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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)**

## **DISCLOSEABLE TRANSACTION AND INSIDE INFORMATION**

### **ARRANGEMENTS IN RELATION TO THE COTAI CONSTRUCTION AGREEMENT**

Reference is made to the Company's announcement and circular dated 30 July 2013 and 30 August 2013, respectively, in relation to the major transaction concerning the construction of Wynn Palace under the Cotai Construction Agreement and the Company's announcement dated 27 January 2016 relating to delays in the completion of Wynn Palace.

#### **BACKGROUND**

The Board is pleased to announce that on 28 October 2016, the Group reached an agreement with Leighton Asia to resolve certain differences between the Group and Leighton Asia in relation to the construction of Wynn Palace which opened on 22 August 2016. Wynn Palace is an integrated luxury resort in the Cotai area of Macau featuring approximately 500,000 square feet of casino space, a luxury hotel with over 1,700 spacious rooms, suites and villas, high-end, brand-name retail shopping, and other facilities and attractions.

The Group engaged Leighton Asia with respect to the construction of Wynn Palace pursuant to the Cotai Construction Agreement. The scope of work under the Cotai Construction Agreement included, among other things, project management, substructure, structural, design and architectural works, facades, exterior finishes, certain interior finishes, mechanical, electrical and plumbing installations and external landscaping works. The guaranteed maximum price under the Cotai Construction Agreement was initially HK\$20,007,640,731 (approximately US\$2.57 billion), which was derived after arm's length negotiations between the Group and Leighton Asia with reference to factors such as the expected scope and complexity of the construction works, the estimated cost of materials and labour and the market price for carrying out comparable work.

\* For identification purposes only.

As a result of, among other things, modifications to certain aspects of the scope of work and matters relating to Sub-Contractors engaged by Leighton Asia, the Group and Leighton Asia have had differing views in relation to their respective rights and obligations under the Cotai Construction Agreement as to, among other things, the required date for achieving certain interim milestones and completing the construction work, the Group's potential entitlement to receive liquidated damages for delay and to recover other costs and expenses incurred by it and Leighton Asia's potential entitlements to receive extensions of time for achievement of interim milestones and completion of the construction work and to receive additional payments.

The Group and Leighton Asia have been in discussions with a view to resolving these differences and avoiding the potential for protracted dispute resolution proceedings. As a result of these discussions, on 28 October 2016, WRMSA, Palo and Leighton Asia entered into an agreement to settle all related matters (the "**Settlement Arrangements**").

## **THE PRINCIPAL TERMS OF THE SETTLEMENT ARRANGEMENTS**

Under the Settlement Arrangements, WRMSA, Palo and Leighton Asia agreed the following:

(A) WRMSA and Palo will:

- (i) release and pay US\$21,077,639 (approximately HK\$164.4 million) to Leighton Asia as money due for work completed and accounted for within the guaranteed maximum price of the Cotai Construction Agreement prior to the agreed Settlement Arrangements;
- (ii) pay Leighton Asia an additional US\$199,783,993 (approximately HK\$1.56 billion);
- (iii) upon final completion of the works, release and pay to Leighton Asia US\$55,216,007 (approximately HK\$430.7 million), an amount currently withheld as retention under the Cotai Construction Agreement; and
- (iv) as and when outstanding, defective or non-conforming work is completed to the satisfaction of the Group, release and pay Leighton Asia up to US\$45 million (approximately HK\$351.0 million), an amount currently withheld as further retention under the Settlement-Related Arrangements

(collectively, the "**Settlement-Related Payments**").

US\$100 million (approximately HK\$780 million) of the amounts set out in (i) and (ii) above have been paid as of the date of this Announcement and the remaining US\$120,861,632 (approximately HK\$942.7 million) will be paid on 31 October 2016.

(B) Leighton Asia will:

- (i) complete all outstanding work necessary to achieve final completion pursuant to the Cotai Construction Contract;

- (ii) use the Settlement-Related Payments to discharge its liabilities to its Sub-Contractors in accordance with any relevant sub-contracts and supply agreements with respect to the construction of Wynn Palace to which Leighton Asia is a party;
- (iii) indemnify WRMSA and Palo from and against any and all claims for payment made by any such Sub-Contractors against WRMSA and/or Palo and against any loss or damage suffered by WRMSA and/or Palo arising from any claims or actions brought by any such Sub-Contractor; and
- (iv) extend the long stop date of the Performance Bonds to 25 August 2017.

