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Notice to Hong Kong investors: The Company confirms that the Notes (as defined below) are intended for professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Company confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

SANDS CHINA LTD.

金沙中國有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1928)

US\$700,000,000 2.300% Senior Notes due 2027

(Note Stock Code: 40852)

US\$650,000,000 2.850% Senior Notes due 2029

(Note Stock Code: 40853)

US\$600,000,000 3.250% Senior Notes due 2031

(Note Stock Code: 40854)

(collectively, the “Notes”)

PUBLICATION OF LISTING DOCUMENT

This announcement is issued by Sands China Ltd. (the “**Company**”) pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Notes on the Hong Kong Stock Exchange dated September 23, 2021 published by the Company.

The listing document in relation to the Notes (“**Listing Document**”), being the offering memorandum in relation to the Notes dated September 9, 2021, is attached to this announcement. The attached Listing Document is published in English only. No Chinese version of the attached Listing Document has been published.

The attached Listing Document is for information purposes only and does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The attached Listing Document must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be made based on the information contained in the attached Listing Document.

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

Macao, September 24, 2021

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

Executive Directors:

Robert Glen Goldstein

Wong Ying Wai

Chum Kwan Lock, Grant

Non-Executive Director:

Charles Daniel Forman

Independent Non-Executive Directors:

Chiang Yun

Victor Patrick Hoog Antink

Steven Zygmunt Strasser

Kenneth Patrick Chung

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



(Incorporated in the Cayman Islands with limited liability)
(HKSE Stock Code : 1928)

US\$700,000,000 2.300% Senior Notes due 2027

US\$650,000,000 2.850% Senior Notes due 2029

US\$600,000,000 3.250% Senior Notes due 2031

Issue Price: 2027 Notes: 99.781%

Issue Price: 2029 Notes: 99.747%

Issue Price: 2031 Notes: 99.927%

Sands China Ltd. (the “Company”) is offering US\$700,000,000 2.300% Senior Notes due 2027 (the “2027 Notes”), US\$650,000,000 2.850% Senior Notes due 2029 (the “2029 Notes”) and US\$600,000,000 3.250% Senior Notes due 2031 (the “2031 Notes” and, together with the 2027 and 2029 Notes, the “Notes”). The Company will pay interest on the 2027 Notes and the 2029 Notes semi-annually in arrears on March 8 and September 8 of each year, beginning on March 8, 2022. The Company will pay interest on the 2031 Notes semi-annually in arrears on February 8 and August 8 of each year, beginning on February 8, 2022. The 2027 Notes will mature on March 8, 2027, the 2029 Notes will mature on March 8, 2029 and the 2031 Notes will mature on August 8, 2031. The interest rate on the Notes may be adjusted under certain circumstances as set forth under “Description of Notes—Interest Rate Adjustment.”

Each series of Notes is redeemable prior to maturity, in whole or in part, at any time and from time to time at our option at a redemption price calculated as set forth under “Description of Notes—Optional Redemption.” In addition, the Company may redeem the Notes in whole, but not in part, at any time at a price equal to their principal amount plus accrued interest, in the event of certain changes in withholding tax laws. In the event of a change of control triggering event or an investor put option triggering event, the Company will be required to offer to repurchase the Notes at 101% or 100% of the principal amount, respectively, plus accrued and unpaid interest to but not including the repurchase date.

The Notes will be senior unsecured obligations of the Company and will rank equally in right of payment with all of its existing and future senior unsecured debt and will rank senior in right of payment to all of the Company’s future subordinated debt, if any. The Notes will be effectively subordinated in right of payment to all of the Company’s future secured debt (to the extent of the value of the collateral securing such debt), and will be structurally subordinated to all of the liabilities of the Company’s subsidiaries. None of the Company’s subsidiaries will guarantee the Notes.

The Company will agree to use its commercially reasonable efforts to file an exchange offer registration statement or, under specific circumstances, a shelf registration statement, pursuant to a registration rights agreement. In the event we fail to comply with certain of our obligations under the registration rights agreement, we will pay additional interest on the Notes. Investors should be aware that there are various other risks relating to the Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Notes. See “Description of Notes—Registration Rights” and “Risk Factors” beginning on page 17 for a discussion of certain risks that you should consider in connection with an investment in the Notes.

Application will be made to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) for the listing of the Notes by way of debt issues to professional investors (as defined in Chapter 37 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“Professional Investors”) only. A confirmation of eligibility for listing of the Notes has been received from the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only.

Notice to Hong Kong Investors: the Company confirms that the Notes are intended for purchase and/or acquisition by the Professional Investors only and are expected to be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Company confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Company or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The Notes have not been registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction, and are being offered and sold only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers as defined under Rule 144A are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under “Transfer Restrictions.”

The initial purchasers of the Notes expect to deliver the Notes to purchasers on or about September 23, 2021, solely in book-entry form through the facilities of Cede & Co. as nominee of The Depository Trust Company.

Joint Bookrunning Managers

Barclays

BofA Securities

Goldman Sachs & Co. LLC

Joint Bookrunner—Passive

Bank of China Macau Branch

Joint Lead Managers

Bank of Communications Macau

ICBC (Macau)

Co-Managers

BNP PARIBAS

China Construction Bank Corporation Macau Branch

DBS Bank Ltd.

OCBC Bank

Scotiabank

SMBC Nikko

United Overseas Bank

The date of this offering memorandum is September 9, 2021.

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NOTICE TO INVESTORS

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Such transactions may include stabilizing and the purchase of Notes to cover short positions. These activities may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of such persons and not for or on behalf of the Company. For a description of these activities, see “Plan of Distribution.”

This offering memorandum includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Company accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

This offering memorandum is highly confidential and has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum. The initial purchasers of the Notes (collectively, the “Initial Purchasers”) and the Company reserve the right to withdraw this offering at any time before closing, to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of the Notes offered by this offering memorandum. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

Notwithstanding anything in this offering memorandum to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the United States federal income tax treatment and tax structure of this offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. For this purpose, “tax structure” is limited to facts relevant to the United States federal income tax treatment of this offering.

We have prepared this offering memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section headed “Transfer Restrictions” herein.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Initial Purchasers or any of their affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. The Initial Purchasers have not independently

verified any of such information and assume no responsibility for such information and assume no responsibility for its accuracy or completeness.

Neither we nor the Initial Purchasers have authorized the provision of information different from that contained in this offering memorandum, to give any information or to make any representation not contained in or not consistent with this offering memorandum or any other information supplied in connection with the offering of the Notes. The information contained in this offering memorandum is accurate in all material respects only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or of any sale of the Notes. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has not been a change in our affairs and those of each of our respective subsidiaries or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof. The Initial Purchasers expressly do not undertake to review our financial condition or affairs during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the Notes (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of the Company and the terms of the offering of the Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

The Company is not, and the Initial Purchasers are not, making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the Notes may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this offering memorandum, see the sections headed "Transfer Restrictions" and "Plan of Distribution" below.

This offering memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

Under the Cayman Islands Data Protection Act, 2017 and, in respect of EU data subjects, the EU General Data Protection Regulation (together, the "Data Protection Legislation"), individual data subjects have rights and the Company as data controller has obligations with respect to the processing of personal data by the Company and its affiliates and delegates. Breach of the Data Protection Legislation by the Company could lead to enforcement action.

Prospective investors should note that personal data may in certain circumstances be required to be supplied to the Company in order for an investment in the Notes to continue or to enable the Notes to be redeemed. If the required personal data is not provided, a prospective investor will not be able to continue to invest in the Notes or to redeem the Notes.

The Company has published a privacy notice (the "Data Privacy Notice"), which provides prospective investors with information on the Company's use of their personal data in accordance with the Data Protection

Legislation. The Data Privacy Notice is available for inspection at Level 30, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

If you are an individual prospective investor, the processing of personal data by and on behalf of the Company is directly relevant to you. If you are an institutional investor that provides personal data on individuals connected to you for any reason in relation to your investment in the Notes (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), this will be relevant for those individuals and you should transmit the privacy notice to such individuals or otherwise advise them of its content.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

WARNING

You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, which differ in certain respects from generally accepted accounting principles in the United States (“US GAAP”) and in certain other countries. We have made no attempt to describe or quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of us, the terms of the Notes and the financial information we present herein. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS and accounting principles generally accepted in other countries, including the United States, and how those differences might affect the financial information presented herein.

This offering memorandum contains non-IFRS financial measures and ratios that are not required by, or presented in accordance with, IFRS, including Adjusted Property EBITDA. We present non-IFRS financial measures so that investors have the same financial data that management uses in evaluating financial performance with the belief that it will assist the investment community in assessing the underlying financial performance of the Company on a year-over-year basis. The non-IFRS financial measures may not be comparable to other similarly titled measures of other companies, since they are not uniformly defined, and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results reported under IFRS. Non-IFRS financial measures and ratios are not measurements of our performance under IFRS and should not be considered as alternatives to operating income, net profit, cash flows from operations or any other performance or liquidity measures derived in accordance with IFRS or any other generally accepted accounting principles.

This offering memorandum also contains financial information of the Company for the one month ended July 31, 2021, August 31, 2021 and the same period in the prior year, respectively. The financial information presented for these periods was prepared in accordance with US GAAP, which is different from IFRS that we are subject to when preparing and presenting our financial results and related financial information, which are required to be published under the Listing Rules. However, following the substantial convergence of IFRS and US GAAP accounting standards on revenue recognition and leases, the previous material differences between the two accounting frameworks applicable to the Company have been eliminated. Holders of and potential investors in our Company’s securities should consult their own professional advisers for an understanding of the differences between IFRS and US GAAP.

The preliminary financial results as of and for the one month ended July 31, 2021, August 31, 2021 and the same period in the prior year, respectively, included in this offering memorandum have been prepared by, and are the responsibility of, our management. Deloitte Touche Tohmatsu, our independent registered public accounting firm, has not audited, reviewed, compiled or performed any procedures with respect to the accompanying preliminary financial results. Accordingly, Deloitte Touche Tohmatsu does not express an opinion or any other form of assurance with respect thereto.

SECURITIES AND EXCHANGE COMMISSION REVIEW

The information in this offering memorandum relates to an offering that is exempt from the registration requirements under the Securities Act. We have agreed, subject to the terms of a registration rights agreement, to file one or more registration statements with the SEC with respect to (i) a registered offer to exchange each series of Notes for new Exchange Notes (as defined below) having terms substantially identical in all material respects to the applicable Notes exchanged therefor (except that the Exchange Notes will not contain terms with respect to additional interest or transfer restrictions) or (ii) resales of the Notes. See “Description of Notes—Registration Rights.” In the course of the SEC’s review of any such registration statement and other filings we may make with the SEC, we may be required or may elect to make changes or modifications to the description of our business, our financial information and data and the presentation of our financial information included in this offering memorandum. Such changes or modifications may be significant. In particular, we note that the SEC rules regulate the use in filings with the SEC of financial measures such as Adjusted Property EBITDA, which are derived on the basis of methodologies other than IFRS. Comments by the SEC on our financial data in a registration statement for an exchange offer or shelf registration statement required by the registration rights agreement may require modification or reformulation of the data we present in this offering memorandum, including the financial statements and other financial information, and any such modification or reformulation may be significant.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include the discussions of our business strategies and expectations concerning future operations, margins, profitability, liquidity and capital resources. Any statements contained in this offering memorandum that are not statements of historical fact may be deemed to be forward-looking statements. In addition, in certain portions included in this offering memorandum, the words “anticipates,” “believes,” “estimates,” “seeks,” “expects,” “plans,” “intends” and similar expressions, as they relate to our Company or management, are intended to identify forward-looking statements. Although we believe these forward-looking statements are reasonable, we cannot assure you any forward-looking statements will prove to be correct. These forward-looking statements involve known and unknown risks, uncertainties and other factors beyond our control, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These factors include, among others, the risks associated with:

- the uncertainty of the extent, duration and effects of the COVID-19 Pandemic (as defined in the “Glossary” section of this offering memorandum) and the response of governments and other third parties, including government-mandated property closures, increased operational regulatory requirements or travel restrictions, on our business, results of operations, cash flows, liquidity and development prospects;
- our ability to maintain our gaming license and subconcession in Macao, including the renewal or extension of the subconcession in Macao that expires on June 26, 2022;
- general economic and business conditions, which may impact levels of disposable income, consumer spending, group meeting business, pricing of hotel rooms and retail and mall tenant sales;
- disruptions or reductions in travel and our operations, due to natural or man-made disasters, pandemics, epidemics or outbreaks of infectious or contagious diseases, political instability, civil unrest, terrorist activity or war;
- the uncertainty of consumer behavior related to discretionary spending and vacationing at our integrated resorts;
- the extensive regulations to which we are subject and the costs of compliance or failure to comply with such regulations;
- new developments, construction projects and ventures, including our Cotai Strip developments;
- regulatory policies in mainland China or other countries in which our patrons reside, or where we have operations, including visa restrictions limiting the number of visits or the length of stay for visitors from mainland China to Macao, restrictions on foreign currency exchange or importation of currency, and the judicial enforcement of gaming debts;
- our leverage, debt service and debt covenant compliance and ability to refinance our debt obligations as they come due or to obtain sufficient funding for our planned, or any future, development projects;
- fluctuations in currency exchange rates and interest rates;
- increased competition for labor and materials due to planned construction projects and quota limits on the hiring of foreign workers;
- our ability to compete for limited management and labor resources in Macao, and the policies of the government may also affect our ability to employ imported managers or labor from other countries;

- our dependence upon properties in Macao for all of our cash flow;
- the passage of new legislation and receipt of governmental approvals for our operations;
- our insurance coverage may not be adequate to cover all possible losses that our properties could suffer and our insurance costs may increase in the future;
- our ability to collect gaming receivables from our credit players;
- our relationship with gaming promoters;
- our dependence on chance and theoretical win rates;
- fraud and cheating;
- our ability to establish and protect our intellectual property rights;
- conflicts of interest that arise because certain of our directors and officers are also directors of LVS;
- government regulation of the casino industry (as well as new laws and regulations and changes to existing laws and regulations), including gaming license regulation, the requirement for certain beneficial owners of our securities to be found suitable by gaming authorities, the legalization of gaming in other jurisdictions and regulation of gaming on the internet;
- increased competition, including recent and upcoming increases in hotel rooms, meeting and convention space, retail space, potential additional gaming licenses and online gaming;
- the popularity of Macao as convention and trade show destinations;
- new taxes, changes to existing tax rates or proposed changes in tax legislation;
- the continued services of our key officers;
- labor actions and other labor problems;
- our failure to maintain the integrity of our information and information systems or comply with applicable privacy and data security requirements and regulations could harm our reputation and adversely affect our business;
- the completion of infrastructure projects;
- the outcome of any ongoing and future litigation; and
- other factors described under “Risk Factors.”

All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Readers are cautioned not to place undue reliance on these forward-looking statements. We assume no obligation to update any forward-looking statements after the date of this offering memorandum, as a result of new information, future events or developments, except as required by federal securities laws.

All forward-looking statements contained in this offering memorandum are qualified by reference to this cautionary statement.

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands as an exempted company with limited liability. Some of our directors and officers and the experts named herein reside outside the United States (principally in Hong Kong and Macao). All or a substantial portion of our assets and such persons' assets are located outside the United States (principally in Macao). As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons, or to enforce against us or such persons judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Walkers (Hong Kong), our counsel as to Cayman Islands law, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Walkers (Hong Kong) has further advised us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment in the Grand Court of the Cayman Islands, provided such judgment (a) is final and conclusive; (b) is one in respect of which the foreign court had jurisdiction over the defendant according to Cayman Islands conflict of law rules; (c) is either for a liquidated sum not in respect of penalties or taxes or a fine or similar fiscal or revenue obligations or, in certain circumstances, for in personam non-money relief; and (d) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

GLOSSARY

This glossary contains definitions of certain terms used in this offering memorandum as they relate to us. Some of these definitions may not correspond to standard industry definitions.

- “2016 VML Credit Facility” the term loans, term loan commitments and revolving credit facility available pursuant to the credit agreement dated September 21, 2011 entered into by VML US Finance LLC and VML (as amended and restated in March 2014 and June 2016), which was terminated on November 20, 2018, effective as of November 21, 2018
- “2018 SCL Credit Facility” the facility agreement the Company, as borrower, entered into with the arrangers and lenders named therein and Bank of China Limited, Macau Branch, as agent for the lenders, on November 20, 2018, as amended on March 27, 2020, September 11, 2020 and July 7, 2021, pursuant to which the lenders made available a US\$2.0 billion revolving unsecured credit facility to the Company. On January 25, 2021, the Company exercised the option to increase the Lenders’ Total Commitments (as defined in the 2018 SCL Credit Facility) by HK\$3.83 billion (approximately US\$493 million at exchange rates in effect on June 30, 2021)
- “2018 SCL Revolving Facility” a US\$2.0 billion revolving unsecured credit facility made available by the lenders under the 2018 SCL Credit Facility entered into on November 20, 2018, as amended on March 27, 2020, September 11, 2020 and July 7, 2021. On January 25, 2021, the Company exercised the option to increase the Lenders’ Total Commitments (as defined in the 2018 SCL Credit Facility) by HK\$3.83 billion (approximately US\$493 million at exchange rates in effect on June 30, 2021)
- “2023 Notes” the 4.600% senior notes due August 8, 2023 issued by the Company with a total outstanding principal amount of US\$1.80 billion, consisting of the Unregistered 2023 Notes and the Registered 2023 Notes
- “Adjusted Property EBITDA” Adjusted Property EBITDA, which is a non-IFRS financial measure, is profit or loss attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains or losses, impairment loss on property and equipment, gain or loss on disposal of property and equipment, investment properties and intangible assets, interest, gain or loss on modification or early retirement of debt and income tax benefit or expense. Adjusted Property EBITDA is a supplemental non-IFRS financial measure used by management. We present non-IFRS financial measures so that investors have the same financial data that management uses in evaluating financial performance with the belief that it will assist the investment community in assessing the underlying financial performance of the Company on a year-over-year basis. In particular, management utilizes Adjusted Property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Integrated resort companies have historically reported Adjusted Property

EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their properties on a more stand-alone basis, integrated resort companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific properties, such as pre-opening expense and corporate expense, from their Adjusted Property EBITDA calculations. Adjusted Property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments, debt principal repayments and income taxes, which are not reflected in Adjusted Property EBITDA. Not all companies calculate Adjusted Property EBITDA in the same manner. As a result, Adjusted Property EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies. In addition, our Adjusted Property EBITDA presented in the report may differ from Adjusted Property EBITDA presented by LVS for its Macao segment in its filings with the SEC. For a quantitative reconciliation of Adjusted Property EBITDA to its most directly comparable IFRS measurement, see “Summary—Summary Financial Information”

“ADR” or “average daily rate”	the average daily rate per occupied room in a given time period, calculated as room revenue divided by the number of rooms sold
“Board”	the board of directors of the Company
“cage”	a secure room within a casino with a facility that allows patrons to exchange cash for chips required to participate in gaming activities, or to exchange chips for cash
“Capex Committee”	Sands China Capital Expenditure Committee of the Company
“casino(s)”	a gaming facility that provides casino games consisting of table games operated in VIP areas or mass market areas, electronic games, slot machines and other casino games
“Chief Executive”	a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the Board of Directors for the conduct of the business of the Company
“chip(s)”	tokens issued by a casino to players in exchange for cash or credit, which are used to place bets on gaming tables, in lieu of cash
“Company,” “our,” “we,” “us,” “SCL,” or “Sands China”	Sands China Ltd., a company incorporated in the Cayman Islands on July 15, 2009 as an exempted company with limited liability and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries. When used in the context of gaming operations or the Subconcession, “we,” “us,” or “our” refers exclusively to VML

“Concessionaire(s)”	the holder(s) of a concession for the operation of casino games in Macao
“Cotai”	the name given to the land reclamation area in Macao between the islands of Coloane and Taipa
“Cotai Strip”	large-scale integrated resort projects on Cotai developed by us and inspired by the Las Vegas Strip in Las Vegas, Nevada, U.S.A. LVS has registered the Cotai Strip trademark in Hong Kong and Macao
“COVID-19 Pandemic”	an outbreak of a respiratory illness caused by a novel coronavirus that was identified in early January 2020. The virus has since spread rapidly across the world, causing the World Health Organization to declare the outbreak of a pandemic on March 12, 2020
“DICJ”	Gaming Inspection and Coordination Bureau (“ <i>Direcção de Inspeção e Coordenação de Jogos</i> ”) under the Secretary for Economy and Finance of Macao
“Director(s)”	member(s) of the board of directors of the Company
“DOJ”	the United States Department of Justice
“EBITDA”	earnings before interest, taxes, depreciation and amortization
“ESG Committee”	Environmental, Social and Governance Committee of the Company
“Exchange Act”	the United States Securities Exchange Act of 1934, as amended
“Exchange Rate”	except as otherwise stated, amounts denominated in U.S. dollars, MOP and Hong Kong dollars have been converted at the exchange rate on June 30, 2021 for the purposes of illustration only, in this offering memorandum at: US\$1.00: HK\$7.7634 US\$1.00: MOP7.9963 HK\$1.00: MOP1.03
“FCPA”	the United States Foreign Corrupt Practices Act of 1977, as amended
“Four Seasons Macao”	refers to the Four Seasons Hotel Macao, Cotai Strip®, which is managed and operated by FS Macau Lda., an affiliate of Four Seasons Hotels Limited
“gaming area(s)”	a gaming facility that provides casino games consisting of table games operated in VIP areas or mass market areas, electronic games, slot machines and other casino games but has not been designated as a casino by the Macao government
“gaming promoter(s)”	individuals or corporations licensed by and registered with the Macao government to promote games of fortune and chance to patrons, through the arrangement of certain services, including extension of credit (regulated by Law No. 5/2004), transportation, accommodation, dining and entertainment, whose activity is regulated by Administrative Regulation No. 6/2002

“GLA”	gross leasable area
“GLOA”	gross leasable occupied area
“Greater Bay Area”	a megalopolis, also known as the Pearl River Delta, consisting of nine cities in Guangdong Province of South China, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Dongguan, Zhongshan, Jiangmen, Huizhou, and Zhaoqing, and two special administrative regions namely, Hong Kong and Macao
“Greater Bay Area Initiative(s)”	a policy initiative introduced in China’s 13th five-year plan (2016–2020) to promote the development of the Pearl River Delta region via economic and social integration of 11 cities in the Greater Bay Area (the most affluent and populous area in China) so that they can better leverage their competitive advantages in the global economy
“Group”	the Company and its subsidiaries from time to time
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSE” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board
“Initial Purchasers”	the initial purchasers of the Notes, further details of which are set out in “Plan of Distribution”
“integrated resort(s)”	a resort which provides customers with a combination of hotel accommodations, casinos or gaming areas, retail and dining facilities, MICE space, entertainment venues and spas
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“LVS” or “Las Vegas Sands”	Las Vegas Sands Corp., a company incorporated in Nevada, U.S.A. in August 2004 and the common stock of which is listed on the New York Stock Exchange
“LVS Group”	LVS and its subsidiaries (excluding our Group)
“LVS LLC”	Las Vegas Sands, LLC, a company incorporated in Nevada, U.S.A.
“LVS Nevada”	LVS (Nevada) International Holdings, Inc., a company incorporated in Nevada, U.S.A.
“mass market player(s)”	Non-Rolling Chip and slot players
“MICE”	Meetings, Incentives, Conventions and Exhibitions, an acronym commonly used to refer to tourism involving large groups brought together for an event or corporate meeting
“MOP” or “pataca(s)”	Macao pataca, the lawful currency of Macao
“Parcel 1”	a land parcel on Cotai totaling 290,562 square meters described under Registration No. 23225 by the Macao Property Registry, on which The Venetian Macao has been constructed

