participates in Wynn Macau’s In-house VIP Program or in the VIP program of any of our gaming promoters
“VIP table games turnover”	turnover resulting from VIP table games only

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

Hong Kong, 30 March 2016

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