Under the Settlement-Related Arrangements, the guarantee from Leighton Asia's parent company guaranteeing the obligations of Leighton Asia under the Cotai Construction Agreement will remain in place. In addition, WRMSA and Palo will forego pursuing Leighton Asia for, among others, (i) any claim for liquidated damages or other payments relating to requirements for achieving interim milestones and completing the construction work on time; and (ii) monetary claims notified by WRMSA and Palo to Leighton Asia, but excluding claims in respect of any outstanding works or defects or non-conformities in the construction work. In connection with the foregoing, it was agreed that the guaranteed maximum price payable to Leighton Asia under the Cotai Construction Agreement will be US\$2,964,184,528 (approximately HK\$23,120,639,320).

The Settlement-Related Payments are subject to the increased guaranteed maximum price payable to Leighton Asia under the Cotai Construction Agreement, and are anticipated to be paid from internal resources and/or financed under credit facilities of the Group.

## **REASON FOR AND BENEFITS OF THE SETTLEMENT ARRANGEMENTS**

The terms of the Settlement Arrangements have been arrived at after arm's length negotiations between the Group and Leighton Asia. After careful consideration, the Directors (including all of the independent non-executive directors of the Company) believe that the terms of the Settlement Arrangements are fair and reasonable and in the interest of Shareholders as a whole having considered the following:

- (a) under the Settlement Arrangements, the Group and Leighton Asia agree not to pursue their respective potential claims and cross-claims with respect to their differences in respect of the Cotai Construction Agreement;
- (b) the Settlement Arrangements will enable the Group to avoid protracted dispute resolution proceedings that could require substantial time commitments of senior management associated with such proceedings, as well as the inherent uncertainties as to the outcome of such proceedings; and
- (c) the payments to Leighton Asia under the Settlement Arrangements will allow Leighton Asia to settle any claims by the Sub-Contractors, which will mitigate any potential disruption to the operations of the Group.

None of the Directors has any material interest in the Settlement Arrangements. Accordingly, none of them are required to abstain from voting on the board resolutions for considering and approving the transaction.

## INFORMATION ABOUT THE PARTIES

The Company, through WRMSA, is a developer, owner and operator of destination casino resorts in Macau. WRMSA holds one of the six concessions or sub-concessions authorizing it to own and operate casinos in Macau, and currently owns and operates Wynn Macau and Wynn Palace. Palo, a subsidiary of the Company and WRMSA, leases the land on which Wynn Palace is located on from the Macau Government.

Leighton Asia is engaged in providing engineering and construction services and has extensive experience in a diverse range of large-scale construction projects in both public and private sectors, including commercial and residential developments and five-star luxury casinos and hotels. To the best of each Director's knowledge, information and belief having made all reasonable enquiries, Leighton Asia and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## IMPLICATIONS UNDER THE LISTING RULES

Since one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Settlement-Related Payments is more than 5%, but less than 25%, the Settlement Arrangements constitute a discloseable transaction of the Company and are subject to the announcement requirement under Chapter 14 of the Listing Rules. The Company is also issuing this announcement pursuant to Rule 13.09 of the Listing Rules and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

## DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

<b>“Board”</b>	the board of directors of the Company
<b>“Company”</b>	Wynn Macau, Limited
<b>“Cotai Construction Agreement”</b>	the agreement between WRMSA, Palo and Leighton Asia concerning the construction of Wynn Palace
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”, “we” or “us”</b>	the Company and its subsidiaries
<b>“Leighton Asia”</b>	Leighton Contractors (Asia) Limited, a company incorporated in Hong Kong

<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Macau”</b>	the Macau Special Administrative Region of the People’s Republic of China
<b>“Palo”</b>	Palo Real Estate Company Limited, a company incorporated in Macau with limited liability and a wholly-owned indirect subsidiary of the Company
<b>“Performance Bond”</b>	the four on-demand performance bond covering the obligations of Leighton Asia under the Cotai Construction Agreement, issued in favor of the WRMSA and Palo for approximately US\$128.3 million (approximately HK\$1.00 billion)
<b>“Shareholders”</b>	the shareholders of the Company
<b>“Sub-Contractors”</b>	the sub-contractors, suppliers or vendors engaged by Leighton Asia in connection with the construction of Wynn Palace
<b>“WRMSA”</b>	Wynn Resorts (Macau) S.A., a company incorporated in Macau with limited liability, a gaming concessionaire in Macau and a wholly-owned subsidiary of the Company
<b>“Wynn Macau”</b>	an integrated luxury hotel and destination casino resort located in the Macau peninsula, and the term includes Encore at Wynn Macau
<b>“Wynn Palace”</b>	an integrated luxury hotel and destination casino resort in the Cotai area of Macau

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

Hong Kong, 30 October 2016

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

*Unless otherwise specified in this announcement, amounts denominated in US\$ have been converted, for the purpose of illustration only, into HK\$ based on the exchange rate of US\$1 = HK\$7.8. No representation is made that the amounts stated in this announcement have been or could have been or could be converted at the above rate or at any other rates or at all.*