“Parcel 2”	a land parcel on Cotai totaling 53,303 square meters described under Registration No. 23223 by the Macao Property Registry, on which The Plaza Macao has been constructed
“Parcel 3”	a land parcel on Cotai totaling 61,681 square meters described under Registration No. 23224 by the Macao Property Registry, on which The Parisian Macao has been constructed
“Parcels 5 and 6”	land parcels on Cotai totaling 150,134 square meters, including 44,576 square meters designated as a tropical garden, described under Registration No. 23288 by the Macao Property Registry, on which The Londoner Macao has been constructed
“premium player(s)”	Rolling Chip players who have a direct relationship with gaming operators and typically participate in gaming activities in casinos or gaming areas without the use of gaming promoters
“Professional Investors”	as defined in Chapter 37 of the Listing Rules
“Registered 2023 Notes”	the series of senior unsecured registered notes of US\$1,695,850,000 of 4.600% senior notes due August 8, 2023 issued by the Company on January 29, 2019 which have been registered under the Securities Act (HKSE Note Stock Code: 5725). These notes were issued by the Company in exchange for an equal principal amount of Unregistered 2023 Notes that were validly tendered under an exchange offer
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Rolling Chip play”	play by VIP and premium players (excludes Paiza cash players) using non-negotiable chips
“Rolling Chip volume”	casino revenue measurement, measured as the sum of all non-negotiable chips wagered and lost by VIP and premium players (excludes Paiza cash players)
“Rolling Chip win”	a percentage of Rolling Chip volume
“Sands”	a land parcel in Macao totaling 26,082 square meters described under Registration No. 23114 by the Macao Property Registry, on which Sands Macao has been constructed
“Sands Macao”	the Sands Macao, which includes gaming areas, a hotel tower, restaurants and a theater
“Securities Act”	United States Securities Act of 1933, as amended
“SEC”	the United States Securities and Exchange Commission
“Senior Notes”	each series of senior unsecured notes previously issued by the Company as set forth in the section entitled “Capitalization”
“SFO”	the Securities and Futures Ordinance of Hong Kong (Cap. 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

“Share(s)”	ordinary share(s) in our Company with a nominal value of US\$0.01 each
“Shareholder(s)”	holder(s) of Share(s)
“Subconcession”, “Contract” or “Subconcession agreement”	the tripartite Subconcession Contract for the operation of casino games effective December 26, 2002 among Galaxy Casino S.A., the Macao government and VML
“Subconcessionaire(s)”	the holder(s) of a subconcession for the operation of casino games in Macao
“table games”	typical casino games, including card games such as baccarat, blackjack and hi-lo (also known as “sic bo”) as well as craps and roulette
“The Londoner Macao”	an integrated resort which currently features four hotel towers, consisting of hotel rooms and suites under The Londoner Macao Hotel, Londoner Court, Conrad, Sheraton and St. Regis brands. The Londoner Macao also includes gaming areas, Shoppes at Londoner, entertainment, dining and MICE facilities. It was formerly named “Sands Cotai Central”
“The Parisian Macao”	an integrated resort that includes a gaming area, a hotel, Shoppes at Parisian and other integrated resort amenities
“The Plaza Macao”	an integrated resort which includes (i) Four Seasons Macao;(ii) the Plaza Casino gaming area operated by VML; (iii) the Paiza Mansions, Shoppes at Four Seasons, restaurants and a spa, each of which are operated by us; and (iv) The Grand Suites at Four Seasons, which features 289 premium quality suites, except where the context indicates otherwise
“The Venetian Macao”	The Venetian® Macao-Resort-Hotel, an integrated resort that includes casino and gaming areas, a hotel, MICE space, Shoppes at Venetian, restaurants and food outlets, a 15,000-seat arena and other entertainment venues
“Trustee”	U.S. Bank National Association
“United States,” “U.S.” or “U.S.A.”	the United States of America, including its territories and possessions and all areas subject to its jurisdiction
“Unregistered 2023 Notes”	the series of senior unsecured unregistered notes of US\$1.80 billion of 4.600% senior notes due August 8, 2023 issued by the Company on August 9, 2018 (HKSE Note Stock Code: 5140), the outstanding principal amount of which is US\$104,150,000 following the exchange offer of the Company to exchange these notes for an equal principal amount of Registered 2023 Notes
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States

“Venetian Casino”	Venetian Casino Resort, LLC, a company incorporated in Nevada, U.S.A.
“VIP player(s)”	Rolling Chip players who play almost exclusively in dedicated VIP rooms or designated casino or gaming areas and are sourced from gaming promoters
“VIP room(s)”	rooms or designated areas within a casino or gaming area where VIP players and premium players gamble
“visit(s)” or “visitation(s)”	with respect to visitation of our properties, the number of times a property is entered during a fixed time period. Estimates of the number of visits to our properties is based on information collected from digital cameras placed above every entrance in our properties, which use video signal image processor detection and include repeat visitors to our properties on a given day
“VML”	our subsidiary, Venetian Macau, S.A. (also known as Venetian Macau Limited), a public company limited by shares (“ <i>sociedade anónima</i> ”) incorporated on June 21, 2002 under the laws of Macao, one of the three Subconcessionaires and the holder of the Subconcession
“VVDIL”	our subsidiary, Venetian Venture Development Intermediate Limited, a company incorporated in the Cayman Islands on June 21, 2002 as an exempted company with limited liability
“VVDI (II)”	Venetian Venture Development Intermediate II, a company incorporated in the Cayman Islands on January 23, 2003 as an exempted company with limited liability and an indirect, wholly-owned subsidiary of LVS and our immediate controlling Shareholder

SUMMARY

This summary does not contain all the information that may be important to you in deciding whether to invest in the Notes. You should read this entire offering memorandum, including the section entitled “Risk Factors” and the financial statements and related notes thereto, before making an investment decision. References to 2019 statistics have been included as they reflect the last full year of our operations prior to travel restrictions related to the COVID-19 Pandemic. Such statistics may have changed materially since then as a result of the COVID-19 Pandemic.

We are the leading developer, owner and operator of large-scale integrated resorts in Macao, as measured by Adjusted Property EBITDA for the year ended December 31, 2019. In 2019, we welcomed approximately 98 million leisure and business visits at our properties on Cotai and on the Macao Peninsula.

Our founder, former Chairman and Chief Executive Officer, Mr. Sheldon Gary Adelson, began investing in Macao from 2002 after the award of the gaming Subconcession to operate casino games and other games of chance. His vision and goal was to develop large-scale integrated resorts with a variety of world-class amenities and create an international tourism destination. This facilitated in achieving Macao’s objective for long-term economic diversification and growth in tourism.

Today, with nearly 30 million square feet of interconnected facilities on Cotai, we are the largest integrated resorts operator in Macao. Our integrated resorts not only offer gaming areas, but also the most four- and five-star rated hotel rooms compared to any other single developer in the market. Our integrated resorts also collectively feature the largest capacity in meeting space, convention and exhibition halls, retail and dining areas and entertainment venues. We believe our integrated resorts are unique in Macao and differentiate us from our competitors due to size and scale, range of non-gaming amenities, and the focus on leisure and business tourism.

Macao is the largest gaming market in the world and the only location in China offering legalized casino gaming. VML, our subsidiary, holds one of the six concessions or subconcessions permitted by the Macao government to operate casinos or gaming areas in Macao.

We developed, own and operate The Venetian Macao, The Londoner Macao (formerly Sands Cotai Central), The Parisian Macao, The Plaza Macao and Sands Macao. We also own the Cotai Expo, one of the largest convention and exhibition centers in Asia, as well as Macao’s largest entertainment venue, the Cotai Arena. Our properties collectively feature over 12,000 luxury suites and hotel rooms, approximately 150 different restaurants and food outlets, spas and theaters for live performances, as well as other integrated resort amenities.

Our integrated resort brands, including The Venetian Macao, The Londoner Macao and The Parisian Macao, are aspirational and recognized throughout China and Asia for their quality and services and leave a lasting impression on our customers.

We were the first developer in Macao to feature world-class global hospitality brands in our hotel offerings on Cotai, including the Four Seasons, St. Regis, Conrad and Sheraton.

Within our integrated resorts, we also operate some of the largest and most profitable retail malls in Asia, showcasing over 720 shops, which occupy over 2 million square feet of retail space. Our retail malls are home to many global luxury designer brands and leading Asian retail brands.

We own and operate Cotai Water Jet, one of the two major high speed ferry operators between Hong Kong and Macao, with 14 vessels facilitating leisure and business travelers to reach Macao from points in Hong Kong, including the Hong Kong International Airport.

Our Developments in Macao

In May 2004, we opened the Sands Macao, the first Las Vegas-style resort in Macao, which was designed for the mass market segment of leisure tourism. The Sands Macao currently contains a mix of gaming areas for mass market, VIP and premium players, entertainment and dining facilities, and hotel suites.

In August 2007, we opened The Venetian Macao, the anchor property of our Cotai Strip development. The Venetian Macao is a themed, large-scale integrated resort, with 2,905 luxury hotel suites, approximately 330 retail shops in one of the largest shopping malls in Asia with 945,000 square feet of retail space, more than 50 restaurants and food outlets, and a state-of-the-art live performance theater with 1,800 seats. In addition, The Venetian Macao contains the Cotai Arena, a 15,000-seat venue directly adjacent to and adjoins the Cotai Expo and hosts a wide range of entertainment and sporting events each year. The Cotai Expo is a 1.2 million square foot MICE facility, which includes exhibition and meeting space, including one of the largest column-free ballrooms in Asia.

In August 2008, we opened The Plaza Macao, a boutique luxury integrated resort featuring the Four Seasons Macao with 360 luxury suites, Shoppes at Four Seasons with more than 130 shops from the world's leading luxury retail brands, and the Plaza Casino. In July 2009, we completed and introduced our ultra-exclusive Paiza Mansions at The Plaza Macao. The Grand Suites at Four Seasons opened in October 2020 and features 289 luxury suites.

The Londoner Macao is the result of our previously announced renovation, expansion and rebranding of Sands Cotai Central, which included the addition of extensive thematic elements both externally and internally. This project is being delivered in phases which started in 2020 and will continue throughout 2021. Upon completion, The Londoner Macao will present a range of new attractions and features, including some of London's most recognizable landmarks such as the Houses of Parliament, the Elizabeth Tower (commonly known as "Big Ben"), interactive guest experiences, and an iconic red double-decker bus. The Londoner Macao Hotel opened in January 2021 with 594 London-themed suites, including 14 exclusive Suites by David Beckham. The integrated resort will also feature Londoner Court with approximately 370 luxury suites; construction of Londoner Court is now complete and is expected to open in the second half of 2021. Our retail offerings are continuing to expand and have been rebranded as Shoppes at Londoner. The integrated resort opened in phases since April 2012 and features four hotel towers: the first hotel tower, which opened in April 2012, consisting of 659 five-star rooms and suites under the Conrad brand and The Londoner Macao Hotel; the second hotel tower, which opened in September 2012, consisting of 1,842 rooms and suites under the Sheraton brand; the third hotel tower, which opened in January 2013, consisting of 2,126 rooms and suites under the Sheraton brand; and the fourth tower, which opened in December 2015, consisting of 400 rooms and suites under the St. Regis brand. The Londoner Macao also has approximately 369,000 square feet of meeting space, a 1,701-seat theater and approximately 521,000 square feet of retail space with more than 110 stores and over 50 restaurants and food outlets.

In September 2016, we opened The Parisian Macao, a themed, iconic, "must-see" integrated resort connected to The Venetian Macao and The Plaza Macao, which includes a 248,000 square foot casino, a hotel with approximately 2,500 rooms and suites, retail, entertainment, dining and meeting facilities. The Parisian Macao features a half size replica of the Eiffel Tower, providing a landmark attraction to visitors.

We anticipate the total cost associated with The Londoner Macao development project described above and the completed The Grand Suites at Four Seasons to be approximately US\$2.2 billion, of which US\$1.8 billion has been spent as of June 30, 2021. The ultimate costs and completion dates for The Londoner Macao development are subject to change as we complete the project. See "Risk Factors—Risks Related to Our Business—There are significant risks associated with our construction projects."

Our business strategy is to develop our Cotai properties, leveraging our large-scale integrated resort business model to create Asia's premier gaming, leisure, convention and meetings destination. Our interconnected integrated resorts, which have a wide range of branded hotel and resort offerings, are designed to attract different segments of the market. We believe our business strategy and development plan will allow us to achieve a more consistent demand, longer average length of stay in our hotels, more diversified sources of revenue and higher margins than gaming-centric facilities.

Key Strengths

We believe we have a number of key strengths that differentiate our business from our competitors, including:

Diversified, high quality integrated resort offerings with substantial non-gaming amenities

Our integrated resorts feature non-gaming attractions and amenities including world-class entertainment, expansive retail offerings and market-leading MICE facilities. These attractions and amenities enhance the appeal of our integrated resorts, contributing to visitation, length of stay and customer spending at our resorts. The broad appeal of our market-leading integrated resort offerings in Macao enables us to serve the widest array of customer segments in the Macao market.

Substantial and diversified sources of cash flow from existing operations

We have a track record of generating cash from operations from gaming and non-gaming sources, including retail, hotel, food and beverage, entertainment and MICE business.

Market leadership in the growing high-margin mass market gaming segment

In our gaming business, we focus on the high-margin mass gaming segment. Our combined Macao properties had the highest percentage of gaming win from mass tables and slots of the Macao operators, with an average market share of approximately 30% during the previous five years. Management estimates our mass market table revenues typically generated a gross margin approximately four times higher than the gross margin on our VIP table revenues.

Established brands with broad regional and international market awareness and appeal

The opening of The Venetian Macao provided the foundation and cornerstone for the Cotai Strip and marked a step-change for the Macao gaming market more broadly. Through a combination of its range and scale of facilities and its distinctive theming, The Venetian Macao has remained the foremost example of a themed integrated resort in Macao. Recognition has also been garnered by The Parisian Macao, our property with its iconic replica of the Eiffel Tower and other themed attractions. Both of these European-themed integrated resorts attract broad brand awareness both regionally and globally, which we expect will continue with the opening of The Londoner Macao over the course of 2021.

Experienced management team with a proven track record

Mr. Sheldon Gary Adelson was our founder, former chairman and chief executive officer. Mr. Adelson created the MICE-based integrated resort and pioneered its development in the Las Vegas and Singapore markets, as well as in Macao, where he planned and developed the Cotai Strip. Mr. Robert G. Goldstein, our Chairman and Chief Executive Officer, has been an integral part of the Company's executive team from the beginning. Mr. Goldstein is one of the most respected and experienced executives in our industry today. Dr. Wong Ying Wai (Wilfred), our President, Mr. Chum Kwan Lock, Grant, our Chief Operating Officer, Mr. Sun MinQi (Dave), our Chief Financial Officer, and Mr. Dylan James Williams, our General Counsel and Company Secretary, have substantial business experience and have successfully contributed to the execution of our operating strategies.

Unique MICE and entertainment facilities

Our market-leading MICE and entertainment facilities contribute to Macao's diversification and appeal to business and leisure travelers while diversifying our cash flows and increasing revenues and profit. Our approximately 1.7 million square feet of MICE space is designed to meet the needs of meeting planners and corporate events and trade show organizers from around the world. Our experience and expertise in this industry supports our ability to drive leisure and business tourism to Macao. Since opening in 2007, our 15,000-seat Cotai Arena has established itself as one of the top live entertainment venues in Southern China. The theaters at The Venetian Macao and The Parisian Macao offer a variety of ticketed events. The live entertainment program at our properties has been a key traffic driver and has established us as a leader in the field of tourism and leisure activities.

Significant benefits from our on-going relationship with LVS

Sands China is approximately 70% owned by Las Vegas Sands, the world's leading developer and operator of MICE-based integrated resorts. The operating experience of Las Vegas Sands in developing and operating MICE-based integrated resorts in the Las Vegas, Singapore and Macao markets is a significant benefit to us.

Business Strategies

Building on our key strengths, we seek to enhance our position as the leading developer and operator of integrated resorts and casinos in Macao by continuing to implement the following business strategies:

Developing and diversifying our integrated resort offerings on Cotai to include a full complement of products and services to cater to different market segments. Our development on Cotai includes four integrated resorts, MICE space, additional retail, dining and entertainment facilities and a range of hotel offerings to cater to different segments of the market. In addition to The Venetian Macao, The Londoner Macao and The Parisian Macao hotel rooms, we have Four Seasons, Conrad, Sheraton and St. Regis branded suites and hotel rooms. We are able to leverage the recognition and the sales, marketing and reservation capabilities of these premier hotel brands to attract a wide range of customers in different market segments to our properties. We believe our partnerships with renowned hotel management partners, our diverse integrated resort offerings and the convenience and accessibility of our properties will continue to increase the appeal of our properties to both the business and leisure customer segments.

Leveraging our scale of operations to create and maintain an absolute cost advantage. Management expects to benefit from lower unit costs due to the economies of scale inherent in our operations. Opportunities for lower unit costs include, but are not limited to, lower utility costs; more efficient staffing of hotel and gaming operations; and centralized laundry, transportation, marketing and sales, and procurement. In addition, our scale allows us to consolidate certain back-office functions.

Focusing on the high-margin mass market gaming segment, while continuing to provide luxury amenities and high service levels to our VIP and premium players. Our properties cater not only to VIP and premium players, but also to mass market customers, which comprise our most profitable gaming segment. We believe the mass market segment will continue to be a long-term growth segment as a result of the introduction of more high-quality gaming facilities and non-gaming amenities into the market. Our management estimates our mass market table revenue typically generated a gross margin approximately four times higher than the gross margin on our typical VIP table revenues.

Identifying targeted investment opportunities to drive growth across our portfolio. We will continue to invest in the expansion of our facilities and the enhancement of the leisure and business tourism appeal of our Cotai property portfolio. Our planned development projects include the renovation, expansion and rebranding of Sands Cotai Central into The Londoner Macao (currently in progress) and the addition of new hotel suites at Londoner Court.

Recent Developments

COVID-19 Pandemic

In early January 2020, an outbreak of a respiratory illness caused by a novel coronavirus (“COVID-19”) was identified and spread rapidly across the world causing the World Health Organization to declare the outbreak of a pandemic on March 12, 2020. Governments around the world mandated actions to contain the spread of the virus that included stay-at-home orders, quarantines, capacity limits, closures of non-essential businesses, including entertainment activities, and significant restrictions on travel. The government actions varied based upon a number of factors, including the extent and severity of the COVID-19 Pandemic within their respective countries and jurisdictions.

Visitation to Macao has decreased substantially, as a result of various government policies limiting or discouraging travel. As of the date of this offering memorandum, other than individuals from mainland China who may enter Macao without quarantine subject to them holding the appropriate travel documents, a negative COVID-19 test result and a green health-code, there remains in place a complete ban on entry or a need to undergo various quarantine requirements depending on the person’s residency and recent travel history. The Group’s operations will continue to be impacted by and subject to changes in the government policies of Macao, China, Hong Kong and other jurisdictions in Asia addressing travel and public health measures associated with COVID-19.

Macao began administering the COVID-19 vaccine to front-line health workers on February 9, 2021, and to the general population on March 3, 2021.

On March 3, 2021, the negative COVID-19 test requirement to enter casinos was removed. Various other health safeguards implemented by the Macao government remain in place, including mandatory mask protection, social distancing, limitation on the number of seats per table game, slot machine spacing and temperature checks. Management is currently unable to determine when these measures will be eased or cease to be necessary or whether additional measures may be required.

In support of the Macao government’s initiatives to fight the COVID-19 Pandemic, the Group provided one tower (approximately 2,000 hotel rooms) at the Sheraton Grand Macao to the Macao government to house individuals who returned to Macao for quarantine purposes. This tower has been utilized for quarantine purposes on several occasions during 2020 and 2021.

The Group’s gaming operations remained open during the six months ended June 30, 2021, compared to the same period in 2020 when the Group’s gaming operations were suspended from February 5, 2020 to February 19, 2020 due to a government mandate, except for the gaming operations at The Londoner Macao (formerly Sands Cotai Central), which resumed on February 27, 2020. Some of the Group’s hotel facilities were also closed during the casino suspension in response to the decrease in visitation and were gradually reopened from February 20, 2020, with the exception of the Conrad Macao, which reopened on June 13, 2020.

Operating hours at restaurants across the Group’s properties are continuously being adjusted in line with fluctuations in guest visitation. The majority of retail outlets in the Group’s various shopping malls are open with reduced operating hours. The timing and manner in which these areas will return to full operation are currently unknown.

The Group’s ferry operations between Macao and Hong Kong remain suspended. The timing and manner in which the Group’s ferry operations will be able to resume are currently unknown.

The Group’s operations have been significantly impacted by the reduced visitation to Macao. The Macao government announced total visitation from mainland China to Macao decreased to 1.6 million visits

during the quarter ended March 31, 2021, from 2.3 million visits during the quarter ended March 31, 2020, and increased to a total of 2.0 million visits during the quarter ended June 30, 2021, from approximately 46,000 visits during the quarter ended June 30, 2020. The Macao government also announced gross gaming revenue increased by 45.4% in the six months ended June 30, 2021, as compared to the same period in 2020 but remains below 2019 levels.

The Group is adhering to social distancing requirements, which include reduced seating at table games and a decreased number of active slot machines on the casino floor. There is uncertainty around the impact the COVID-19 Pandemic will continue to have on operations in future periods. If the Group's integrated resorts are not permitted to resume normal operations, travel restrictions such as those related to inbound travel from other countries are not modified or eliminated, there is a resumption of the suspension of the China Individual Visit Scheme, or the global response to contain the COVID-19 Pandemic escalates or is unsuccessful, the Group's operations, cash flows and financial condition will be further materially impacted.

While each of the Group's properties was open and operating at reduced levels due to lower visitation and the implementation of required safety measures during the six months ended June 30, 2021, the current economic and regulatory environment on a global basis and in Macao continues to evolve. The Company cannot predict the manner in which governments will react as the global and regional impact of the COVID-19 Pandemic changes over time, which could significantly alter the Group's current operations.

Current Impact of COVID-19 Pandemic on our Liquidity and Financial Highlights

The Macao government announced publicly that monthly gross gaming revenue and total visitation from mainland China increased by 528.1% and 989.4%, respectively, in July 2021, as compared to the same period in 2020. Monthly gross gaming revenue and total visitation from mainland China decreased by 65.5% and 71.8%, respectively, in July 2021, as compared to pre-pandemic levels from the same period in 2019. In August 2021, monthly gross gaming revenue increased by 234.0% as compared to the same period in 2020 but decreased by 81.7% as compared to pre-pandemic levels from the same period in 2019.

The Group's net revenues totaled US\$265 million and US\$148 million in July and August 2021 compared to US\$43 million and US\$53 million in July and August 2020, respectively, representing an increase of 516.3% and 179.2%, respectively. We had an operating loss of US\$25 million and US\$83 million and a net loss of US\$63 million and US\$125 million in July and August 2021, respectively, as compared to operating loss of US\$141 million and US\$148 million and net loss of US\$165 million and US\$175 million, respectively, in the same periods in the prior year. Additionally, our financial performance reflects Adjusted Property EBITDA of US\$44 million and Adjusted Property EBITDA loss of US\$14 million in July and August 2021, respectively, as compared to Adjusted Property EBITDA loss of US\$79 million and US\$83 million, respectively, in the same periods in the prior year.

As of August 31, 2021, the Group had total liquidity of US\$2.56 billion, consisting of US\$556 million of total cash and cash equivalents excluding restricted cash and cash equivalents and US\$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility. The Group believes it is able to support continuing operations, complete the major construction projects that are underway and respond to the current COVID-19 Pandemic challenges. The Group has taken various mitigating measures to manage through the current environment, including a cost and capital expenditure reduction program to minimize cash outflow for non-essential items. The Board did not recommend the payment of a final dividend in respect of the year ended December 31, 2020 or an interim dividend for the six months ended June 30, 2021.

From the end of July 2021 and for most of August 2021, tighter border restrictions were implemented in Macao affecting visitation to our properties. These restrictions included travelers from Guangdong being required to submit a negative nucleic acid test certification issued within 48 hours, which tightened to 12 hours for a period, and then eased to the more relaxed 7 day requirement near the end of August 2021.

The tightening of the border restrictions in Macao is unpredictable as it is dependent on the number of new COVID-19 cases in Macao as well as mainland China and the Macao government's response to such information. The Company continues to look forward to the opportunity to welcome more guests back to our properties as greater volumes of visitors are eventually able to travel to Macao. Demand for the Group's offerings from customers who have been able to visit remains robust, but pandemic-related travel restrictions and the evolving COVID-19 situation in Macao and mainland China continue to limit visitation and hinder the Company's current financial performance. See "Risk Factors—Risks Related to our Business—The COVID-19 Pandemic has materially adversely affected the number of visitors to our facilities and disrupted our operations, and we expect this adverse impact to continue until the COVID-19 Pandemic is contained."

Macao Subconcession

Gaming in Macao is administered by the government through concession agreements awarded to three different Concessionaires and three Subconcessionaires, of which VML is one. These concession agreements expire on June 26, 2022. If VML's Subconcession is not extended or renewed, VML may be prohibited from conducting gaming operations in Macao, and we could cease to generate revenues from our gaming operations when our Subconcession agreement expires on June 26, 2022. In addition, all of VML's casino premises and gaming-related equipment could be automatically transferred to the Macao government without any compensation to us.

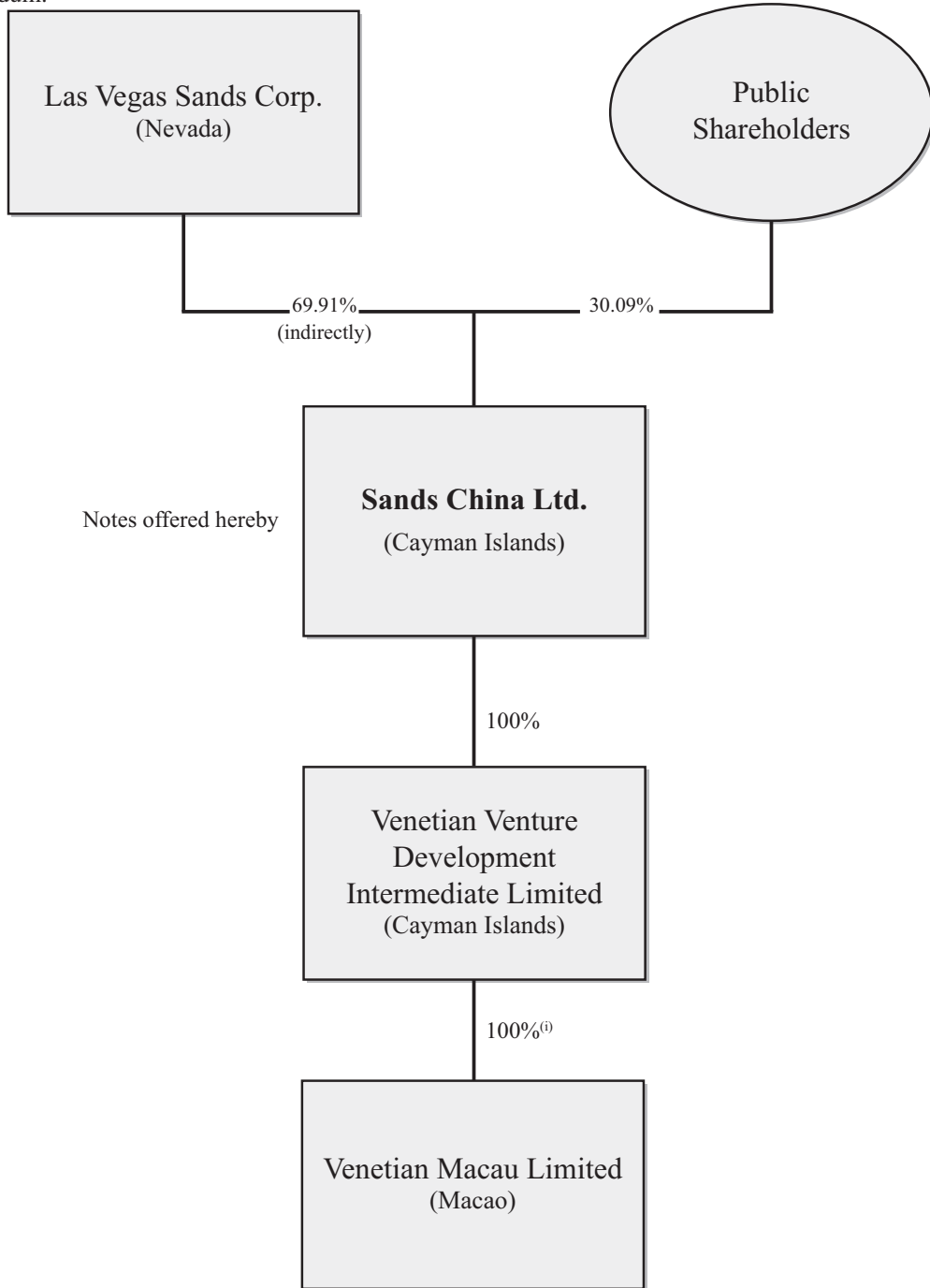
The Group is actively monitoring developments with respect to the Macao government's concession renewal process and continues to believe its Subconcession will be extended or renewed beyond June 26, 2022; however, it is possible the Macao government could change or interpret the associated gaming laws in a manner that could negatively impact the Group.

Redemption of 4.600% Senior Notes due 2023

We intend to issue a notice of redemption with respect to all of our 2023 Notes, being the US\$1.80 billion aggregate principal amount of outstanding 4.600% Senior Notes due 2023. This offering memorandum is not an offer to purchase or a solicitation of an offer to sell, or a notice of redemption with respect to such notes.

Organizational Chart

The following chart illustrates our simplified corporate structure as of the date of this offering memorandum.



(i) Venetian Venture Development Intermediate Limited has 100% economic interest in Venetian Macau Limited. 10% of Venetian Macau Limited’s share capital is held by Mr. Antonio Ferreira subject to a usufruct agreement. See “Regulation.”

THE OFFERING

The following is a general summary of the terms of the offering. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this offering memorandum, including under “Description of Notes.”

Issuer	Sands China Ltd. (the “Company”)
Notes Offered	US\$700,000,000 aggregate principal amount of 2.300% Senior Notes due 2027, US\$650,000,000 aggregate principal amount of 2.850% Senior Notes due 2029 and US\$600,000,000 aggregate principal amount of 3.250% Senior Notes due 2031.
Issue Date	September 23, 2021
Maturity Date	2027 Notes: March 8, 2027 2029 Notes: March 8, 2029 2031 Notes: August 8, 2031
Interest	<p>The 2027 Notes will bear interest at a rate of 2.300% per annum, the 2029 Notes will bear interest at a rate of 2.850% per annum and the 2031 Notes will bear interest at a rate of 3.250% per annum. In the case of the 2027 Notes and the 2029 Notes, interest will be payable semi-annually in arrears on March 8 and of September 8 each year, with the first interest payment on March 8, 2022. Interest will accrue from the issue date. In the case of the 2031 Notes, interest will be payable semi-annually in arrears on February 8 and August 8 of each year, with the first interest payment on February 8, 2022. Interest will accrue from the issue date.</p> <p>The interest rate on the Notes may be adjusted under certain circumstances as set forth under “Description of Notes—Interest Rate Adjustment.”</p>
Ranking of Notes	<p>The Notes will be general unsecured obligations of the Company and will (1) rank equally in right of payment with all of the Company’s existing and future senior unsecured indebtedness, (2) rank senior to all of the Company’s future subordinated indebtedness, if any, (3) be effectively subordinated to all of the Company’s future secured indebtedness to the extent of the value of the assets securing such debt, and (4) be structurally subordinated to all existing and future obligations of the Company’s subsidiaries. See “Description of Notes—Brief Description of the Notes.” As of June 30, 2021, after giving effect to the offering of the Notes and the use of proceeds therefrom, we would have had unsecured borrowings of US\$7.65 billion and no secured borrowings. As of August 31, 2021, we had US\$7.50 billion of borrowings outstanding under the Senior Notes and the 2018 SCL Revolving Facility and US\$2.0 billion of</p>

available borrowing capacity under the 2018 SCL Revolving Facility. We may incur additional secured and/or unsecured indebtedness and other obligations in the future.

Offering Price 2027 Notes: 99.781% of the principal amount of the 2027 Notes plus accrued interest from and including September 23, 2021, if any.

2029 Notes: 99.747% of the principal amount of the 2029 Notes plus accrued interest from and including September 23, 2021, if any.

2031 Notes: 99.927% of the principal amount of the 2031 Notes plus accrued interest from and including September 23, 2021, if any.

Optional Redemption 2027 Notes: At its option, the Company may redeem the 2027 Notes, in whole or in part, at any time or from time to time prior to their stated maturity. The redemption price for 2027 Notes that are redeemed before February 8, 2027 will be equal to the greater of (a) 100% of the principal amount of the 2027 Notes to be redeemed and (b) a “make-whole” amount described elsewhere in this offering memorandum, plus in either case accrued and unpaid interest to, but not including, the redemption date. On or after February 8, 2027, we may redeem the 2027 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest to, but not including, the redemption date.

2029 Notes: At its option, the Company may redeem the 2029 Notes, in whole or in part, at any time or from time to time prior to their stated maturity. The redemption price for 2029 Notes that are redeemed before January 8, 2029 will be equal to the greater of (a) 100% of the principal amount of the 2029 Notes to be redeemed and (b) a “make-whole” amount described elsewhere in this offering memorandum, plus in either case accrued and unpaid interest to, but not including, the redemption date. On or after January 8, 2029, we may redeem the 2029 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest to, but not including, the redemption date.

2031 Notes: At its option, the Company may redeem the 2031 Notes, in whole or in part, at any time or from time to time prior to their stated maturity. The redemption price for 2031 Notes that are redeemed before May 8, 2031 will be equal to the greater of (a) 100% of the principal amount of the 2031 Notes to be redeemed and (b) a “make-whole” amount described elsewhere in this offering memorandum, plus in either case accrued and unpaid interest to, but not including, the redemption date. On or after May 8, 2031, we may redeem the 2031 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest to, but not including, the redemption date.

See “Description of Notes—Optional Redemption.”

Redemption for Tax Reasons	All payments under or with respect to the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, and such requirement cannot be avoided by taking available reasonable measures, provided that changing the jurisdiction of incorporation of Sands China or any subsidiary shall not be considered a reasonable measure, we will pay, subject to certain exceptions and conditions, additional amounts so that the net amount received is no less than the amount that would have been received in the absence of such withholding or deduction. See “Description of Notes—Additional Amounts.” We may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes, and, as a result, we are required to pay additional amounts with respect to such withholding taxes. If we exercise such redemption right, we must pay you a price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any, to but not including the date of redemption. See “Description of Notes—Redemption for Tax Reasons.”
Change of Control	If we experience a Change of Control Triggering Event (as defined under “Description of Notes—Definitions”), we will be required to offer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest, if any, to but not including the date of such repurchase. See “Description of Notes—Repurchase at the Option of Holders upon a Change of Control Triggering Event.”
Investor Put Option	Upon the occurrence of any event resulting from any change in Gaming Law (as defined under “Description of Notes—Definitions”) or any action by a Gaming Authority (as defined under “Description of Notes—Definitions”) after which none of the Company or any of its subsidiaries owns or manages casino or gaming areas or operates casino games of fortune and chance in Macao in substantially the same manner as they are owning or managing casino or gaming areas or operating casino games as of the issue date, for a period of thirty consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the Notes will have the right to require the Company to repurchase all or any part of such holder’s Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and additional amounts, if any, to but excluding the date of repurchase. See “Description of Notes—Repurchase at the Option of Holders—Investor Put Option.”
Certain Covenants	The Indenture will partially limit, among other things, our ability to merge or consolidate with another company and require us to provide certain information to the holders of Notes.

These covenants are subject to a number of important exceptions and qualifications. See “Description of Notes—Certain Covenants” and the related definitions.

Exchange Offer; Registration

Rights In connection with the issuance of the Notes, the Company and the Initial Purchasers will enter into an agreement for your benefit obligating the Company to file a registration statement with the SEC so that you can exchange the Notes for registered notes having substantially the same terms as the Notes and evidencing the same indebtedness as the Notes (referred to in this offering memorandum as the “Exchange Notes”).

The Company will use its commercially reasonable efforts to file a registration statement and to cause it to be declared effective by the SEC within 365 days after the issuance of the Notes, and to cause the exchange to be completed within 30 business days following effectiveness of such registration statement. The Company has agreed to use its commercially reasonable efforts to file a shelf registration statement for the resale of the Notes if it cannot effect the exchange offer within the time period listed above and in other circumstances described under “Description of Notes—Registration Rights.”

You will be entitled to the payment of additional interest if the Company does not comply with these obligations within the specified time periods.

Transfer Restrictions The Notes have not been registered under the Securities Act or under any state securities laws of the United States and will be subject to certain restrictions on transfer and resale. See “Transfer Restrictions.”

Listing Application will be made for a listing of the Notes on the Hong Kong Stock Exchange and we have received a confirmation from the Hong Kong Stock Exchange of the eligibility of a listing of the Notes by way of debt issues to Professional Investors only on the Hong Kong Stock Exchange.

Form, Denomination and Registration

..... The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of a nominee of The Depository Trust Company.

Book-Entry Only The Notes will be issued in book-entry form through the facilities of Cede & Co. as nominee of The Depository Trust Company for the accounts of its participants, including Euroclear and Clearstream, Luxembourg. For a description of certain factors relating to clearance and settlement, see “Description of Notes—Book-Entry, Delivery and Form.”

Delivery of the Notes The Company expects to make delivery of the Notes, against payment in same-day funds, on or about September 23, 2021, which is the tenth business day after the date of this offering memorandum. See “Plan of Distribution.”

Security Codes.....

2027 Notes:			
	Notes sold under	Rule 144A	Regulation S
CUSIP		80007R AM7	G7801R AF6
ISIN		US80007RAM79	USG7801RAF67
2029 Notes:			
	Notes sold under	Rule 144A	Regulation S
CUSIP		80007R AP0	G7801R AG4
ISIN		US80007RAP01	USG7801RAG41
2031 Notes:			
	Notes sold under	Rule 144A	Regulation S
CUSIP		80007R AR6	G7801R AH2
ISIN		US80007RAR66	USG7801RAH24

Trustee for the Notes U.S. Bank National Association.

Registrar, Transfer Agent and Principal Paying Agent U.S. Bank National Association.

Use of Proceeds Subject to compliance with applicable laws and regulations, we intend to use the net proceeds from this offering and cash on hand to redeem in full the outstanding principal amount of the US\$1.80 billion 4.600% 2023 Notes, any accrued interest and the associated make-whole premium as determined under the related senior notes indenture dated as of August 9, 2018. To the extent any of the Initial Purchasers or their affiliates hold any of the 2023 Notes, such Initial Purchasers or their affiliates may receive a portion of the net proceeds from this offering. See “Use of Proceeds.”

Governing Law of the Notes and the Indenture The Notes and the Indenture will be governed by, and will be construed in accordance with, the laws of the State of New York.

Risk Factors Investing in the Notes involves substantial risks. Please see the “Risk Factors” section of this offering memorandum for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY FINANCIAL INFORMATION

The following summary historical financial and other data as of and for the years ended December 31, 2018, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this offering memorandum. The following summary historical financial and other data as of and for the six months ended June 30, 2020 and 2021 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this offering memorandum. We have prepared the unaudited information on the same basis as the audited consolidated financial statements, and have included, in our opinion, all adjustments, consisting of normal and recurring adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements.

You should read this section in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and those financial statements and the notes to those statements included elsewhere in this offering memorandum. The results for any historical period are not necessarily indicative of the results of operations to be expected in any future period.

Selected consolidated income statement data

The following table presents our consolidated income statement data for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
Net Revenues	(US\$ in millions)				
Casino	\$ 6,816	\$ 7,018	\$ 1,169	\$ 625	\$ 1,182
Rooms	734	731	144	71	147
Mall	507	531	269	99	218
Food and beverage	304	298	59	27	49
Convention, ferry, retail and other	304	230	46	26	24
Total net revenues	\$ 8,665	\$ 8,808	\$ 1,687	\$ 848	\$ 1,620
Total operating expenses	\$(6,511)	\$(6,533)	\$(2,926)	\$(1,457)	\$(1,809)
Operating profit/(loss)	\$ 2,154	\$ 2,275	\$(1,239)	\$ (609)	\$ (189)
Interest income	20	38	11	9	1
Finance costs, net of amounts capitalized	(225)	(280)	(279)	(116)	(189)
Loss on modification or early retirement of debt	(81)	—	—	—	—
Profit/(loss) before income tax	\$ 1,868	\$ 2,033	\$(1,507)	\$ (716)	\$ (377)
Income tax benefit/(expense)	7	—	(16)	—	(4)
Profit/(loss) attributable to equity holders of the Company	\$ 1,875	\$ 2,033	\$(1,523)	\$ (716)	\$ (381)
Adjusted Property EBITDA⁽ⁱ⁾	\$ 3,079	\$ 3,193	\$ (428)	\$ (243)	\$ 234
Capital expenditures	\$ 532	\$ 754	\$ 1,038	\$ 571	\$ 389

- (i) Adjusted Property EBITDA, which is a non-IFRS financial measure, is profit or loss attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains or losses, impairment loss on property and equipment, gain or loss on disposal of property and equipment, investment properties and intangible assets, interest, gain or loss on modification or early retirement of debt and income tax benefit or expense. Adjusted Property EBITDA is a supplemental non-IFRS financial measure used by management. We present non-IFRS financial measures so that investors have the same financial data that management uses in evaluating financial performance with the belief that it will assist the investment community in assessing the underlying financial performance of the Company on a year-over-year basis. In particular, management utilizes Adjusted Property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Integrated resort companies have historically reported Adjusted Property EBITDA

as a supplemental performance measure to IFRS financial measures. In order to view the operations of their properties on a more stand-alone basis, integrated resort companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific properties, such as pre-opening expense and corporate expense, from their Adjusted Property EBITDA calculations. Adjusted Property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments, debt principal repayments and income taxes, which are not reflected in Adjusted Property EBITDA. Not all companies calculate Adjusted Property EBITDA in the same manner. As a result, Adjusted Property EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies. For a quantitative reconciliation of Adjusted Property EBITDA to its most directly comparable IFRS measurement, see the table below.

	Year Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	(US\$ in millions)				
Profit/(loss) attributable to equity holders of the Company	\$1,875	\$2,033	\$(1,523)	\$(716)	\$(381)
Income tax (benefit)/expense	(7)	—	16	—	4
Loss on modification or early retirement of debt	81	—	—	—	—
Finance costs, net of amounts capitalized	225	280	279	116	189
Interest income	(20)	(38)	(11)	(9)	(1)
Loss on disposal of property and equipment, investment properties and intangible assets	131	16	73	7	7
Impairment loss on property and equipment	—	65	—	—	—
Net foreign exchange (gains)/losses	(4)	(35)	(17)	(20)	10
Depreciation and amortization	655	706	684	338	358
Pre-opening expense	5	23	11	5	5
Corporate expense	125	129	45	28	34
Share-based compensation, net of amount capitalized	13	14	15	8	9
Adjusted Property EBITDA	<u>\$3,079</u>	<u>\$3,193</u>	<u>\$ (428)</u>	<u>\$(243)</u>	<u>\$ 234</u>

The following table presents our consolidated balance sheet data as of the dates indicated.

	As of December 31,			As of
	2018	2019	2020	June 30,
	(US\$ in millions)			
Total assets	\$12,058	\$12,100	\$10,548	\$10,415
Long-term debt ⁽ⁱ⁾	5,500	5,500	7,000	7,504
Total equity	<u>\$ 4,409</u>	<u>\$ 4,446</u>	<u>\$ 1,929</u>	<u>\$ 1,562</u>

(i) Excludes deferred financing costs totaling US\$88 million, US\$74 million, US\$80 million and US\$77 million, respectively, lease liabilities of US\$135 million, US\$147 million, US\$145 million and US\$144 million, respectively, as of December 31, 2018, 2019 and 2020 and June 30, 2021 and other borrowings of US\$2 million as of June 30, 2021. Also excludes a positive cumulative fair value adjustment of US\$15 million and US\$35 million as of December 31, 2018 and 2019, respectively.

Other financial data

	As of December 31,			As of June 30,	
	2018	2019	2020	2021	
				Actual	As Adjusted ⁽ⁱ⁾
	(US\$ in millions)				
Total debt ^{(i),(ii)}	\$ 5,500	\$ 5,500	\$ 7,000	\$ 7,504	\$ 7,654
Less: Cash and cash equivalents	(2,676)	(2,471)	(861)	(861)	(849)
Restricted cash and cash equivalents	(13)	(15)	(16)	(16)	(16)
Net debt ^{(i),(ii)}	\$ 2,811	\$ 3,014	\$ 6,123	\$ 6,627	\$ 6,789
Ratio of total debt to Adjusted Property EBITDA	1.8x	1.7x	N.M.	N.A.	N.A.
Ratio of net debt to Adjusted Property EBITDA	0.9x	0.9x	N.M.	N.A.	N.A.

N.M. Not Meaningful

N.A. Not Applicable

- (i) As adjusted to give effect to the net proceeds from the issuance of the Notes and the use of proceeds therefrom as described under “Use of Proceeds.” The “As Adjusted” debt balances exclude original issue discount and deferred financing costs related to the issuance of the Notes totaling US\$21 million, and existing unamortized deferred financing costs of US\$77 million, lease liabilities of US\$144 million and other borrowings of US\$2 million as of June 30, 2021.
- (ii) Excludes deferred financing costs totaling US\$88 million, US\$74 million, US\$80 million and US\$77 million, respectively, lease liabilities of US\$135 million, US\$147 million, US\$145 million and US\$144 million, respectively, as of December 31, 2018, 2019 and 2020 and June 30, 2021 and other borrowings of US\$2 million as of June 30, 2021. Also excludes a positive cumulative fair value adjustment of US\$15 million and US\$35 million as of December 31, 2018 and 2019, respectively.

RISK FACTORS

You should carefully consider the risks described below and the other information contained in this offering memorandum before making an investment decision. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. If any of the events described below should occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Notes, and you could lose all or part of your investment.

Risks Related to Our Business

The COVID-19 Pandemic has materially adversely affected the number of visitors to our facilities and disrupted our operations, and we expect this adverse impact to continue until the COVID-19 Pandemic is contained.

We expect the impact of the disruptions resulting from the impact of the COVID-19 Pandemic, including the extent of their adverse impact on our financial and operational results, will be dictated by the length of time such disruptions continue. Although all our properties are currently open, we cannot predict whether future closures would be appropriate or could be mandated. Even once travel advisories and restrictions are modified or cease to be necessary, demand for integrated resorts may remain weak for a significant length of time and we cannot predict if or when the gaming and non-gaming activities of our properties will return to pre-outbreak levels of volume or pricing. In particular, future demand for integrated resorts may be negatively impacted by the adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels and loss of personal wealth or reduced business spending for MICE resulting from the impact of the COVID-19 Pandemic. In addition, we cannot predict the impact the COVID-19 Pandemic will have on our mall tenants.

We are a holding company with limited business operations of our own. Our main assets consist of our direct and indirect shareholdings in our operating subsidiaries through which we conduct most of our business operations. If the global response to contain the COVID-19 Pandemic escalates or is unsuccessful, our subsidiaries' ability to generate sufficient earnings and cash flow to pay dividends or distributions in the future may be negatively impacted.

Our businesses would also be impacted should the disruptions from the COVID-19 Pandemic lead to prolonged changes in consumer behavior, and could impact our current construction projects in Macao. There are certain limitations on our ability to mitigate the adverse financial impact of these matters, such as the fixed costs at our properties, the access to construction labor due to immigration restrictions or construction materials due to vendor supply chain delays. The COVID-19 Pandemic also makes it more challenging for management to estimate the future performance of our businesses, particularly over the near to medium term. Any of these events may continue to disrupt our ability to staff our business adequately, could continue to generally disrupt our operations or construction projects and, if the global response to contain the COVID-19 Pandemic escalates or is unsuccessful, would have a material adverse effect on our business, financial condition, results of operations and cash flows.

The disruptions arising from the COVID-19 Pandemic had a significant adverse impact on our financial condition, operations and cash flows during the year ended December 31, 2020. We had a loss attributable to shareholders for the year ended December 31, 2020 of US\$1.52 billion, compared to a profit of US\$2.03 billion in 2019.

The COVID-19 Pandemic has had, and will continue to have, a material adverse effect on our results of operations and cash flows. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the COVID-19 Pandemic and around the imposition or relaxation of protective measures, we cannot reasonably estimate the impact on our future results of operations, cash flows or financial condition.

Our business is particularly sensitive to reductions in discretionary consumer and corporate spending as a result of downturns in the economy.

Consumer demand for hotel/casino resorts, trade shows and conventions and for the type of luxury amenities we offer is particularly sensitive to downturns in the economy and the corresponding impact on discretionary spending. Changes in discretionary consumer spending or corporate spending on conventions and business travel could be driven by many factors, such as: perceived or actual general economic conditions; fear of exposure to a widespread health epidemic, such as the COVID-19 Pandemic; any weaknesses in the job or housing market; credit market disruptions; high energy, fuel and food costs; the increased cost of travel; the potential for bank failures; perceived or actual disposable consumer income and wealth; fears of recession and changes in consumer confidence in the economy; or fear of war, political instability, civil unrest or future acts of terrorism. These factors could reduce consumer and corporate demand for the luxury amenities and leisure and business activities we offer, thus imposing additional limits on pricing and harming our operations.

Natural or man-made disasters, an outbreak of highly infectious or contagious disease, political instability, civil unrest, terrorist activity or war could materially adversely affect the number of visitors to our facilities and disrupt our operations.

So-called “Acts of God,” such as typhoons and rainstorms, particularly in Macao, and other natural disasters, man-made disasters, outbreaks of highly infectious or contagious diseases, political instability, civil unrest, terrorist activity or war may result, and in the case of the COVID-19 Pandemic, have resulted, in decreases in travel to and from, and economic activity in, areas in which we operate, and may adversely affect, and the COVID-19 Pandemic has adversely affected, the number of visitors to our properties. Any of these events may disrupt our ability to staff our business adequately, could generally disrupt our operations and could have a material adverse effect on our business, financial condition, results of operations and cash flows. Although we have insurance coverage with respect to some of these events, we cannot assure you any such coverage will provide any coverage or be sufficient to indemnify us fully against all direct and indirect costs, including any loss of business that could result from substantial damage to, or partial or complete destruction of, any of our properties.

Our business is sensitive to the willingness of our customers to travel.

We are dependent on the willingness of our customers to travel. Only a small amount of our business is and will be generated by local residents. Most of our customers travel to reach our properties. Infectious diseases may severely disrupt, and in the case of the COVID-19 Pandemic, have severely disrupted, domestic and international travel, which would result in a decrease in customer visits to Macao, including our properties. Regional political events, acts of terrorism or civil unrest, including those resulting in travelers perceiving areas as unstable or an unwillingness of governments to grant visas, regional conflicts or an outbreak of hostilities or war could have a similar effect on domestic and international travel. Management cannot predict the extent to which disruptions from these types of events in air or other forms of travel would have on our business, financial condition, results of operations and cash flows.

We are subject to extensive regulations that govern our operations.

We are required to obtain and maintain licenses from various jurisdictions in order to operate certain aspects of our business, and we are subject to extensive background investigations and suitability standards in our gaming business. There can be no assurance we will be able to obtain new licenses or renew any of our existing licenses, or if such licenses are obtained, such licenses will not be conditioned, suspended or revoked; and the loss, denial or non-renewal of any of our licenses could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are subject to regulations imposed by the FCPA, which generally prohibits U.S. companies (such as LVS, of which we are a subsidiary) and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. LVS entered into a comprehensive civil administrative settlement with the SEC on April 7, 2016, and a non-prosecution agreement with the DOJ on January 19, 2017, which resolved all inquiries related to these government investigations and included ongoing reporting obligations to the DOJ through January 2020. Any violation of the FCPA could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. U.S. governmental authorities have evidenced an increased focus on the gaming industry and compliance with anti-money laundering laws and regulations. For instance, we are subject to regulation, which, among other things, requires us to report to various government authorities certain currency transactions in excess of applicable thresholds and certain suspicious activities where we know, suspect or have reason to suspect such transactions involve funds from illegal activity or are intended to violate certain law or regulations or are designed to evade reporting requirements or have no business or lawful purpose. In addition, we are subject to various other rules and regulations involving reporting, recordkeeping and retention. Our compliance is subject to periodic audits, and we may be subject to substantial civil and criminal penalties, including fines, if we fail to comply with applicable regulations. We are also subject to regulations set forth by the gaming authorities in the area in which we operate. Any such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Any violation of anti-money laundering laws or regulations, or any accusations of money laundering or regulatory investigations into possible money laundering activities, by any of our properties, employees or customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our debt instruments, current debt service obligations and substantial indebtedness may restrict our current and future operations.

Our current debt service obligations contain, or any future debt service obligations and instruments may contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to:

- incur additional debt, including providing guarantees or credit support;
- incur liens securing indebtedness or other obligations;
- dispose of certain assets;
- make certain acquisitions;
- pay dividends or make distributions and make other restricted payments, such as purchasing equity interests, repurchasing junior indebtedness or making investments in third parties;
- enter into sale and leaseback transactions;
- engage in any new businesses;
- issue preferred stock; and
- enter into transactions with our Shareholders and our affiliates.

The 2018 SCL Credit Facility contains various financial covenants. As a result of the impact from the COVID-19 Pandemic, the 2018 SCL Credit Facility was amended on March 27, 2020 and again on September 11, 2020 to waive those financial covenants through July 1, 2021 and January 1, 2022, respectively. Additionally, on July 7, 2021, the 2018 SCL Credit Facility was further amended to extend the financial covenant

waiver period under the 2018 SCL Credit Facility through January 1, 2023. We cannot assure you that we will be able to obtain similar waivers in the future.

As of June 30, 2021, we had US\$7.50 billion of borrowings outstanding under the Senior Notes and 2018 SCL Revolving Facility and US\$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility. This indebtedness could have important consequences to us. For example, it could:

- make it more difficult for us to satisfy our debt service obligations;
- increase our vulnerability to general adverse economic and industry conditions;
- impair our ability to obtain additional financing in the future for working capital needs, capital expenditures, development projects, acquisitions or general corporate purposes;
- require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available for our operations and development projects;
- limit our flexibility in planning for, or reacting to, changes in the business and the industry in which we operate;
- require us to repurchase our Senior Notes upon certain events, such as any change in gaming law or any action by a gaming authority after which none of the Group members owns or manages casino or gaming areas or operates casino games of fortune and chance in Macao in substantially the same matter as the Group was at the issue date of the Senior Notes for a period of 30 consecutive days or more;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- subject us to higher interest expense in the event of increases in interest rates.

Our ability to timely refinance and replace our indebtedness in the future will depend upon general economic and credit market conditions, approval required by local government regulators, adequate liquidity in the global credit markets, the particular circumstances of the gaming industry, and prevalent regulations and our cash flow and operations, in each case as evaluated at the time of such potential refinancing or replacement. If we are unable to refinance or generate sufficient cash flow from operations to repay our indebtedness on a timely basis, we might be forced to seek alternate forms of financing, dispose of certain assets or minimize capital expenditures and other investments, or reduce dividend payments. There is no assurance any of these alternatives would be available to us, if at all, on satisfactory terms, on terms that would not be disadvantageous to us, or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements.

We may attempt to arrange additional financing to fund the remainder of our planned, and any future, development projects. If we are required to raise additional capital in the future, our access to and cost of financing will depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings. If our credit ratings were to be downgraded, or general market conditions were to ascribe higher risk to our rating levels, our industry, or us, our access to capital and the cost of any debt financing would be further negatively impacted. In addition, the terms of future debt agreements could include more restrictive covenants, or require incremental collateral, which may further restrict our business operations or be unavailable due to our covenant restrictions then in effect. There is no guarantee that debt financings will be available in the future to fund our obligations, or that they will be available on terms consistent with our expectations.

We extend credit to a large portion of our customers and we may not be able to collect gaming receivables from our credit players.

We conduct our gaming activities on a credit and cash basis. Any such credit we extend is unsecured. Table games players typically are extended more credit than slot players, and high-stakes players typically are extended more credit than players who tend to wager lesser amounts.

During the year ended December 31, 2020 and for the six months ended June 30, 2021, approximately 24.0% and 15.0%, respectively, of our table games drop at our properties was from credit-based wagering. We extend credit to those customers whose level of play and financial resources warrant, in the opinion of management, an extension of credit. These large receivables could have a significant impact on our results of operations if deemed uncollectible.

In particular, we expect our operations will be able to enforce gaming debts only in a limited number of jurisdictions, including Macao. To the extent our Macao gaming customers and gaming promoters are from other jurisdictions, our operations may not have access to a forum in which it will be possible to collect all gaming receivables because, among other reasons, courts of many jurisdictions do not enforce gaming debts and our Macao operations may encounter forums that will refuse to enforce such debts. Moreover, under applicable law, our operations remain obligated to pay taxes on uncollectible winnings from customers.

Even where gaming debts are enforceable, they may not be collectible. Our inability to collect gaming debts could have a significant adverse effect on our results of operations and cash flows.

We face the risk of fraud and cheating.

Our gaming customers may attempt or commit fraud or cheat in order to increase winnings. Acts of fraud or cheating could involve the use of counterfeit chips or other tactics, possibly in collusion with our employees. Internal acts of cheating could also be conducted by employees through collusion with dealers, surveillance staff, floor managers or other casino or gaming area staff. Failure to discover such acts or schemes in a timely manner could result in losses in our gaming operations. In addition, negative publicity related to such schemes could have an adverse effect on our reputation, potentially causing a material adverse effect on our business, financial condition, results of operations and cash flows.

Our operations face significant competition, which may increase in the future.

The hotel, resort and casino businesses are highly competitive. Our properties compete with numerous other casinos located within Macao. Additional Macao facilities announced by our competitors and the increasing capacity of hotel rooms in Macao could add to the competitive dynamic of the market.

Our operations will also compete to some extent with casinos located elsewhere in Asia, including Singapore, South Korea, Malaysia, Philippines, Australia, Cambodia and elsewhere in the world, including Las Vegas, as well as online gaming and cruise ships that offer gaming. Our operations also face increased competition from new developments in Malaysia, Australia and South Korea. In addition, certain countries have legalized, and others may in the future legalize casino gaming.

The proliferation of gaming venues and gaming activities, such as online gaming, as well as renovations and expansions by our competitors, and their ability to attract customers away from our properties could have a material adverse effect on our financial condition, results of operations and cash flows.

Risks Associated with Our Operations

We may stop generating any gaming revenues from our operations if we cannot secure an extension or renewal of our Subconcession which expires in 2022.

Our Subconcession expires on June 26, 2022. If our Subconcession is not extended or renewed, VML may be prohibited from conducting gaming operations in Macao, and we could cease to generate revenues from our gaming operations when our Subconcession agreement expires on June 26, 2022. In addition, all of VML's casino premises and gaming-related equipment could be automatically transferred to the Macao government without any compensation to us. We cannot assure you we will be able to extend or renew our Subconcession on terms favorable to us or at all.

Our Subconcession was redeemable by the Macao government, with compensation to us, on or before June 26, 2021. In the event of an extension to or renewal of our Subconcession prior to its expiry, this right of redemption could be restored or extended.

Beginning on December 26, 2017, the Macao government had the option to redeem the Subconcession by providing us at least one-year's notice prior to its expiry. As of June 26, 2021, that redemption right has expired. In the event that our Subconcession is extended or renewed, the Macao government's redemption right could be restored or extended. In the event the Macao government exercises this redemption right, we are entitled to fair compensation or indemnity. However, we cannot assure you if our Subconcession is redeemed, the compensation paid will be adequate to compensate us for the loss of future revenues.

Our Subconcession can be terminated under certain circumstances without compensation to us.

The Macao government has the right, after consultation with Galaxy Casino, S.A. (also known as Galaxy Casino Company Limited), to unilaterally terminate our Subconcession in the event of VML's serious non-compliance with its basic obligations under the Subconcession and applicable Macao laws. Upon termination of our Subconcession, our casinos and gaming-related equipment would automatically be transferred to the Macao government without compensation to us and we would cease to generate any revenues from these operations. The loss of our Subconcession would prohibit us from conducting gaming operations in Macao, which may have a material adverse effect on our business, financial condition, results of operations and cash flows.

There are significant risks associated with our construction projects.

Our development projects and any other construction projects we undertake will entail significant risks. Construction activity requires us to obtain qualified contractors and subcontractors, the availability of which may be uncertain. Construction projects are subject to cost overruns and delays caused by events outside of our control or, in certain cases, our contractors' control, such as shortages of materials or skilled labor, unforeseen engineering, environmental and/or geological problems, work stoppages, weather interference, unanticipated cost increases and unavailability of construction materials or equipment. Construction, equipment or staffing problems or difficulties in obtaining any of the requisite materials, licenses, permits, allocations and authorizations from governmental or regulatory authorities could increase the total cost, delay, jeopardize, prevent the construction or opening of our projects, or otherwise affect the design and features. Construction contractors or counterparties for our current projects may be required to bear certain cost overruns for which they are contractually liable, and if such counterparties are unable to meet their obligations, we may incur increased costs for such developments. If our management is unable to manage successfully our construction projects, it could have a material adverse effect on our financial condition, results of operations and cash flows.

The anticipated costs and completion dates for our current projects are based on budgets, designs, development and construction documents and schedule estimates are prepared with the assistance of architects and other construction development consultants and are subject to change as the design, development and

construction documents are finalized and as actual construction work is performed. A failure to complete our projects on budget or on schedule may have a material adverse effect on our financial condition, results of operations and cash flows.

The number of visitors to Macao, particularly visitors from mainland China, may decline or travel to Macao may be disrupted.

Our VIP and mass market gaming customers typically come from nearby destinations in Asia, including mainland China, Hong Kong, South Korea and Japan. Increasingly, a significant number of gaming customers come to our casinos from mainland China. Any slowdown in economic growth or changes of China's current restrictions on travel and currency movements could further disrupt the number of visitors from mainland China to our casinos as well as the amounts they are willing and able to spend while at our properties.

Policies and measures adopted from time to time by the Chinese government include restrictions imposed on exit visas granted to residents of mainland China for travel to Macao and Hong Kong. These measures have, and any future policy developments implemented may have, the effect of reducing the number of visitors to Macao from mainland China, which could adversely impact tourism and the gaming industry in Macao.

The Macao government could grant additional rights to conduct gaming in the future and increase competition we face.

We hold a Subconcession under one of only six gaming concessions and subconcessions authorized by the Macao government to operate casinos in Macao through June 26, 2022. If the Macao government were to allow additional gaming operators in Macao, we would face additional competition, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Conducting business in Macao has certain political and economic risks.

Our business development plans, financial condition, results of operations and cash flows may be materially and adversely affected by significant political, social and economic developments in Macao, and by changes in policies of the governments or changes in laws and regulations or their interpretations. Our operations in Macao are also exposed to the risk of changes in laws and policies that govern operations of companies based in Macao. Jurisdictional tax laws and regulations may also be subject to amendment or different interpretation and implementation, thereby having an adverse effect on our profitability after tax. These changes may have a material adverse effect on our financial condition, results of operations and cash flows.

Current Macao laws and regulations concerning gaming and gaming concessions and licenses are, for the most part, fairly recent and there is little precedent on the interpretation of these laws and regulations. We believe our organizational structure and operations are in compliance in all material respects with all applicable laws and regulations of Macao. These laws and regulations are complex and a court or an administrative or regulatory body may in the future render an interpretation of these laws and regulations, or issue regulations, which differs from our interpretation and could have a material adverse effect on our financial condition, results of operations and cash flows.

In addition, our activities in Macao are subject to administrative review and approval by various government agencies. We cannot assure you we will be able to obtain all necessary approvals, which may have a material adverse effect on our long-term business strategy and operations. Macao laws permit redress to the courts with respect to administrative actions; however, such redress is largely untested in relation to gaming issues.

The Macao smoking control legislation prohibits smoking in casinos. This legislation permits casinos to maintain designated smoking rooms opened to the public, as long as such rooms comply with certain conditions, namely that no gaming equipment is installed within a three-meter radius from their entrance doors, that they are

physically separated from the remaining areas and that no activity other than smoking is conducted inside the rooms, including gaming. Such legislation may deter potential gaming customers who are smokers from frequenting casinos in jurisdictions with smoking bans such as Macao. Such laws and regulations could change or could be interpreted differently in the future. We cannot predict the future likelihood or outcome of similar legislation or referendums in other jurisdictions where we operate or the magnitude of any decrease in revenues as a result of such regulations, though any smoking ban could have an adverse effect on our business, financial condition, results of operations and cash flows.

Our tax arrangements with the Macao government may not be extended on terms favorable to us or at all beyond their June 26, 2022 expiration dates.

We have had the benefit of a corporate tax exemption in Macao, which exempts us from paying the 12% corporate income tax on profits generated by the operation of casino games, but does not apply to our non-gaming activities. We will continue to benefit from this tax exemption through June 26, 2022, the date our Subconcession Contract expires. Additionally, we entered into an agreement with the Macao government in April 2019, effective through June 26, 2022, providing an annual payment as a substitution for a 12% tax otherwise due from VML shareholders on dividend distributions paid from VML gaming profits. There is no certainty either of these tax arrangements will be extended beyond their expiration dates.

We are dependent upon gaming promoters for a portion of our gaming revenues in Macao.

Gaming promoters, which promote gaming and draw VIP patrons to casinos, are responsible for a portion of our gaming revenues in Macao. There can be no assurance we will be able to maintain, or grow, our relationships with gaming promoters. If we are unable to maintain or grow our relationships with gaming promoters, or if the gaming promoters experience financial difficulties or are unable to develop or maintain relationships with our VIP patrons, our ability to grow our gaming revenues will be hampered.

If gaming promoters attempt to negotiate changes to our operational agreements, including higher commissions, it could result in higher costs for us, loss of business to a competitor or loss of relationships with gaming promoters. Given regulatory requirements and certain economic and other factors occurring in the region, gaming promoters may encounter difficulties in attracting patrons to come to Macao, resulting in decreased gaming volume at our Macao properties. Credit already extended by gaming promoters to their patrons may become increasingly difficult for them to collect. This inability to attract sufficient patrons, grant credit and collect amounts due in a timely manner could negatively affect gaming promoters' activities, cause gaming promoters to wind up or liquidate their operations or result in gaming promoters leaving Macao. The above factors affecting gaming promoters could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, the quality of gaming promoters with whom we have relationships is important to our reputation and our ability to continue to operate in compliance with our gaming licenses. While we strive for excellence in our associations with gaming promoters, we cannot assure you the gaming promoters with whom we are associated will meet the high standards we insist upon. If a gaming promoter falls below our standards, we may suffer reputational harm, as well as worsening relationships with, and possible sanctions from, gaming regulators with authority over our operations. In the event a gaming promoter does not meet its financial obligations, there can be no assurance we may not incur financial exposure.

We are subject to limitations of the pataca exchange markets and restrictions on the export of the Renminbi.

Our revenues in Macao are denominated in patacas, the legal currency of Macao, and Hong Kong dollars. The Macao pataca is pegged to the Hong Kong dollar and, in many cases, is used interchangeably with the Hong Kong dollar in Macao. The Hong Kong dollar is pegged to the U.S. dollar. Although currently permitted, we cannot assure you patacas will continue to be freely exchangeable into U.S. dollars. Also, our ability to convert large amounts of patacas into U.S. dollars over a relatively short period may be limited.

We are currently prohibited from accepting wagers in Renminbi, the legal currency of China. There are also restrictions on the remittance of the Renminbi from mainland China and the amount of Renminbi that can be converted into foreign currencies, including the pataca and Hong Kong dollar. Restrictions on the remittance of the Renminbi from mainland China may impede the flow of gaming customers from mainland China to Macao, inhibit the growth of gaming in Macao and negatively impact our gaming operations. There is no assurance that incremental mainland Chinese regulations will not be promulgated in the future that have the effect of restricting or eliminating the remittance of Renminbi from mainland China. Further, if any new mainland Chinese regulations are promulgated in the future that have the effect of permitting or restricting (as the case may be) the remittance of Renminbi from mainland China, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

VML may have financial and other obligations to foreign workers managed by its contractors under government labor quotas.

The Macao government has granted VML quotas to permit it to hire foreign workers. VML has effectively assigned the management of these quotas to its contractors for the construction of our Cotai Strip projects. VML, however, remains ultimately liable for all employer obligations relating to these employees, including for payment of wages and taxes and compliance with labor and workers' compensation laws. VML requires each contractor to whom it has assigned the management of part of its labor quota to indemnify VML for any costs or liabilities VML incurs as a result of such contractor's failure to fulfill employer obligations. VML's agreements with its contractors also contain provisions that permit it to retain some payments for up to one year after the contractors' complete work on the projects. We cannot assure you VML's contractors will fulfill their obligations to employees hired under the labor quotas or to VML under the indemnification agreements, or the amount of any indemnification payments received will be sufficient to pay for any obligations VML may owe to employees managed by contractors under VML's quotas. Until we make final payments to our contractors, we have offset rights to collect amounts they may owe us, including amounts owed under the indemnities relating to employer obligations. After we have made the final payments, it may be more difficult for us to enforce any unpaid indemnity obligations.

The transportation infrastructure in Macao may not be adequate to accommodate increased future demand of visitors to Macao.

Macao is in the process of expanding its transportation infrastructure to service the increased number of visitors to Macao. If the planned expansions of transportation facilities to and from Macao are delayed or not completed, and Macao's transportation infrastructure is insufficient to meet the demands of an increased volume of visitors to Macao, the desirability of Macao as a business and leisure tourism destination, as well as the results of operations of our Macao properties, could be negatively impacted.

Human Capital Related Risk Factors

We depend on the continued services of key officers.

Our historical success was principally dependent on our founder, former Chairman and Chief Executive Officer, Mr. Sheldon Gary Adelson. On January 12, 2021, we announced the passing of Mr. Adelson. On January 27, 2021, we announced Mr. Robert Glen Goldstein was appointed our Chairman and Chief Executive Officer. Our ability to maintain our competitive position is dependent to a large degree on the services of our senior management team, including Mr. Goldstein, Dr. Wong Ying Wai (Wilfred), Mr. Chum Kwan Lock, Grant, Mr. Sun MinQi (Dave) and Mr. Dylan James Williams. The loss of their services or the services of our other senior managers, or the inability to attract and retain additional senior management personnel could have a material adverse effect on our business.

We compete for limited management and labor resources in Macao, and policies of government may also affect our ability to employ imported managers or labor.

Our success depends in large part upon our ability to attract, retain, train, manage and motivate skilled managers and employees at our properties. The Macao government requires we only hire Macao residents in our casinos for certain employee roles, including dealers. In addition, we are required to obtain visas and work permits for managers and employees we seek to employ from other countries. There is significant competition for managers and employees with the skills required to perform the services we offer and competition for these individuals in Macao is likely to increase as other competitors expand their operations.

We may have to recruit managers and employees from other countries to adequately staff and manage our properties and certain Macao government policies affect our ability to hire non-resident managers and employees in certain job classifications. Despite our coordination with the Macao labor and immigration authorities to ensure our management and labor needs are satisfied, we may not be able to recruit and retain a sufficient number of qualified managers or employees for our operations or the Macao labor and immigration authorities may not grant us the necessary visas or work permits.

If we are unable to obtain, attract, retain and train skilled managers and employees, and obtain any required visas or work permits for our skilled managers and employees, our ability to adequately manage and staff our existing properties and planned development projects could be impaired, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

General Risk Factors

Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer and our insurance costs may increase in the future.

We have comprehensive property and liability insurance policies for our properties in operation, as well as those in the course of construction, with coverage features and insured limits we believe are customary in their breadth and scope. Market forces beyond our control may nonetheless limit the scope of the insurance coverage we can obtain or our ability to obtain coverage at reasonable rates. Certain types of losses, generally of a pandemic or catastrophic nature, such as infectious disease, such as the COVID-19 Pandemic, earthquakes, hurricanes and floods, or terrorist acts, or certain liabilities may be, or are, uninsurable or too expensive to justify obtaining insurance. As a result, we may not be successful in obtaining insurance without increases in cost or decreases in coverage levels. In addition, in the event of a substantial loss, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of our lost investment or in some cases could result in certain losses being totally uninsured. As a result, we could lose some or all of the capital we have invested in a property, as well as the anticipated future revenue from the property, and we could remain obligated for debt or other financial obligations related to the property.

Certain of our debt instruments and other material agreements require us to maintain a certain minimum level of insurance. Failure to satisfy these requirements could result in an event of default under these debt instruments or material agreements.

Failure to maintain the integrity of our information and information systems or comply with applicable privacy and data security requirements and regulations could harm our reputation and adversely affect our business.

Our business requires the collection and retention of large volumes of data and non-electronic information, including credit card numbers and other information in various information systems we maintain and in those maintained by third parties with whom we contract and may share data. We also maintain internal information about our employees and information relating to our operations. The integrity and protection of that information are important to us. Our collection of such information is subject to extensive private and governmental regulation.

Privacy and cybersecurity laws and regulations are developing and changing frequently, and vary significantly by jurisdiction. We may incur significant costs in our efforts to comply with the various applicable privacy and cybersecurity laws and regulations as they emerge and change. Compliance with applicable privacy laws and regulations also may adversely impact our ability to market our products, properties, and services to our guests and patrons. Non-compliance by us, or potentially by third parties with which we share information, with any applicable privacy and cybersecurity law or regulation, including accidental loss, inadvertent disclosure, unauthorized access or dissemination, or breach of security may result in damage to our reputation and could subject us to fines, penalties, required corrective actions, lawsuits, payment of damages, or restrictions on our use or transfer of data.

LVS, our parent company, has experienced a sophisticated criminal cybersecurity attack in the past and may experience with more frequency global cybersecurity and information security threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures directed at us (as subsidiaries of LVS). There has been an increase in criminal cybersecurity attacks against companies where customer and company information has been compromised and company data has been destroyed. Our information systems and records, including those we maintain with third-party service providers, may be subject to cyber-attacks and information security breaches. Cyber-attacks and information security breaches may include attempts to access information, computer malware such as viruses, denial of service, ransomware attacks that encrypt, exfiltrate, or otherwise render data unusable or unavailable in an effort to extort money or other consideration as a condition to purportedly returning the data to a usable form, operator errors or misuse, or inadvertent releases of data or documents, and other forms of electronic and non-electronic information security breaches. Our data security measures are reviewed regularly and we rely on proprietary and commercially available systems, software, tools, and monitoring to provide security for processing, transmission, and storage of customer and employee information. We also rely extensively on computer systems to process transactions, maintain information, and manage our businesses. Our third-party information system service providers and other third parties that share data with us pursuant to contractual agreements also face risks relating to cybersecurity and privacy, and we do not directly control any of such parties' information security or privacy operations. For example, the systems currently used for the transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, are determined and controlled by the payment card industry, not us. Our gaming operations rely heavily on technology services provided by third parties. In the event there is an interruption of these services to us, it may have an adverse effect on our operations and financial condition. Disruptions in the availability of our computer systems, or those of third parties we engage to provide gaming operating systems for the facilities we operate, through cybersecurity attacks or otherwise, could impact our ability to service our customers and adversely affect our sales and the results of our operations.

A significant theft, destruction, loss or fraudulent use of information maintained by us or by a third-party service provider could have an adverse effect on our reputation, cause a material disruption to our operations and management team and result in remediation expenses (including liability for stolen assets or information, repairing system damage and offering incentives to customers or business partners to maintain their relationships after an attack) and regulatory fines, penalties and corrective actions, or lawsuits by regulators, third-party service providers, third parties that share data with us pursuant to contractual agreements and/or people whose data is or may be impacted. Such theft, destruction, loss or fraudulent use could also result in litigation. Advances in computer software capabilities and encryption technology, new tools, and other developments, including continuously evolving attack methods that may exploit vulnerabilities based on these advances, may increase the risk of a security breach or other intrusion. In addition, we may incur increased cybersecurity and privacy protection costs that may include organizational changes, deploying additional personnel and protection technologies, training employees and engaging third-party experts and consultants. There can be no assurance the insurance the Company has in place relating to cybersecurity and privacy risks will be sufficient in the event of a major cybersecurity or privacy event. Any of these events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to the Notes

We will have a substantial amount of indebtedness, which could have important consequences for holders of the Notes and significant effects on our business and future operations.

We will have a substantial amount of debt in relation to our equity. As of June 30, 2021, after giving effect to the offering of the Notes and the use of proceeds therefrom, we would have had total borrowings of US\$7.65 billion, consisting of the Notes, the Senior Notes and 2018 SCL Revolving Facility. As of August 31, 2021, we had US\$7.50 billion of borrowings outstanding under the Senior Notes and the 2018 SCL Revolving Facility and US\$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility.

Our substantial indebtedness may make it more difficult for us to satisfy our obligations with respect to the Notes, increase our vulnerability to general adverse economic and industry conditions, impair our ability to obtain additional financing in the future for working capital needs, capital expenditure, acquisitions or general corporate purposes, require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available to us for our operations or expansion of our existing operations, limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, place us at a competitive disadvantage as compared to our competitors, to the extent that they are not as leveraged, subject us to higher interest expense in the event of increases in interest rates to the extent a portion of our debt bears interest at variable rates, cause us to incur additional expenses by hedging interest rate exposures of our debt and exposure to hedging counterparties' failure to pay under such hedging arrangements, which would reduce the funds available for us for our operations; and in the event we or one of our subsidiaries were to default, result in the loss of all or a substantial portion of our and our subsidiaries' assets, over which our lenders have taken or will take security. Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our other debt obligations, including the Notes.

In addition, under the terms of the Indenture, we will be permitted to incur additional indebtedness, some of which may be senior secured indebtedness. If we incur additional indebtedness, the risks described above will be exacerbated.

Claims by any secured creditors will have priority with respect to their security over the claims of the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

Claims by any secured creditors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to any secured indebtedness and other secured obligations of the Company to the extent of the value of the assets securing such indebtedness or other obligations. As of June 30, 2021, the Company had no secured indebtedness. We may incur secured indebtedness or other secured obligations in the future, all of which will be effectively senior to the Notes to the extent of the value of the collateral securing such obligations.

The Notes will be structurally subordinated to the liabilities of our subsidiaries.

Our subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. In the event that any of our subsidiaries becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as a part of a solvent transaction:

- the creditors of the Company (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary; and
- creditors of such subsidiary, including trade creditors, and any preferred shareholders of such subsidiary will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Company, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

The limited covenants in the Indenture may not protect against developments that may impair our ability to repay the Notes or the trading price for the Notes.

The Indenture will not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, does not protect holders of the Notes if we experience significant adverse changes in our financial condition or results of operations;
- limit our ability to incur indebtedness that is senior or equal in right of payment to the Notes;
- limit our subsidiaries' ability to incur unsecured indebtedness, all of which would be structurally senior to the Notes; or
- restrict our ability to make investments or to repurchase, or pay dividends or make other payments in respect of, our ordinary shares or other securities ranking junior to the Notes.

An increase in the level of our indebtedness, or other events that could adversely affect our business, financial condition, results of operations or prospects, may cause rating agencies to downgrade any credit ratings on the Notes, which could adversely affect their trading price and liquidity, and downgrade our corporate rating generally, which could increase our cost of borrowing, limit our access to the capital markets and result in more restrictive covenants in future debt agreements.

We may not be able to generate sufficient cash flow to meet our debt service obligations.

Our ability to make scheduled payments due on our existing and anticipated debt obligations, including the Notes, and fund working capital needs, planned capital expenditure and development efforts will depend on our ability to generate sufficient operating cash flow from our projects. Our ability to obtain cash to service our existing and projected debts is subject to a range of economic, financial, competitive, regulatory, business and other factors, many of which are beyond our control, including:

- our future operating performance;
- the demand for services that we provide;
- general economic conditions and economic conditions affecting Macao or the gaming industry in particular;
- our ability to hire and retain employees and management at a reasonable cost;
- competition; and
- legislative and regulatory factors affecting our operations and business.

If our business does not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness, including the Notes, on or before the maturity date, sell assets, reduce or delay capital investments or seek to raise additional capital, any of which could have a material adverse effect on our operations. In addition, we may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. Our ability to sell assets or restructure or refinance our indebtedness, including the Notes, will depend on the condition of the financing and capital markets, our financial condition and our ability to obtain requisite governmental approvals at such time.

Any refinancing of any of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our operations. The terms of existing or future debt

instruments, including the Indenture, may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in downgrades of any credit ratings we or the Notes may have at such time, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, could materially adversely affect our business, prospects, financial condition and results of operations, as well as our ability to satisfy our obligations with respect to the Notes.

If we are unable to comply with the restrictions and covenants in our debt agreements, including the Indenture, there could be a default under the terms of these agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in our current or future debt and other agreements, or the Indenture, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, will contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of debt or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to obtain alternative financing on reasonable terms or at all.

Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

As a holding company, we depend on the receipt of dividends and the interest or principal payments on intercompany loans or advances from our subsidiaries to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments of such subsidiaries. In the future, certain of our subsidiaries may incur debt in their own name, and the instruments governing such debt may require the lenders' consent prior to the subsidiaries declaring dividends or otherwise restrict dividends or other distributions on their equity interests to us. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the Notes.

We may not be able to repurchase the Notes upon the occurrence of certain events.

We must offer to purchase the Notes upon the occurrence of certain specified change of control triggering events or specified investor put option triggering events at a purchase price equal to 101% or 100% of the principal amount, respectively, plus accrued and unpaid interest. See "Description of Notes." Furthermore, we may redeem the Notes if certain changes in tax law impose withholding taxes on amounts payable on the Notes, and, as a result, we are required to pay additional amounts with respect to such withholding taxes. See "Description of Notes."

The sources of funds for any such purchases would be our available cash or third-party financing. However, we may not have enough available funds at the time of the occurrence of any change of control triggering events or investor put option triggering events to make purchases of outstanding Notes. Our failure to make a required offer to purchase or to purchase the outstanding Notes would constitute an event of default under the Notes. The event of default may, in turn, constitute an event of default under other indebtedness, any of

which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of change of control for purposes of the Indenture will not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of change of control for purposes of the Indenture will also include a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

The insolvency laws of the Cayman Islands may provide you with less protection than U.S. bankruptcy law.

The Company is incorporated under the laws of the Cayman Islands. Accordingly, insolvency proceedings with respect to the Company would likely proceed under, and be governed by, Cayman Islands insolvency law. Cayman Islands insolvency laws may not be as favorable to investors as the laws of the United States or other jurisdictions with which investors are familiar.

You may have difficulty enforcing judgments obtained against us.

The Company is a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. All of our current operations and administrative and corporate functions are conducted in Macao and Hong Kong. In addition, the majority of our directors and officers are nationals and/or residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in Cayman Islands, Macao and Hong Kong courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, most of whom are not residents in the United States and the substantial majority of whose assets are located outside of the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands, Macao or Hong Kong would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. In addition, it is uncertain whether such Cayman Islands, Macao or Hong Kong courts would be competent to hear original actions brought in the Cayman Islands, Macao or Hong Kong against us or such persons predicated upon the securities laws of the United States or any state.

An active trading market for the Notes may not develop.

The Notes are new issues of securities for which there is currently no trading market. Although we have received a confirmation from the Hong Kong Stock Exchange of the eligibility of a listing of the Notes by way of debt issues to Professional Investors only on the Hong Kong Stock Exchange, we cannot assure you that we will obtain or be able to maintain a listing on the Hong Kong Stock Exchange, or that, if listed, a liquid trading market will develop. We have been advised that the Initial Purchasers intend to make a market in the Notes, but they are not obligated to do so and may discontinue such market making activity at any time without notice. We cannot predict whether an active trading market for any series of the Notes will develop or be sustained. If an active trading market for the Notes of any series does not develop or is not sustained, the market price and liquidity of such Notes may be adversely affected.

The liquidity and prices of the Notes may be volatile.

Even if an active trading market for the Notes of a series develops, the prices and trading volumes of such Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and

proposals of new investments, strategic alliances or acquisitions, interest rates, the general state of the securities market (including the market for debt issued by other companies and debt issued by governments), market conditions in our industry and fluctuations in prices for comparable companies could result in large and sudden changes in the volume and price at which such Notes will trade.

We may elect to redeem the Notes prior to their maturity.

Pursuant to terms of each series of Notes, we may elect to redeem such Notes prior to their maturity in whole or in part at the price specified in the section entitled “Description of Notes—Optional Redemption.” The date on which we elect to redeem such Notes may not accord with the preference of particular noteholders. In addition, a noteholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of such Notes.

We will follow the applicable corporate disclosure standards for debt securities which are issued to Professional Investors only and listed on the Hong Kong Stock Exchange, and such standards may be different from those applicable to debt securities listed in certain other countries.

We will be subject to reporting obligations in respect of the Notes to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different than those imposed by securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to. See “Description of Notes—Certain Covenants—Reports.”

Modifications, waivers and other decisions may be made in relation to the Notes by the Trustee or by a proportion of Noteholders which may be considered to be adverse to the interests of individual or minority holders of the Notes, and in such circumstances, the recourse available to the minority Noteholders may be limited.

Certain modifications, waivers and other decisions may be made in relation to the Notes by the Trustee or by a proportion of Noteholders without the unanimous approval of all Noteholders of the same series of Notes. For example:

- if an event of default (other than one arising from certain events of bankruptcy or insolvency) occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes of an affected series may declare all the Notes of such series to be due and payable immediately;
- subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes of a series of Notes affected by an event of default may direct the Trustee in its exercise of any trust or power;
- the Trustee may withhold from holders of the applicable Notes notice of any continuing default or event of default if it determines that withholding notice is in their interest, except a default or event of default relating to the payment of principal, interest or premium, if any;
- except to enforce the right to receive payment of principal, interest or premium, if any, when due, no holder of a Note may pursue any remedy with respect to the Indenture or the applicable Notes unless certain conditions are met, which include (a) the holders of at least 25% in aggregate principal amount of the then outstanding Notes of such series have requested the Trustee to pursue the remedy and (b) the holders of a majority in aggregate principal amount of the then outstanding Notes of the relevant series have not given the Trustee a direction inconsistent with such request within certain relevant period;
- the holders of a majority in aggregate principal amount of the then outstanding Notes of any series by notice to the Trustee may, on behalf of the holders of all of the Notes of such series, rescind an

acceleration or waive any existing default or event of default and its consequences under the Indenture, except a continuing default or event of default in the payment of interest or premium, if any, on, or the principal of, the Notes of such series; and

- except in certain circumstances (see “Description of Notes—Amendment, Supplement and Waiver”), the Indenture and the Notes of any series may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding of the applicable series (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes of such series), and any existing default or event of default or compliance with any provision of the Indenture or the Notes of the applicable series may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes of such series (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes of such series).

Depending on the individual circumstances of the individual Noteholder at the relevant time, such modifications, waivers or other decisions may be considered to be adverse to the interests of individual or minority holders of the Notes, and in such circumstances, the recourse available to the minority Noteholders which did not approve or request such modifications, waivers or other decisions may be limited. See “Description of Notes—Events of Default and Remedies” and “Description of Notes—Amendment, Supplement and Waiver” for further details.

There is no certainty that we would be able to file and cause to become effective a registration statement or a shelf registration statement with respect to the Notes.

On the Issue Date, Sands China will agree with the initial purchasers in a registration rights agreement for the benefit of the holders of the Notes of each series, to use its commercially reasonable efforts, at its cost, to file and cause to become effective a registration statement with respect to a registered exchange offer to exchange each series of Notes offered by this offering memorandum for an issue of exchange notes that will be senior debt securities with terms identical to the applicable series of Notes offered hereby, except that the exchange notes will not have legends restricting transfer. In the event that applicable interpretations of the SEC staff do not permit Sands China to effectuate the exchange offer, or under certain other circumstances, it will, at its cost, use commercially reasonable efforts to cause a shelf registration statement with respect to resales of the Notes to become effective.

In each of the situations referred to above, Sands China is only required to use its commercially reasonable efforts file and to cause to become effective a registration statement or a shelf registration statement respectively.

There is no certainty that such registration statement or shelf registration statement will be filed or will become effective. See “Description of Notes—Registration Rights” for further details.

USE OF PROCEEDS

We estimate that the net proceeds from the offering of the Notes will be approximately US\$1,929 million, after deducting the discounts of the Initial Purchasers and other estimated offering expenses payable by us. Subject to compliance with applicable laws and regulations, we intend to use the net proceeds from this offering and cash on hand to redeem in full the outstanding principal amount of the US\$1.80 billion 4.600% 2023 Notes, any accrued interest and the associated make-whole premium as determined under the related senior notes indenture dated as of August 9, 2018. To the extent any of the Initial Purchasers or their affiliates hold any of the 2023 Notes, such Initial Purchasers or their affiliates may receive a portion of the net proceeds from this offering.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of June 30, 2021 (i) on an actual basis and (ii) as adjusted to give effect to the net proceeds from the issuance of the Notes and the use of proceeds therefrom, after deducting the discounts of the Initial Purchasers and other estimated offering expenses payable by us. The following table should be read in conjunction with the summary financial information and unaudited consolidated financial statements and related notes included elsewhere in this offering memorandum.

	As of June 30, 2021	
	Actual	As Adjusted
	(unaudited)	
	(US\$ in millions)	
Cash and cash equivalents	\$ 861	\$ 849
Restricted cash and cash equivalents	16	16
Total cash and cash equivalents	\$ 877	\$ 865
Long-term debt		
4.600% Senior Notes due 2023 ⁽ⁱ⁾	1,800	—
5.125% Senior Notes due 2025 ⁽ⁱⁱ⁾	1,800	1,800
3.800% Senior Notes due 2026 ⁽ⁱⁱⁱ⁾	800	800
5.400% Senior Notes due 2028 ^(iv)	1,900	1,900
4.375% Senior Notes due 2030 ^(v)	700	700
Notes offered hereby ^(vi)	—	1,950
2018 SCL Credit Facility ^(vii)	504	504
Total long-term debt	7,504	7,654
Total equity ^(viii)	1,562	1,414
Total capitalization	\$ 9,066	\$ 9,068

(i) Excludes original issue discount and deferred financing costs of US\$7 million.

(ii) Excludes original issue discount and deferred financing costs of US\$10 million.

(iii) Excludes original issue discount and deferred financing costs of US\$7 million.

(iv) Excludes original issue discount and deferred financing costs of US\$16 million.

(v) Excludes original issue discount and deferred financing costs of US\$9 million.

(vi) Excludes original issue discount and deferred financing costs related to the issuance of the Notes totaling US\$21 million.

(vii) As of June 30, 2021 we have US\$2.0 billion of available borrowing capacity. Excludes deferred financing costs of US\$28 million.

(viii) The “As Adjusted” balance includes the elimination of US\$7 million unamortized original issue discount and deferred financing costs related to the 4.600% Senior Notes due 2023.

Except as otherwise disclosed above, there has been no material change in our capitalization since June 30, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in connection with "Summary Financial Information" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. See "Forward-Looking Statements" regarding these statements. Our historical consolidated financial statements have been prepared in accordance with IFRS. For additional information, see Note 2 of our audited consolidated financial statements included elsewhere in this offering memorandum.

Overview

We are the leading developer, owner and operator of large-scale integrated resorts in Macao, as measured by Adjusted Property EBITDA for the year ended December 31, 2019. VML, our subsidiary, holds one of the six concessions or subconcessions permitted by the Macao government to operate casinos or gaming areas in Macao. Macao is the largest gaming market in the world and the only location in China offering legalized casino gaming.

We developed, own and operate The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao. We also own the Cotai Expo, one of the largest convention and exhibition centers in Asia, as well as Macao's largest entertainment venue, the Cotai Arena. Our properties collectively feature over 12,000 luxury suites and hotel rooms, approximately 150 different restaurants and food outlets, spas and theaters for live performances, as well as other integrated resort amenities.

Our business strategy is to develop our Cotai properties, leveraging our large-scale integrated resort business model to create Asia's premier gaming, leisure, convention and meetings destination. Our interconnected integrated resorts, which have a wide range of branded hotel and resort offerings, are designed to attract different segments of the market. We believe our business strategy and development plan will allow us to achieve a more consistent demand, longer average length of stay in our hotels, more diversified sources of revenue and higher margins than gaming-centric facilities.

During 2020, we had accomplishments in furthering several of our strategic objectives. We continued progress on our key development projects in Macao for the conversion of Sands Cotai Central into The Londoner Macao and opened The Grand Suites at Four Seasons in October 2020, featuring gaming spaces and 289 luxury suites. We continued to strengthen our balance sheet with the issuance of the 2026 Notes and 2030 Notes in June 2020 to provide funds for incremental liquidity and general corporate purposes.

We will continue to invest in the expansion of our facilities and the enhancement of the leisure and business tourism appeal of our Cotai property portfolio.

For the years ended December 31, 2018, 2019 and 2020, our total net revenues were US\$8.67 billion, US\$8.81 billion and US\$1.69 billion, respectively, and our profits (losses) were US\$1.87 billion (profits), US\$2.03 billion (profits) and US\$1.52 billion (losses), respectively. For the six months ended June 30, 2020 and 2021, our total net revenues were US\$848 million and US\$1.62 billion, respectively, and our losses were US\$716 million and US\$381 million, respectively.

See "Summary—Recent Developments—Current Impact of COVID-19 Pandemic on our Liquidity and Financial Highlights" for a discussion of our financial condition and results of operations since June 30, 2021.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with IFRS requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues

and expenses, and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information currently available to us and on various other assumptions management believes to be reasonable under the circumstances. Actual results could vary from those estimates and we may change our estimates and assumptions in future evaluations. Changes in these estimates and assumptions may have a material effect on our financial condition and results of operations. Our critical accounting policies and estimates include the useful lives of investment properties and property and equipment, impairment of non-financial assets, provision of expected credit losses for trade receivables and litigation provisions. We believe these critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. For a discussion of these critical accounting policies and estimates, see Note 3 to our audited consolidated financial statements included elsewhere in this offering memorandum.

Key Operating Revenue Measurements

Operating revenues at The Venetian Macao, The Londoner Macao, The Parisian Macao and The Plaza Macao are dependent upon the volume of customers who stay at the hotel, which affects the price that can be charged for hotel rooms and our gaming volume. Operating revenues at the Sands Macao are principally driven by casino customers who visit the property on a daily basis.

Management utilizes the following volume and pricing measures in order to evaluate past performance and assist in forecasting future revenues. The various volume measurements indicate our ability to attract customers to our Integrated Resorts. In casino operations, win and hold percentages indicate the amount of revenue to be expected based on volume. In hotel operations, average daily rate and revenue per available room indicate the demand for rooms and our ability to capture that demand. In mall operations, base rent per square foot indicates our ability to attract and maintain profitable tenants for our leasable space. The following are the key measurements we use to evaluate operating revenues:

Casino revenue measurements

Table games are segregated into two groups, consistent with the Macao market's convention: Rolling Chip play (composed of VIP players) and Non-Rolling Chip play (mostly non-VIP players). The volume measurement for Rolling Chip play is non-negotiable gaming chips wagered and lost. The volume measurement for Non-Rolling Chip play is table games drop ("drop"), which is the net markers issued (credit instruments), cash deposited in the table drop boxes and gaming chips purchased and exchanged at the cage. Rolling Chip and Non-Rolling Chip volume measurements are not comparable as they are two distinct measures of volume. The amounts wagered and lost for Rolling Chip play are substantially higher than the amounts dropped for Non-Rolling Chip play. Slot handle, also a volume measurement, is the gross amount wagered for the period cited.

We view Rolling Chip win as a percentage of Rolling Chip volume, Non-Rolling Chip win as a percentage of drop and slot hold (amount won by the casino) as a percentage of slot handle. Win or hold percentage represents the percentage of Rolling Chip volume, Non-Rolling Chip drop or slot handle that is won by the casino and recorded as casino revenue. Our win and hold percentages are calculated before discounts, commissions, deferring revenue associated with our loyalty programs and allocating casino revenues related to goods and services provided to patrons on a complimentary basis. Our Rolling Chip win percentage is expected to be 3.15% to 3.45%. Generally, slot machine play is conducted on a cash basis. Approximately 24.0% and 15.0% of our table games play was conducted on a credit basis for the year ended December 31, 2020 and the six months ended June 30, 2021, respectively.

Hotel revenue measurements

Performance indicators used are occupancy rate (a volume indicator), which is the average percentage of available hotel rooms occupied during a period and ADR (a price indicator), which is the average price of

occupied rooms per day. Available rooms exclude those rooms unavailable for occupancy during the period due to renovation, development or other requirements (such as government mandated closure, lodging for team members and usage by the Macao government for quarantine measures). The calculations of the occupancy rate and ADR include the impact of rooms provided on a complimentary basis. Revenue per available room (“RevPAR”) represents a summary of hotel ADR and occupancy. Because not all available rooms are occupied, ADR is normally higher than RevPAR. Reserved rooms where the guests do not show up for their stay and lose their deposit, or where guests check out early, may be re-sold to walk-in guests.

Mall revenue measurements

Occupancy, base rent per square foot and tenant sales per square foot are used as performance indicators. Occupancy represents GLOA divided by GLA at the end of the reporting period. GLOA is the sum of:

(1) tenant occupied space under lease and (2) tenants no longer occupying space, but paying rent. GLA does not include space currently under development or not on the market for lease. Base rent per square foot is the weighted average base or minimum rent charge, excluding rent concessions, in effect at the end of the reporting period for all tenants that would qualify to be included in occupancy. Tenant sales per square foot is the reported comparable sales for the trailing 12 months divided by the comparable square footage for the same period. Only tenants that have been open for a minimum of 12 months are included in the tenant sales per square foot calculation.

Results of Operations

Six months ended June 30, 2021 compared to six months ended June 30, 2020

Net Revenues

Our net revenues consisted of the following:

	Six months ended June 30,		
	2021	2020	Percent change
	(US\$ in millions)		
Casino	\$ 1,182	\$ 625	89.1%
Rooms	147	71	107.0%
Mall	218	99	120.2%
Food and beverage	49	27	81.5%
Convention, ferry, retail and other	24	26	(7.7)%
Total net revenues	\$ 1,620	\$ 848	91.0%

Total net revenues were US\$1.62 billion for the six months ended June 30, 2021, an increase of 91.0%, compared to US\$848 million for the six months ended June 30, 2020. Net revenues increased across most of the business categories, mainly driven by an increase in visitation due to a modest relaxation of travel restrictions between mainland China and Macao during the six months ended June 30, 2021.

Our net casino revenues for the six months ended June 30, 2021 were US\$1.18 billion, an increase of 89.1%, compared to US\$625 million for the six months ended June 30, 2020. Net casino revenues increased across all properties except for Sands Macao. The increase was primarily attributable to increases of US\$317 million at The Venetian Macao and US\$100 million at The Londoner Macao driven by increased volume in both VIP and mass segments, and an increase of US\$98 million at The Plaza Macao driven by increased volume in mass gaming.

The following table summarizes the results of our casino activity:

	Six months ended June 30,		
	2021	2020	Change
	(US\$ in millions)		
The Venetian Macao			
Total net casino revenues	\$ 573	\$ 256	123.8%
Non-Rolling Chip drop	1,907	832	129.2%
Non-Rolling Chip win percentage	27.5%	26.9%	0.6pts
Rolling Chip volume	2,740	2,378	15.2%
Rolling Chip win percentage ⁽ⁱ⁾	4.70%	2.96%	1.74pts
Slot handle	1,013	497	103.8%
Slot hold percentage	3.8%	4.2%	(0.4)pts
The Londoner Macao			
Total net casino revenues	\$ 224	\$ 124	80.6%
Non-Rolling Chip drop	959	561	70.9%
Non-Rolling Chip win percentage	21.3%	21.8%	(0.5)pts
Rolling Chip volume	1,648	167	886.8%
Rolling Chip win percentage ⁽ⁱ⁾	4.43%	5.85%	(1.42)pts
Slot handle	483	377	28.1%
Slot hold percentage	3.8%	4.4%	(0.6)pts
The Parisian Macao⁽ⁱ⁾			
Total net casino revenues	\$ 128	\$ 85	50.6%
Non-Rolling Chip drop	657	396	65.9%
Non-Rolling Chip win percentage	21.7%	23.7%	(2.0)pts
Rolling Chip volume	146	2,272	(93.6)%
Rolling Chip win percentage ⁽ⁱ⁾	(0.53)%	0.99%	(1.52)pts
Slot handle	467	451	3.5%
Slot hold percentage	3.2%	3.5%	(0.3)pts
The Plaza Macao			
Total net casino revenues	\$ 189	\$ 91	107.7%
Non-Rolling Chip drop	606	229	164.6%
Non-Rolling Chip win percentage	22.5%	28.0%	(5.5)pts
Rolling Chip volume	1,965	2,189	(10.2)%
Rolling Chip win percentage ⁽ⁱ⁾	5.52%	2.73%	2.79pts
Slot handle	22	37	(40.5)%
Slot hold percentage	4.8%	4.7%	0.1pts
Sands Macao			
Total net casino revenues	\$ 68	\$ 69	(1.4)%
Non-Rolling Chip drop	253	278	(9.0)%
Non-Rolling Chip win percentage	16.1%	19.1%	(3.0)pts
Rolling Chip volume	816	726	12.4%
Rolling Chip win percentage ⁽ⁱ⁾	5.22%	3.29%	1.93pts
Slot handle	319	353	(9.6)%
Slot hold percentage	3.4%	3.1%	0.3pts

Note: As a result of the COVID-19 Pandemic, gaming operations were closed from February 5 to 19, 2020, except for The Londoner Macao which was closed from February 5 to 26, 2020.

- (i) This compares to our expected Rolling Chip win percentage of 3.15% to 3.45% (calculated before discounts, commissions, deferring revenue associated with our loyalty programs and allocating casino revenues related to goods and services provided to patrons on a complimentary basis).

Room revenues for the six months ended June 30, 2021 were US\$147 million, an increase of 107.0%, compared to US\$71 million for the six months ended June 30, 2020. The increase was mainly driven by increased occupancy rates and increased revenue per available room driven by higher visitation across our properties.

The following table summarizes the results of our room activity:

	Six months ended June 30,		
	2021	2020	Change
(US\$ in millions, except average daily rate and revenue per available room)			
The Venetian Macao			
Total room revenues	\$ 43	\$ 22	95.5%
Occupancy rate	52.9%	22.3%	30.6pts
Average daily rate (in US\$)	158	237	(33.3)%
Revenue per available room (in US\$)	84	53	58.5%
The Londoner Macao			
Total room revenues	\$ 47	\$ 27	74.1%
Occupancy rate	40.4%	23.0%	17.4pts
Average daily rate (in US\$)	160	174	(8.0)%
Revenue per available room (in US\$)	65	40	62.5%
The Parisian Macao			
Total room revenues	\$ 29	\$ 14	107.1%
Occupancy rate	52.6%	21.9%	30.7pts
Average daily rate (in US\$)	119	167	(28.7)%
Revenue per available room (in US\$)	62	37	67.6%
The Plaza Macao			
Total room revenues	\$ 23	\$ 5	360.0%
Occupancy rate	46.1%	26.4%	19.7pts
Average daily rate (in US\$)	439	332	32.2%
Revenue per available room (in US\$)	202	88	129.5%
Sands Macao			
Total room revenues	\$ 5	\$ 3	66.7%
Occupancy rate	71.3%	35.9%	35.4pts
Average daily rate (in US\$)	140	176	(20.5)%
Revenue per available room (in US\$)	100	63	58.7%

Note: As a result of the COVID-19 Pandemic, some of our hotel operations were closed for a period in the first half of 2020, with a number of rooms utilized for government quarantine purposes and to provide lodging for team members restricted from traveling between their residences and Macao in the first half of 2021 and 2020, respectively. These rooms were excluded from the calculation of hotel statistics above.

Mall revenues for the six months ended June 30, 2021 were US\$218 million, an increase of 120.2%, compared to US\$99 million for the six months ended June 30, 2020. The increase was primarily due to a US\$112 million reduction in rent concessions granted to our mall tenants compared to the six months ended June 30, 2020.

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

	Six months ended June 30,		
	2021	2020	Change
(US\$ in millions, except per square foot amount)			
Shoppes at Venetian			
Total mall revenues	\$ 95	\$ 47	102.1%
Mall gross leasable area (in square feet)	814,731	812,934	0.2%
Occupancy	79.2%	85.6%	(6.4)pts
Base rent per square foot (in US\$)	297	292	1.7%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	1,227	1,224	0.2%
Shoppes at Londoner⁽ⁱⁱ⁾			
Total mall revenues	\$ 30	\$ 16	87.5%
Mall gross leasable area (in square feet)	520,941	525,497	(0.9)%
Occupancy	60.9%	87.6%	(26.7)pts
Base rent per square foot (in US\$)	136	102	33.3%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	1,058	603	75.5%
Shoppes at Parisian			
Total mall revenues	\$ 20	\$ 10	100.0%
Mall gross leasable area (in square feet)	296,145	295,963	0.1%
Occupancy	78.1%	86.8%	(8.7)pts
Base rent per square foot (in US\$)	147	150	(2.0)%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	593	561	5.7%
Shoppes at Four Seasons			
Total mall revenues	\$ 73	\$ 26	180.8%
Mall gross leasable area (in square feet)	244,104	242,425	0.7%
Occupancy	93.9%	94.6%	(0.7)pts
Base rent per square foot (in US\$)	548	544	0.7%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	5,389	3,775	42.8%

Note: This table excludes the results of our mall operations at Sands Macao. As a result of the COVID-19 Pandemic, tenants were provided rent concessions during the six months ended June 30, 2021 and 2020. Base rent per square foot presented above excludes the impact of these rent concessions.

- (i) Tenant sales per square foot is the sum of reported comparable sales for the trailing 12 months divided by the comparable square footage for the same period.
- (ii) Shoppes at Londoner will feature up to approximately 600,000 square feet of gross leasable area upon completion of all phases of the renovation, rebranding and expansion to The Londoner Macao.

Food and beverage revenues for the six months ended June 30, 2021 were US\$49 million, an increase of 81.5%, compared to US\$27 million for the six months ended June 30, 2020. The increase was primarily driven by an increase in property visitation as our business recovers from the effects of the COVID-19 Pandemic as described above.

Convention, ferry, retail and other revenues for the six months ended June 30, 2021 were US\$24 million, a decrease of 7.7%, compared to US\$26 million for the six months ended June 30, 2020. The decrease was primarily driven by a decrease in revenue in our ferry operations resulting from the suspension of ferry operations between Macao and Hong Kong, which began on January 30, 2020 and continues to remain suspended in response to the COVID-19 Pandemic.

Operating Expenses

Our operating expenses consisted of the following:

	Six months ended June 30,		
	2021	2020	Percent change
	(US\$ in millions)		
Casino	\$ 934	\$ 635	47.1%
Rooms	60	54	11.1%
Mall	20	20	—%
Food and beverage	66	65	1.5%
Convention, ferry, retail and other	26	41	(36.6)%
Provision for expected credit losses, net	6	9	(33.3)%
General and administrative	282	274	2.9%
Corporate expense	35	29	20.7%
Pre-opening expense	5	5	—%
Depreciation and amortization	358	338	5.9%
Net foreign exchange losses/(gains)	10	(20)	(150.0)%
Loss on disposal of property and equipment, investment properties and intangible assets	7	7	—%
Total operating expenses	\$ 1,809	\$ 1,457	24.2%

Operating expenses were US\$1.81 billion for the six months ended June 30, 2021, an increase of 24.2%, compared to US\$1.46 billion for the six months ended June 30, 2020. The increase in operating expenses was primarily driven by increased levels of business as we recover from the effects of the COVID-19 Pandemic.

Casino expenses for the six months ended June 30, 2021 were US\$934 million, an increase of 47.1%, compared to US\$635 million for the six months ended June 30, 2020. The increase was primarily due to an increase in gaming taxes as a result of increased casino revenues, as previously described.

Room expenses for the six months ended June 30, 2021 were US\$60 million, an increase of 11.1%, compared to US\$54 million for the six months ended June 30, 2020. The increase was primarily driven by increased operating expenses and management fees in line with higher hotel occupancy.

Convention, ferry, retail and other expenses for the six months ended June 30, 2021 were US\$26 million, a decrease of 36.6%, compared to US\$41 million for the six months ended June 30, 2020. The decrease was primarily driven by a decrease in ferry expenses resulting from the suspension of ferry operations between Macao and Hong Kong in response to the COVID-19 Pandemic which began on January 30, 2020 and continues to remain suspended.

Provision for expected credit losses, net for the six months ended June 30, 2021 were US\$6 million, a decrease of 33.3%, compared to US\$9 million for the six months ended June 30, 2020. The decrease was primarily driven by a decrease in provision due to settlements from previously reserved premium players.

General and administrative expenses were US\$282 million for the six months ended June 30, 2021, an increase of 2.9%, compared to US\$274 million for the six months ended June 30, 2020. The increase was primarily driven by increases in utilities expenses as a result of increased visitation and hotel occupancy.

Corporate expenses were US\$35 million for the six months ended June 30, 2021, an increase of 20.7%, compared to US\$29 million for the six months ended June 30, 2020. The increase was primarily driven by an increase in royalty fees due to increased revenues across all properties.

Depreciation and amortization expenses were US\$358 million for the six months ended June 30, 2021, an increase of 5.9%, compared to US\$338 million for the six months ended June 30, 2020. The increase was primarily due to additions of The Grand Suites at Four Seasons in 2020 and The Londoner Macao for those areas that were completed.

Net foreign exchange losses for the six months ended June 30, 2021 were US\$10 million and were primarily associated with U.S. dollar denominated debt. This is compared with net foreign exchange gains of US\$20 million for the six months ended June 30, 2020.

Adjusted Property EBITDA

The following table summarizes information related to our segments:

	Six months ended June 30,		Percent change
	2021	2020	
	(US\$ in millions)		
The Venetian Macao	\$ 190	\$ (48)	N.M.
The Londoner Macao	(28)	(79)	N.M.
The Parisian Macao	(8)	(84)	N.M.
The Plaza Macao	114	10	1,040.0%
Sands Macao	(31)	(32)	N.M.
Ferry and other operations	(3)	(10)	N.M.
Total Adjusted Property EBITDA	\$ 234	\$ (243)	N.M.

N.M. — Not Meaningful

Adjusted property EBITDA for the six months ended June 30, 2021 increased to US\$234 million, compared to a loss of US\$243 million for the six months ended June 30, 2020. The increase was driven by the increases across most of the business categories. Management continues to focus on operational efficiencies and cost control measures throughout the gaming and non-gaming areas of the business.

Finance Costs

The following table summarizes information related to finance costs:

	Six months ended June 30,		Percent change
	2021	2020	
	(US\$ in millions)		
Interest and other finance costs	\$ 196	\$ 124	58.1%
Less: interest capitalized	(7)	(8)	(12.5)%
Finance costs, net	\$ 189	\$ 116	62.9%

Finance costs, net of amounts capitalized, was US\$189 million for the six months ended June 30, 2021, compared to US\$116 million for the six months ended June 30, 2020. The increase was primarily driven by a decrease of US\$40 million in net benefit from the interest rate swaps as the agreements expired in August 2020, an increase of US\$26 million in interest expense from US\$1.5 billion of Senior Notes issued in June 2020, an increase of US\$3 million in interest expense from the drawn balance under the 2018 SCL Credit Facility during the first quarter of 2021 and an increase of US\$3 million in amortization of deferred financing costs.

Our weighted average interest rate for the six months ended June 30, 2021 was approximately 5.2%, compared to 4.1% for the six months ended June 30, 2020. As noted above, the increase in the weighted average

interest rate was due to the impact of the interest rate swaps and increased interest from the Senior Notes issued in June 2020. The weighted average interest rates are calculated based on total interest expense (including the impact of the interest rate swaps, amortization of deferred financing costs, standby fees and other financing costs and interest capitalized) and total weighted average borrowings.

Loss for the Period

Loss for the six months ended June 30, 2021 was US\$381 million, compared to US\$716 million for the six months ended June 30, 2020.

Year ended December 31, 2020 compared to year ended December 31, 2019

Net Revenues

Our net revenues consisted of the following:

	Year ended December 31,		
	2020	2019	Percent change
	(US\$ in millions)		
Casino	\$ 1,169	\$ 7,018	(83.3)%
Rooms	144	731	(80.3)%
Mall	269	531	(49.3)%
Food and beverage	59	298	(80.2)%
Convention, ferry, retail and other	46	230	(80.0)%
Total net revenues	\$ 1,687	\$ 8,808	(80.8)%

Net revenues were US\$1.69 billion for the year ended December 31, 2020, a decrease of 80.8%, compared to US\$8.81 billion for the year ended December 31, 2019. Net revenues decreased in all business categories, mainly driven by significant decreases in visitation due to travel restrictions as a result of the COVID-19 Pandemic.

Our net casino revenues for the year ended December 31, 2020 were US\$1.17 billion, a decrease of 83.3%, compared to US\$7.02 billion for the year ended December 31, 2019. The decrease was primarily driven by a decrease in volume in all gaming offerings as a result of the COVID-19 Pandemic.

The following table summarizes the results of our casino activity:

	Year ended December 31,		
	2020	2019	Change
	(US\$ in millions)		
The Venetian Macao			
Total net casino revenues	\$ 531	\$ 2,875	(81.5)%
Non-Rolling Chip drop	1,925	9,275	(79.2)%
Non-Rolling Chip win percentage	25.4%	26.2%	(0.8)pts
Rolling Chip volume	3,775	25,715	(85.3)%
Rolling Chip win percentage ⁽ⁱ⁾	3.12%	3.29%	(0.17)pts
Slot handle	1,041	3,952	(73.7)%
Slot hold percentage	4.2%	4.8%	(0.6)pts
The Londoner Macao			
Total net casino revenues	\$ 192	\$ 1,541	(87.5)%
Non-Rolling Chip drop	881	6,586	(86.6)%
Non-Rolling Chip win percentage	22.6%	22.7%	(0.1)pts
Rolling Chip volume	167	5,364	(96.9)%
Rolling Chip win percentage ⁽ⁱ⁾	5.85%	3.36%	2.49pts
Slot handle	531	4,107	(87.1)%
Slot hold percentage	4.3%	4.2%	0.1pts
The Parisian Macao			
Total net casino revenues	\$ 180	\$ 1,376	(86.9)%
Non-Rolling Chip drop	844	4,522	(81.3)%
Non-Rolling Chip win percentage	23.1%	23.1%	—pts
Rolling Chip volume	3,141	16,121	(80.5)%
Rolling Chip win percentage ⁽ⁱ⁾	1.13%	3.43%	(2.30)pts
Slot handle	763	4,217	(81.9)%
Slot hold percentage	3.7%	3.7%	—pts
The Plaza Macao			
Total net casino revenues	\$ 159	\$ 650	(75.5)%
Non-Rolling Chip drop	544	1,473	(63.1)%
Non-Rolling Chip win percentage	24.6%	24.4%	0.2pts
Rolling Chip volume	3,656	13,368	(72.7)%
Rolling Chip win percentage ⁽ⁱ⁾	2.46%	3.88%	(1.42)pts
Slot handle	37	518	(92.9)%
Slot hold percentage	4.6%	6.0%	(1.4)pts
Sands Macao			
Total net casino revenues	\$ 107	\$ 576	(81.4)%
Non-Rolling Chip drop	451	2,634	(82.9)%
Non-Rolling Chip win percentage	18.7%	18.3%	0.4pts
Rolling Chip volume	1,361	4,605	(70.4)%
Rolling Chip win percentage ⁽ⁱ⁾	2.44%	2.52%	(0.08)pts
Slot handle	549	2,596	(78.9)%
Slot hold percentage	3.1%	3.3%	(0.2)pts

Note: As a result of the COVID-19 Pandemic, gaming operations were closed from February 5 to 19, 2020, except for The Londoner Macao which was closed from February 5 to 26, 2020.

- (i) This compares to our expected Rolling Chip win percentage of 3.15% to 3.45% (calculated before discounts, commissions, deferring revenue associated with our loyalty programs and allocating casino revenues related to goods and services provided to patrons on a complimentary basis).

Room revenues for the year ended December 31, 2020 were US\$144 million, a decrease of 80.3%, compared to US\$731 million for the year ended December 31, 2019. The decrease was primarily driven by a decrease in demand as a result of the COVID-19 Pandemic.

The following table summarizes the results of our room activity:

	Year ended December 31,		
	2020	2019	Change
	(US\$ in millions, except average daily rate and revenue per available room)		
The Venetian Macao			
Total room revenues	\$ 46	\$ 222	(79.3)%
Occupancy rate	27.2%	95.9%	(68.7)pts
Average daily rate (in US\$)	197	227	(13.2)%
Revenue per available room (in US\$)	53	217	(75.6)%
The Londoner Macao			
Total room revenues	\$ 42	\$ 320	(86.9)%
Occupancy rate	18.3%	96.8%	(78.5)pts
Average daily rate (in US\$)	164	160	2.5%
Revenue per available room (in US\$)	30	155	(80.6)%
The Parisian Macao			
Total room revenues	\$ 33	\$ 130	(74.6)%
Occupancy rate	27.3%	97.2%	(69.9)pts
Average daily rate (in US\$)	145	159	(8.8)%
Revenue per available room (in US\$)	39	155	(74.8)%
The Plaza Macao⁽ⁱ⁾			
Total room revenues	\$ 17	\$ 41	(58.5)%
Occupancy rate	28.5%	91.3%	(62.8)pts
Average daily rate (in US\$)	394	332	18.7%
Revenue per available room (in US\$)	113	303	(62.7)%
Sands Macao			
Total room revenues	\$ 6	\$ 18	(66.7)%
Occupancy rate	39.4%	99.8%	(60.4)pts
Average daily rate (in US\$)	157	175	(10.3)%
Revenue per available room (in US\$)	62	175	(64.6)%

Note: As a result of the COVID-19 Pandemic, some of our hotel operations were closed for a period in 2020, with a number of rooms utilized for government quarantine purposes and to provide lodging for team members restricted from traveling between their residences and Macao. These rooms were excluded from the calculation of hotel statistics above.

(i) Includes The Grand Suites at Four Seasons, which opened in October 2020.

Mall revenues for the year ended December 31, 2020 were US\$269 million, a decrease of 49.3%, compared to US\$531 million for the year ended December 31, 2019. The decrease was primarily due to rent concessions of US\$215 million granted to our mall tenants and a decrease in turnover rents of US\$45 million resulting from lower traffic in our malls as a result of the COVID-19 Pandemic.

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

	Year ended December 31,		
	2020	2019	Change
	(US\$ in millions, except per square foot amount)		
Shoppes at Venetian			
Total mall revenues	\$ 126	\$ 254	(50.4)%
Mall gross leasable area (in square feet)	812,936	812,938	—%
Occupancy	83.8%	91.4%	(7.6)pts
Base rent per square foot (in US\$)	302	277	9.0%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	794	1,709	(53.5)%
Shoppes at Londoner⁽ⁱⁱ⁾			
Total mall revenues	\$ 38	\$ 71	(46.5)%
Mall gross leasable area (in square feet)	525,206	525,222	—%
Occupancy	83.9%	90.1%	(6.2)pts
Base rent per square foot (in US\$)	96	107	(10.3)%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	409	934	(56.2)%
Shoppes at Parisian			
Total mall revenues	\$ 27	\$ 53	(49.1)%
Mall gross leasable area (in square feet)	295,963	295,920	—%
Occupancy	78.5%	86.2%	(7.7)pts
Base rent per square foot (in US\$)	156	149	4.7%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	349	785	(55.5)%
Shoppes at Four Seasons			
Total mall revenues	\$ 79	\$ 151	(47.7)%
Mall gross leasable area (in square feet)	244,104	242,425	0.7%
Occupancy	94.9%	95.0%	(0.1)pts
Base rent per square foot (in US\$)	540	544	(0.7)%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	2,744	5,478	(49.9)%

Note: This table excludes the results of our mall operations at Sands Macao. As a result of the COVID-19 Pandemic, tenants were provided rent concessions during the year ended December 31, 2020. Base rent per square foot presented above excludes the impact of these rent concessions.

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

(ii) Shoppes at Londoner (formerly Shoppes at Cotai Central) will feature up to approximately 600,000 square feet of gross leasable area upon completion of all phases of renovation, rebranding and expansion to The Londoner Macao.

Food and beverage revenues for the year ended December 31, 2020 were US\$59 million, a decrease of 80.2%, compared to US\$298 million for the year ended December 31, 2019. The decrease was primarily driven by a decrease in property visitation as a result of the COVID-19 Pandemic.

Convention, ferry, retail and other revenues for the year ended December 31, 2020 were US\$46 million, a decrease of 80.0%, compared to US\$230 million for the year ended December 31, 2019. The decrease was primarily driven by a decrease in revenue of US\$76 million in our ferry operations due to the temporary closure of Hong Kong China Ferry Terminal since late January 2020 and the Hong Kong Macau Ferry Terminal since early February 2020 in response to the COVID-19 Pandemic, as well as a decrease in revenue in other business categories, such as convention, entertainment and retail as a result of the COVID-19 Pandemic.

Operating Expenses

Our operating expenses consisted of the following:

	Year ended December 31,		
	2020	2019	Percent change
	(US\$ in millions)		
Casino	\$ 1,212	\$ 4,226	(71.3)%
Rooms	100	190	(47.4)%
Mall	41	55	(25.5)%
Food and beverage	123	258	(52.3)%
Convention, ferry, retail and other	72	178	(59.6)%
Provision for credit losses, net	52	24	116.7%
General and administrative	528	698	(24.4)%
Corporate expense	47	129	(63.6)%
Pre-opening expense	11	23	(52.2)%
Depreciation and amortization	684	706	(3.1)%
Impairment loss	—	65	(100.0)%
Net foreign exchange gains	(17)	(35)	(51.4)%
Loss on disposal of property and equipment and investment properties	73	16	356.3%
Total operating expenses	\$ 2,926	\$ 6,533	(55.2)%

Operating expenses were US\$2.93 billion for the year ended December 31, 2020, a decrease of 55.2%, compared to US\$6.53 billion for the year ended December 31, 2019. The decrease in operating expenses was primarily due to a decrease in business volume across all business categories. Although management has implemented certain cost reduction programs, operating margins in each business segment were negatively impacted due to employee and other costs incurred during this period of decreased visitation and property closures. We have maintained our staffing levels through significantly reduced visitation. We have implemented payroll cost saving initiatives across each of our properties, including utilization of paid time off and voluntary unpaid leave.

Casino expenses for the year ended December 31, 2020 were US\$1.21 billion, a decrease of 71.3%, compared to US\$4.23 billion for the year ended December 31, 2019. The decrease was primarily due to a decrease in gaming taxes as a result of decreased casino revenues.

Room expenses for the year ended December 31, 2020 were US\$100 million, a decrease of 47.4%, compared to US\$190 million for the year ended December 31, 2019. The decrease was primarily driven by decreases in payroll, management fees and other operating expenses as a result of lower hotel occupancy.

Mall expenses for the year ended December 31, 2020 were US\$41 million, a decrease of 25.5%, compared to US\$55 million for the year ended December 31, 2019. The decrease was primarily driven by decreases in payroll and common area maintenance cost.

Food and beverage expenses for the year ended December 31, 2020 were US\$123 million, a decrease of 52.3%, compared to US\$258 million for the year ended December 31, 2019. The decrease was primarily driven by decreases in cost of sales, payroll and other operating expenses consistent with lower business volumes.

Convention, ferry, retail and other expenses for the year ended December 31, 2020 were US\$72 million, a decrease of 59.6% compared to US\$178 million for the year ended December 31, 2019. The decrease was primarily driven by a decrease in ferry expenses resulting from the temporary closure of the ferry terminals in response to the COVID-19 Pandemic, as well as decreases in expenses in other business categories which were consistent with the reduction in revenue.

Provision for expected credit losses, net for the year ended December 31, 2020 were US\$52 million, an increase of 116.7% compared to US\$24 million for the year ended December 31, 2019. The increase was primarily driven by the aging of receivables for premium players, as travel restrictions have limited the ability for patrons to redeem markers.

General and administrative expenses were US\$528 million for the year ended December 31, 2020, a decrease of 24.4% compared to US\$698 million for the year ended December 31, 2019. The decrease was primarily driven by decreases in marketing, payroll and property operations costs.

Corporate expenses were US\$47 million for the year ended December 31, 2020, a decrease of 63.6% compared to US\$129 million for the year ended December 31, 2019. The decrease was primarily driven by a decrease in royalty fees due to decreased revenues across all properties.

Pre-opening expenses were US\$11 million for the year ended December 31, 2020, compared to US\$23 million for the year ended December 31, 2019. The decrease was primarily driven by branding campaign fees for The Londoner Macao incurred in 2019.

Depreciation and amortization expense was US\$684 million for the year ended December 31, 2020, a decrease of 3.1%, compared to US\$706 million for the year ended December 31, 2019. The decrease was primarily due to the accelerated depreciation of US\$82 million in 2019 on certain assets that were to be replaced in conjunction with The Londoner Macao project, partially offset by the additions of The Grand Suites at Four Seasons and The Londoner Macao for those areas that were completed, as well as the additions of gaming and information technology-related equipment.

Net foreign exchange gains for the year ended December 31, 2020 were US\$17 million, primarily associated with U.S. dollar denominated debt, compared to US\$35 million for the year ended December 31, 2019.

Loss on disposal of property and equipment and investment properties was US\$73 million for the year ended December 31, 2020, compared to US\$16 million for the year ended December 31, 2019. The increase was primarily due to asset disposals and demolition costs related to The Londoner Macao project.

Adjusted Property EBITDA

The following table summarizes information related to our segments:

	Year ended December 31,		
	2020	2019	Percent change
	(US\$ in millions)		
The Venetian Macao	\$ (53)	\$ 1,407	(103.8)%
The Londoner Macao	(184)	726	(125.3)%
The Parisian Macao	(131)	544	(124.1)%
The Plaza Macao	33	345	(90.4)%
Sands Macao	(76)	175	(143.4)%
Ferry and other operations	(17)	(4)	N.M.
Total Adjusted Property EBITDA	\$ (428)	\$ 3,193	(113.4)%

N.M. — Not Meaningful

Adjusted Property EBITDA loss was US\$428 million for the year ended December 31, 2020, compared to an adjusted property EBITDA of US\$3.19 billion for the year ended December 31, 2019. The decrease was primarily due to the decline in revenue in all business categories driven by government mandated travel

restrictions, property closures and overall reduced visitation since late January 2020 resulting from the COVID-19 Pandemic. Management continues to focus on operational efficiencies and cost control measures throughout the gaming and non-gaming areas of our business.

Finance Costs

The following table summarizes information related to finance costs:

	Year ended December 31,		
	2020	2019	Percent change
	(US\$ in millions)		
Interest and other finance costs	\$ 300	\$ 289	3.8%
Less: capitalized interest	(21)	(9)	133.3%
Finance costs, net	\$ 279	\$ 280	(0.4)%

Finance costs, net of amounts capitalized, was US\$279 million for the year ended December 31, 2020, remained largely consistent compared to US\$280 million for the year ended December 31, 2019. The increase in interest and other finance costs of US\$11 million was primarily due to an increase in interest expense of US\$35 million as a result of the newly issued US\$1.50 billion Senior Notes in June 2020, partially offset by an increase of US\$30 million benefit related to interest rate swaps on US\$5.50 billion of Senior Notes issued in August 2018. These interest rate swaps expired in August 2020. The increase in interest capitalization of US\$12 million was due to the ramp up of construction relating to The Grand Suites at Four Seasons and The Londoner Macao project in 2020. Our weighted average interest rate for the year ended December 31, 2020 was approximately 4.6%, compared to 5.1% for the year ended December 31, 2019. The weighted average interest rates are calculated based on total interest expense (including amortization of deferred financing costs, standby fees and other financing costs and interest capitalized) and total weighted average borrowings.

(Loss)/Profit for the Year

Loss for the year ended December 31, 2020 was US\$1.52 billion, compared to a profit of US\$2.03 billion for the year ended December 31, 2019.

Year ended December 31, 2019 compared to year ended December 31, 2018.

Net Revenues

Our net revenues consisted of the following:

	Year ended December 31,		
	2019	2018	Percent change
	(US\$ in millions)		
Casino	\$ 7,018	\$ 6,816	3.0%
Rooms	731	734	(0.4)%
Mall	531	507	4.7%
Food and beverage	298	304	(2.0)%
Convention, ferry, retail and other	230	304	(24.3)%
Total net revenues	\$ 8,808	\$ 8,665	1.7%

Net revenues were US\$8.81 billion for the year ended December 31, 2019, an increase of 1.7% compared to US\$8.67 billion for the year ended December 31, 2018. Net revenues increased in the casino and mall business categories as we continued to enjoy market-leading visitation in Macao and focused on driving the

high-margin mass market gaming business, while providing luxury amenities and high service levels to our VIP and premium players.

Our net casino revenues for the year ended December 31, 2019 were US\$7.02 billion, an increase of 3.0%, compared to US\$6.82 billion for the year ended December 31, 2018. The increase was primarily attributable to an increase of US\$148 million at The Plaza Macao driven by higher win percentage in VIP gaming as well as higher business volume in both VIP and mass gaming, and an increase of US\$111 million at The Parisian Macao driven by higher win percentage and business volume in mass gaming.

The following table summarizes the results of our casino activity:

	Year ended December 31,		
	2019	2018	Change
	(US\$ in millions)		
The Venetian Macao			
Total net casino revenues	\$ 2,875	\$ 2,829	1.6%
Non-Rolling Chip drop	9,275	9,068	2.3%
Non-Rolling Chip win percentage	26.2%	24.7%	1.5 pts
Rolling Chip volume	25,715	32,148	(20.0)%
Rolling Chip win percentage ⁽ⁱ⁾	3.29%	3.55%	(0.26)pts
Slot handle	3,952	3,303	19.6%
Slot hold percentage	4.8%	4.6%	0.2 pts
The Londoner Macao			
Total net casino revenues	\$ 1,541	\$ 1,622	(5.0)%
Non-Rolling Chip drop	6,586	6,722	(2.0)%
Non-Rolling Chip win percentage	22.7%	21.4%	1.3 pts
Rolling Chip volume	5,364	10,439	(48.6)%
Rolling Chip win percentage ⁽ⁱ⁾	3.36%	3.59%	(0.23)pts
Slot handle	4,107	4,811	(14.6)%
Slot hold percentage	4.2%	3.9%	0.3 pts
The Parisian Macao			
Total net casino revenues	\$ 1,376	\$ 1,265	8.8%
Non-Rolling Chip drop	4,522	4,323	4.6%
Non-Rolling Chip win percentage	23.1%	21.1%	2.0 pts
Rolling Chip volume	16,121	19,049	(15.4)%
Rolling Chip win percentage ⁽ⁱ⁾	3.43%	3.19%	0.24 pts
Slot handle	4,217	4,837	(12.8)%
Slot hold percentage	3.7%	2.9%	0.8 pts
The Plaza Macao			
Total net casino revenues	\$ 650	\$ 502	29.5%
Non-Rolling Chip drop	1,473	1,365	7.9%
Non-Rolling Chip win percentage	24.4%	24.9%	(0.5)pts
Rolling Chip volume	13,368	13,100	2.0%
Rolling Chip win percentage ⁽ⁱ⁾	3.88%	2.95%	0.93 pts
Slot handle	518	565	(8.3)%
Slot hold percentage	6.0%	6.1%	(0.1)pts
Sands Macao			
Total net casino revenues	\$ 576	\$ 598	(3.7)%
Non-Rolling Chip drop	2,634	2,565	2.7%
Non-Rolling Chip win percentage	18.3%	18.4%	(0.1)pts
Rolling Chip volume	4,605	5,705	(19.3)%
Rolling Chip win percentage ⁽ⁱ⁾	2.52%	3.12%	(0.60)pts
Slot handle	2,596	2,569	1.1%
Slot hold percentage	3.3%	3.1%	0.2 pts

(i) This compares to our expected Rolling Chip win percentage of 3.0% to 3.3% (calculated before discounts, commissions, deferring revenue associated with our loyalty programs and allocating casino revenues related to goods and services provided to patrons on a complimentary basis).

Room revenues for the year ended December 31, 2019 were US\$731 million, a decrease of 0.4%, compared to US\$734 million for the year ended December 31, 2018. The decrease was primarily driven by fewer rooms available at The Londoner Macao due to the construction work related to The Londoner Macao Hotel room conversion program.

The following table summarizes the results of our room activity:

	Year ended December 31,		
	2019	2018	Change
	(US\$ in millions, except average daily rate and revenue per available room)		
The Venetian Macao			
Total room revenues	\$ 222	\$ 223	(0.4)%
Occupancy rate	95.9%	95.9%	—pts
Average daily rate (in US\$)	227	225	0.9%
Revenue per available room (in US\$)	217	216	0.5%
The Londoner Macao			
Total room revenues	\$ 320	\$ 331	(3.3)%
Occupancy rate	96.8%	94.8%	2.0pts
Average daily rate (in US\$)	160	157	1.9%
Revenue per available room (in US\$)	155	149	4.0%
The Parisian Macao			
Total room revenues	\$ 130	\$ 124	4.8%
Occupancy rate	97.2%	96.3%	0.9pts
Average daily rate (in US\$)	159	155	2.6%
Revenue per available room (in US\$)	155	149	4.0%
The Plaza Macao			
Total room revenues	\$ 41	\$ 39	5.1%
Occupancy rate	91.3%	88.7%	2.6pts
Average daily rate (in US\$)	332	323	2.8%
Revenue per available room (in US\$)	303	286	5.9%
Sands Macao			
Total room revenues	\$ 18	\$ 17	5.9%
Occupancy rate	99.8%	98.6%	1.2pts
Average daily rate (in US\$)	175	164	6.7%
Revenue per available room (in US\$)	175	162	8.0%

Mall revenues for the year ended December 31, 2019 were US\$531 million, an increase of 4.7%, compared to US\$507 million for the year ended December 31, 2018. The increase was primarily driven by increased base rent from Shoppes at Venetian and increased turnover rent from Shoppes at Four Seasons.

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

	Year ended December 31,		
	2019	2018	Change
(US\$ in millions, except per square foot amount)			
Shoppes at Venetian			
Total mall revenues	\$ 254	\$ 233	9.0%
Mall gross leasable area (in square feet)	812,938	813,376	(0.1)%
Occupancy	91.4%	90.3%	1.1 pts
Base rent per square foot (in US\$)	277	263	5.3%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	1,709	1,746	(2.1)%
Shoppes at Londoner⁽ⁱⁱ⁾			
Total mall revenues	\$ 71	\$ 69	2.9%
Mall gross leasable area (in square feet)	525,222	519,681	1.1%
Occupancy	90.1%	91.5%	(1.4)pts
Base rent per square foot (in US\$)	107	108	(0.9)%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	934	892	4.7%
Shoppes at Parisian			
Total mall revenues	\$ 53	\$ 57	(7.0)%
Mall gross leasable area (in square feet)	295,920	295,915	—%
Occupancy	86.2%	89.8%	(3.6)pts
Base rent per square foot (in US\$)	149	156	(4.5)%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	785	649	21.0%
Shoppes at Four Seasons			
Total mall revenues	\$ 151	\$ 145	4.1%
Mall gross leasable area (in square feet)	242,425	241,548	0.4%
Occupancy	95.0%	99.0%	(4.0)pts
Base rent per square foot (in US\$)	544	460	18.3%
Tenant sales per square foot (in US\$) ⁽ⁱ⁾	5,478	4,373	25.3%

Note: This table excludes the results of our mall operations at Sands Macao.

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

(ii) Shoppes at Londoner will feature up to approximately 600,000 square feet of gross leasable area upon completion of all phases of renovation, rebranding and expansion to The Londoner Macao.

Food and beverage revenues for the year ended December 31, 2019 were US\$298 million, a decrease of 2.0%, compared to US\$304 million for the year ended December 31, 2018. The decrease was primarily driven by lower business volume for banquet and beverage operations.

Convention, ferry, retail and other revenues for the year ended December 31, 2019 were US\$230 million, a decrease of 24.3%, compared to US\$304 million for the year ended December 31, 2018. The decrease was primarily driven by decreased business volume in ferry operation impacted by the Hong Kong-Zhuhai-Macao Bridge opening in October 2018 and the on-going situation in Hong Kong since June 2019, as well as the receipt of insurance proceeds during the year ended December 31, 2018, related to Typhoon Hato and Typhoon Mangkhut.

Operating Expenses

Our operating expenses consisted of the following:

	Year ended December 31,		
	2019	2018	Percent change
	(US\$ in millions)		
Casino	\$ 4,226	\$ 4,216	0.2%
Rooms	190	185	2.7%
Mall	55	53	3.8%
Food and beverage	258	252	2.4%
Convention, ferry, retail and other	178	212	(16.0%)
Provision for expected credit losses, net	24	9	166.7%
General and administrative	698	672	3.9%
Corporate expense	129	125	3.2%
Pre-opening expense	23	5	360.0%
Depreciation and amortization	706	655	7.8%
Impairment loss on property and equipment	65	—	100.0%
Net foreign exchange gains	(35)	(4)	775.0%
Loss on disposal of property and equipment, investment properties and intangible assets	16	131	(87.8%)
Total operating expenses	\$ 6,533	\$ 6,511	0.3%

Operating expenses were US\$6.53 billion for the year ended December 31, 2019, largely consistent compared to US\$6.51 billion for the year ended December 31, 2018.

Casino expenses for the year ended December 31, 2019 were US\$4.23 billion, largely consistent compared to US\$4.22 billion for the year ended December 31, 2018.

Room expenses for the year ended December 31, 2019 were US\$190 million, an increase of 2.7%, compared to US\$185 million for the year ended December 31, 2018. The increase was primarily driven by increases in payroll and other operating expenses on amenities to enhance guest experience.

Mall expenses for the year ended December 31, 2019 were US\$55 million, an increase of 3.8%, compared to US\$53 million for the year ended December 31, 2018. The increase was primarily driven by increases in payroll and common area maintenance cost.

Food and beverage expenses for the year ended December 31, 2019 were US\$258 million, an increase of 2.4%, compared to US\$252 million for the year ended December 31, 2018. The increase was primarily driven by an increase in payroll expenses.

Convention, ferry, retail and other expenses for the year ended December 31, 2019 were US\$178 million, a decrease of 16.0% compared to US\$212 million for the year ended December 31, 2018. The decrease was primarily driven by decreases in repairs and maintenance expenses and other operating expenses for our ferry operation as a result of reduced sailings during the year.

Provision for expected credit losses, net for the year ended December 31, 2019 were US\$24 million, an increase of 166.7% compared to US\$9 million for the year ended December 31, 2018. The increase was primarily driven by increased provision for premium players.

General and administrative expenses were US\$698 million for the year ended December 31, 2019, an increase of 3.9% compared to US\$672 million for the year ended December 31, 2018. The increase was primarily driven by increases in payroll and related costs and information technology-related expenses.

Corporate expenses were US\$129 million for the year ended December 31, 2019, an increase of 3.2% compared to US\$125 million for the year ended December 31, 2018. The increase was primarily driven by an increase in royalty fees due to increased revenues for the operation of The Venetian Macao and The Plaza Macao.

Pre-opening expenses were US\$23 million for the year ended December 31, 2019, compared to US\$5 million for the year ended December 31, 2018. The increase was primarily driven by branding campaign fees for The Londoner Macao.

Depreciation and amortization expense was US\$706 million for the year ended December 31, 2019, an increase of 7.8%, compared to US\$655 million for the year ended December 31, 2018. The increase was primarily due to an increase of US\$20 million from the acceleration of depreciation on certain assets to be replaced in conjunction with The Londoner Macao project, as well as driven by the addition of gaming equipment.

Impairment loss on property and equipment of US\$65 million for the year ended December 31, 2019 resulted from the decrease in volume of passengers in our ferry operations.

Net foreign exchange gains for the year ended December 31, 2019 were US\$35 million and were primarily associated with U.S. dollar denominated debt. This compared with net foreign exchange gains of US\$4 million for the year ended December 31, 2018.

Loss on disposal of property and equipment, investment properties and intangible assets was US\$16 million for the year ended December 31, 2019, compared with a loss of US\$131 million for the year ended December 31, 2018. The decrease was primarily due to a loss on asset disposals related to the preparation of the construction site for The Grand Suites at Four Seasons in 2018.

Adjusted Property EBITDA

The following table summarizes information related to our segments:

	Year ended December 31,		
	2019	2018	Percent change
	(US\$ in millions)		
The Venetian Macao	\$ 1,407	\$ 1,378	2.1%
The Londoner Macao	726	759	(4.3)%
The Parisian Macao	544	484	12.4%
The Plaza Macao	345	262	31.7%
Sands Macao	175	178	(1.7)%
Ferry and other operations	(4)	18	(122.2)%
Total Adjusted Property EBITDA	\$ 3,193	\$ 3,079	3.7%

Adjusted property EBITDA for the year ended December 31, 2019 increased 3.7% to US\$3.19 billion, compared to US\$3.08 billion for the year ended December 31, 2018. The increase was driven by the revenue increases in casino and mall business categories. The management team continues to focus on operational efficiencies and cost control measures throughout both the gaming and non-gaming areas of the business, maintaining a market-leading Adjusted Property EBITDA.

Finance costs

The following table summarizes information related to finance costs:

	Year ended December 31,		
	2019	2018	Percent change
	(US\$ in millions)		
Interest and other finance costs	\$ 289	\$ 229	26.2%
Less: interest capitalized	(9)	(4)	125.0%
Finance costs, net	\$ 280	\$ 225	24.4%

Finance costs, net of amounts capitalized, was US\$280 million for the year ended December 31, 2019, compared to US\$225 million for the year ended December 31, 2018. The increase was primarily due to a US\$60 million increase in interest and other finance costs, primarily driven by a US\$168 million increase in interest expense of Senior Notes issued in August 2018, partially offset by an US\$18 million increase in net interest income related to interest rate swaps and an US\$85 million decrease in interest expense for the 2016 VML Credit Facility repaid in August 2018. Our weighted average interest rate for the year ended December 31, 2019 was approximately 5.1%, compared to 4.6% for the year ended December 31, 2018. The weighted average interest rates are calculated based on total interest expense (including amortization of deferred financing costs, standby fees and other financing costs and interest capitalized) and total weighted average borrowings.

Profit for the Year

Profit for the year ended December 31, 2019 was US\$2.03 billion, an increase of 8.4%, compared to US\$1.87 billion for the year ended December 31, 2018.

Reconciliation of Non-IFRS Financial Measures

The following table presents a reconciliation of Adjusted Property EBITDA to profit or loss attributable to equity holders of the Company for the years/periods presented:

	Year Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	(unaudited)				
	(US\$ in millions)				
Profit/(loss) attributable to equity holders of the Company	\$ 1,875	\$ 2,033	\$ (1,523)	\$ (716)	\$ (381)
Income tax (benefit)/expense	(7)	—	16	—	4
Loss on modification or early retirement of debt	81	—	—	—	—
Finance costs, net of amount capitalized	225	280	279	116	189
Interest income	(20)	(38)	(11)	(9)	(1)
Loss on disposal of property and equipment, investment properties and intangible assets	131	16	73	7	7
Impairment loss on property and equipment	—	65	—	—	—
Net foreign exchange (gains)/losses	(4)	(35)	(17)	(20)	10
Depreciation and amortization	655	706	684	338	358
Pre-opening expense	5	23	11	5	5
Corporate expense	125	129	45	28	34
Share-based compensation, net of amount capitalized ...	13	14	15	8	9
Adjusted Property EBITDA	\$ 3,079	\$ 3,193	\$ (428)	\$ (243)	\$ 234

	One Month Ended July 31, ⁽ⁱ⁾		One Month Ended August 31, ⁽ⁱ⁾	
	2020	2021	2020	2021
	(unaudited) (US\$ in millions)			
Loss attributable to equity holders of the Company	\$ (165)	\$ (63)	\$ (175)	\$ (125)
Income tax expense	7	—	—	1
Finance costs, net of amount capitalized	19	32	27	31
Interest income	(1)	—	—	—
Loss on disposal of property and equipment and investment properties	—	—	2	1
Net foreign exchange losses	—	6	—	10
Depreciation and amortization	57	62	58	61
Pre-opening expense	1	1	1	1
Corporate expense	2	6	2	5
Share-based compensation, net of amount capitalized	1	—	2	1
Adjusted Property EBITDA	<u>\$ (79)</u>	<u>\$ 44</u>	<u>\$ (83)</u>	<u>(14)</u>

(i) Amounts have been prepared in accordance with US GAAP. See “Presentation of Financial Information.”

Additional Information Regarding our Retail Mall Operations

The following tables summarize the results of our mall operations on Cotai for the six months ended June 30, 2020 and 2021.

	Shoppes at Venetian	Shoppes at Four Seasons	Shoppes at Londoner	Shoppes at Parisian	Total
	(US\$ in millions)				
For the six months ended June 30, 2021					
Mall revenues:					
Minimum rents ⁽ⁱ⁾	\$ 91	\$ 61	\$ 15	\$ 16	\$ 183
Overage rents	6	8	10	2	26
Rent concessions ⁽ⁱⁱ⁾	(17)	(1)	(2)	(3)	(23)
Total overage rents and rent concessions	(11)	7	8	(1)	3
CAM, levies and direct recoveries	15	5	7	5	32
Total mall revenues	95	73	30	20	218
Mall operating expenses:					
Common area maintenance	6	3	4	2	15
Marketing and other direct operating expenses	3	1	1	1	6
Mall operating expenses	9	4	5	3	21
Property taxes ⁽ⁱⁱⁱ⁾	1	—	—	—	1
Provision for (recovery of) credit losses ...	(1)	—	—	3	2
Mall-related expenses ^(iv)	\$ 9	\$ 4	\$ 5	\$ 6	\$ 24

	<u>Shoppes at Venetian</u>	<u>Shoppes at Four Seasons</u>	<u>Shoppes at Londoner</u>	<u>Shoppes at Parisian</u>	<u>Total</u>
	(US\$ in millions)				
For the six months ended June 30, 2020					
Mall revenues:					
Minimum rents ⁽ⁱ⁾	\$ 97	\$ 60	\$ 19	\$ 18	\$ 194
Overage rents	1	1	2	—	4
Rent concessions ⁽ⁱⁱ⁾	(68)	(40)	(14)	(13)	(135)
Total overage rents and rent concessions	(67)	(39)	(12)	(13)	(131)
CAM, levies and direct recoveries	17	5	9	5	36
Total mall revenues	47	26	16	10	99
Mall operating expenses:					
Common area maintenance	6	2	3	2	13
Marketing and other direct operating expenses	3	1	1	2	7
Mall operating expenses	9	3	4	4	20
Property taxes ⁽ⁱⁱⁱ⁾	1	—	—	—	1
Provision for credit losses	1	—	1	1	3
Mall-related expenses ^(iv)	\$ 11	\$ 3	\$ 5	\$ 5	\$ 24

Note: These tables exclude the results of our mall operations at Sands Macao.

- (i) Minimum rents include base rents and straight-line adjustments of base rents.
- (ii) Rent concessions were provided to tenants as a result of the COVID-19 Pandemic and the impact on mall operations.
- (iii) Commercial property that generates rental income is exempt from property tax for the first six years for newly constructed buildings in Cotai. Each property is also eligible to obtain an additional six-year exemption, provided certain qualifications are met. To date, The Venetian Macao, The Plaza Macao, The Londoner Macao and The Parisian Macao have obtained a second exemption. The exemption for The Venetian Macao and The Plaza Macao expired in August 2019 and August 2020, respectively, and the exemption for The Londoner Macao and The Parisian Macao will be expiring in December 2027 and September 2028, respectively.
- (iv) Mall-related expenses consist of CAM, marketing fees and other direct operating expenses, property taxes and provision for credit losses, but exclude depreciation and amortization and general and administrative costs.

The following tables summarize the results of our mall operations on Cotai for the years ended December 31, 2020, 2019 and 2018:

	Shoppes at Venetian	Shoppes at Four Seasons	Shoppes at Londoner	Shoppes at Parisian	Total
	(US\$ in millions)				
For the year ended December 31, 2020					
Mall revenues:					
Minimum rents ⁽ⁱ⁾	\$ 192	\$ 121	\$ 37	\$ 34	\$ 384
Overage rents	13	10	4	2	29
Rent concessions ⁽ⁱⁱ⁾	(111)	(61)	(21)	(20)	(213)
Total overage rents and rent concessions	(98)	(51)	(17)	(18)	(184)
CAM, levies and direct recoveries	32	9	18	11	70
Total mall revenues	126	79	38	27	270
Mall operating expenses:					
Common area maintenance	11	4	6	4	25
Marketing and other direct operating expenses	5	5	2	3	15
Mall operating expenses	16	9	8	7	40
Property taxes ⁽ⁱⁱⁱ⁾	2	—	—	—	2
Provision for credit losses	1	—	1	—	2
Mall-related expenses ^(iv)	\$ 19	\$ 9	\$ 9	\$ 7	\$ 44
For the year ended December 31, 2019					
Mall revenues:					
Minimum rents ⁽ⁱ⁾	\$ 194	\$ 110	\$ 39	\$ 37	\$ 380
Overage rents	26	31	14	3	74
CAM, levies and direct recoveries	34	10	18	13	75
Total mall revenues	254	151	71	53	529
Mall operating expenses:					
Common area maintenance	16	6	8	6	36
Marketing and other direct operating expenses	8	3	3	5	19
Mall operating expenses	24	9	11	11	55
Property taxes ⁽ⁱⁱⁱ⁾	1	—	—	—	1
Provision for credit losses	—	1	—	—	1
Mall-related expenses ^(iv)	\$ 25	\$ 10	\$ 11	\$ 11	\$ 57
For the year ended December 31, 2018					
Mall revenues:					
Minimum rents ⁽ⁱ⁾	\$ 180	\$ 110	\$ 38	\$ 42	\$ 370
Overage rents	21	25	14	3	63
CAM, levies and direct recoveries	32	10	17	12	71
Total mall revenues	233	145	69	57	504
Mall operating expenses:					
Common area maintenance	15	6	7	6	34
Marketing and other direct operating expenses	9	3	3	4	19
Mall operating expenses	24	9	10	10	53
Provision for credit losses	—	—	1	1	2
Mall-related expenses ^(iv)	\$ 24	\$ 9	\$ 11	\$ 11	\$ 55

Note: These tables exclude the results of our mall operations at Sands Macao.

(i) Minimum rents include base rents and straight-line adjustments of base rents.

- (ii) Rent concessions were provided to tenants as a result of the COVID-19 Pandemic and the impact on mall operations.
- (iii) Commercial property that generates rental income is exempt from property tax for the first six years for newly constructed buildings in Cotai. Each property is also eligible to obtain an additional six-year exemption, provided certain qualifications are met. To date, The Venetian Macao, The Plaza Macao, The Londoner Macao and The Parisian Macao have obtained a second exemption. The exemption for The Venetian Macao and The Plaza Macao expired in August 2019 and August 2020, respectively, and the exemption for The Londoner Macao and The Parisian Macao will be expiring in December 2027 and September 2028, respectively.
- (iv) Mall-related expenses consist of CAM, marketing fees and other direct operating expenses, property taxes and provision for credit losses, but exclude depreciation and amortization and general and administrative costs.

It is common in the mall operating industry for companies to disclose mall net operating income (“NOI”) as a useful supplemental measure of a mall’s operating performance. Because NOI excludes general and administrative expenses, interest expense, impairment losses, depreciation and amortization, gains and losses from property dispositions, allocations to noncontrolling interests and provision for income taxes, it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate properties and the impact on operations from trends in occupancy rates, rental rates and operating costs.

In the tables above, we believe taking total mall revenues less mall-related expenses provides an operating performance measure for our malls. Other mall operating companies may use different methodologies for deriving mall-related expenses. As such, this calculation may not be comparable to the NOI of other mall operating companies.

Taxation

According to the gaming Subconcession granted by the Macao government and the relevant legislation, we are required to pay a special gaming tax of 35% on gross gaming revenues, which represents net wins from casino operations. We are also required to contribute 4% of gross gaming revenues to utilities designated by the Macao government, a portion of which must be used for promotion of tourism in Macao.

In addition, we are subject to a 12% complementary tax on profit before income tax from gaming activities. In October 2013, we received an extension of our exemption from this complementary tax on gaming profits through the end of 2018. In August 2018, we were granted an additional extension through June 26, 2022.

We are also subject to a 12% complementary tax on dividend distributions to our shareholders from gaming profits. In May 2014, we entered into an agreement with the Macao government that requires us to make fixed annual payments in lieu of paying this 12% tax (“Shareholder Dividend Tax Agreement”) through the end of 2018. In April 2019, VML entered into another Shareholder Dividend Tax Agreement with the Macao government for an extension of the same arrangement through June 26, 2022, to correspond to the Macao complementary tax exemption on its gaming activities.

For additional details, see Note 2(o) and Note 8 to our audited consolidated financial statements included elsewhere in this offering memorandum.

Liquidity and Capital Resources

Capital Resources

We fund our operations through cash generated from our operations and our debt financing. As of June 30, 2021, we held total cash and cash equivalents of US\$877 million. Such cash and cash equivalents were primarily held in HK\$ and US\$.

On January 25, 2021, the Company entered into an agreement with lenders to increase commitments under the 2018 SCL Credit Facility by HK\$3.83 billion (approximately US\$493 million at exchange rates in effect on June 30, 2021). During the six months ended June 30, 2021, the Company drew down US\$48 million and HK\$3.54 billion (approximately US\$456 million at exchange rates in effect on June 30, 2021) under the facility for general corporate purposes.

As of June 30, 2021, we had US\$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility comprised of commitments of HK\$14.09 billion (approximately US\$1.81 billion at exchange rates in effect on June 30, 2021) and commitments of US\$189 million.

On July 7, 2021, the Company entered into a further waiver extension and amendment request letter with respect to the financial covenants under the 2018 SCL Credit Facility, pursuant to which lenders, among other things, extended the waiver period with respect to certain provisions of the 2018 SCL Credit Facility to end on and including January 1, 2023. Refer to Note 12 of our unaudited condensed consolidated financial statements included elsewhere in this offering memorandum for more details.

We intend to use the net proceeds from this offering and cash on hand to redeem in full the outstanding principal amount of the US\$1.80 billion 4.600% 2023 Notes, any accrued interest and the associated make-whole premium as determined under the related senior notes indenture dated as of August 9, 2018.

For further information on our capital structure, the types of capital instruments we use and our currency and interest rate structure, see Note 13(b), Note 18, Note 21, Note 27(a)(iii) and Note 27(b) to our audited consolidated financial statements included elsewhere in this offering memorandum.

Cash Flows — Summary

Our cash flows consisted of the following:

	Year Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	(US\$ in millions)				
Net cash generated from/(used in) operating activities.....	\$ 3,049	\$ 2,812	\$ (816)	\$ (644)	\$ 71
Net cash used in investing activities	(513)	(715)	(1,024)	(561)	(385)
Net cash (used in)/from financing activities	(1,099)	(2,312)	231	328	315
Net increase/(decrease) in cash and cash equivalents	1,437	(215)	(1,609)	(877)	1
Cash and cash equivalents at beginning of year/period	1,239	2,676	2,471	2,471	861
Effect of exchange rate on cash and cash equivalents	—	10	(1)	(2)	(1)
Cash and cash equivalents at end of year/period	<u>\$ 2,676</u>	<u>\$ 2,471</u>	<u>\$ 861</u>	<u>\$ 1,592</u>	<u>\$ 861</u>

Cash Flows — Operating Activities

We derive most of our operating cash flows from our casino, mall and hotel operations. Table games play at our properties is conducted on a cash and credit basis, while slot machine play is primarily conducted on a cash basis. Our rooms, food and beverage and other non-gaming revenues are conducted primarily on a cash basis or as a trade receivable, resulting in operating cash flows being generally affected by changes in operating income and accounts receivable.

Net cash generated from operating activities for the six months ended June 30, 2021 was US\$71 million, compared to US\$644 million of net cash used in operating activities for the six months ended June 30, 2020. The net cash generated from operating activities of US\$71 million was primarily attributable to the increase in operating income resulting from increased visitation as the travel restrictions eased during the six months ended June 30, 2021. This was partially offset by the cash outflow from our working capital during the six months ended June 30, 2021 as the amount of receivables collected was less than the settlement of operating accrued liabilities and a reduction to outstanding chips.

Net cash used in operating activities for the year ended December 31, 2020 was US\$816 million, a decrease of US\$3.63 billion compared to net cash generated from operating activities of US\$2.81 billion for the

year ended December 31, 2019. The net cash used in operating activities of US\$816 million for the year ended December 31, 2020 was primarily attributable to the impact of the COVID-19 Pandemic on our operations, which significantly reduced visitation to our properties and significantly decreased operating income during 2020 as described above. The COVID-19 Pandemic also impacted our working capital, which was a cash outflow during 2020 as the amount of receivables collected was less than the settlement of operating accrued liabilities and the outstanding chip liability was significantly reduced.

Net cash generated from operating activities for the year ended December 31, 2019 decreased 7.8% to US\$2.81 billion, compared to US\$3.05 billion for the year ended December 31, 2018. The decrease in net cash generated from operating activities was primarily attributable to a lower benefit from our working capital accounts, partially offset by an increase in operating income.

Cash Flows — Investing Activities

Net cash used in investing activities for the six months ended June 30, 2021 was US\$385 million and was primarily attributable to capital expenditures for the major development projects. Capital expenditures for the six months ended June 30, 2021, totaled US\$389 million, include US\$340 million for The Londoner Macao, US\$38 million for The Venetian Macao, US\$6 million for The Plaza Macao, and US\$5 million for our other operations, mainly at The Parisian Macao and Sands Macao.

Net cash used in investing activities for the six months ended June 30, 2020 was US\$561 million and was primarily attributable to capital expenditures for the major development projects. Capital expenditures for the six months ended June 30, 2020, totaled US\$571 million, include US\$368 million for The Londoner Macao, US\$127 million for The Plaza Macao related primarily to The Grand Suites at Four Seasons, US\$66 million for The Venetian Macao and US\$10 million for our other operations, mainly at The Parisian Macao and Sands Macao.

Net cash used in investing activities for the year ended December 31, 2020 was US\$1.02 billion and was primarily attributable to capital expenditures for major development projects. Capital expenditures for the year ended December 31, 2020, totaled US\$1.04 billion, including US\$721 million for The Londoner Macao, US\$156 million for The Plaza Macao, primarily related to The Grand Suites at Four Seasons, US\$140 million for The Venetian Macao and US\$21 million for our other operations, mainly at The Parisian Macao and Sands Macao.

Net cash used in investing activities for the year ended December 31, 2019 was US\$715 million and was primarily attributable to capital expenditures for development projects, as well as maintenance capital spending. Capital expenditures for the year ended December 31, 2019, totaled US\$754 million, including US\$296 million for The Plaza Macao, primarily related to The Grand Suites at Four Seasons, US\$276 million for The Londoner Macao project, US\$131 million for The Venetian Macao and US\$51 million for our other operations, mainly at The Parisian Macao and Sands Macao.

Net cash used in investing activities for the year ended December 31, 2018 was US\$513 million and was primarily attributable to capital expenditures for development projects, as well as maintenance capital spending. Capital expenditures for the year ended December 31, 2018, totaled US\$532 million, including US\$179 million, US\$130 million and US\$130 million for construction and development activities at The Venetian Macao, The Londoner Macao and The Parisian Macao, respectively, and US\$93 million for projects mainly at The Plaza Macao and Sands Macao.

Cash Flows — Financing Activities

Net cash generated from financing activities for the six months ended June 30, 2021 was US\$315 million, which was primarily attributable to US\$505 million drawn down under the 2018 SCL Credit Facility during the first quarter of 2021, partially offset by US\$184 million in interest payments.

Net cash from financing activities for the six months ended June 30, 2020 was US\$328 million, which was primarily attributable to US\$1.50 billion in Senior Notes issuance, partially offset by US\$1.03 billion in dividend payments and US\$120 million in interest payment.

Net cash from financing activities for the year ended December 31, 2020 was US\$231 million, which was primarily attributable to US\$1.50 billion in Senior Notes issuance in June 2020, partially offset by US\$1.03 billion in dividend payments and US\$209 million in interest payments.

Net cash used in financing activities for the year ended December 31, 2019 was US\$2.31 billion, which was primarily attributable to US\$2.05 billion in dividend payments and US\$274 million in interest payments, partially offset by proceeds from the exercise of share options amounting to US\$28 million.

Net cash used in financing activities for the year ended December 31, 2018 was US\$1.10 billion, which was primarily attributable to US\$4.34 billion of net repayments on the 2016 VML Credit Facility, US\$2.05 billion in dividend payments and US\$218 million in interest and deferred financing costs payments, partially offset by US\$5.5 billion proceeds from the issuance of the Senior Notes.

Capital Expenditures

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

	Year Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	(US\$ in millions)				
The Venetian Macao	\$ 179	\$ 131	\$ 140	\$ 66	\$ 38
The Londoner Macao	130	276	721	368	340
The Parisian Macao	130	32	11	7	2
The Plaza Macao	63	296	156	127	6
Sands Macao	29	16	8	3	3
Ferry and other operations	1	3	2	—	—
Total capital expenditures	<u>\$ 532</u>	<u>\$ 754</u>	<u>\$ 1,038</u>	<u>\$ 571</u>	<u>\$ 389</u>

Capital expenditures are used primarily for new projects and to renovate, upgrade and maintain existing properties.

Our construction work on the conversion of Sands Cotai Central into the new destination integrated resort, The Londoner Macao, is progressing. This project is being delivered in phases, which started in 2020 and will continue throughout 2021. Upon completion, The Londoner Macao will feature new attractions and features internally and externally from London, including some of London’s most recognizable landmarks, such as the Houses of Parliament and the Elizabeth Tower (commonly known as “Big Ben”). The Londoner Macao Hotel opened in January 2021 with 594 London-themed suites, including 14 exclusive Suites by David Beckham. The integrated resort will also feature Londoner Court with approximately 370 luxury suites; construction of Londoner Court is now complete and is expected to open in the second half of 2021. The expansion of our retail offerings, which have been rebranded as Shoppes at Londoner, is progressing.

We anticipate the total costs associated with The Londoner Macao development project described above and the completed The Grand Suites at Four Seasons to be approximately US\$2.2 billion, of which US\$1.8 billion has been spent as of June 30, 2021. The ultimate costs and completion dates for The Londoner Macao development are subject to change as we complete the project. We expect to fund our developments through a combination of cash on hand, borrowings from the 2018 SCL Credit Facility and surplus from operating cash flows.

Off Balance Sheet Arrangements

We have not entered into any transactions with special purpose entities, nor have we engaged in any derivative transactions, other than interest rate swaps which expired in August 2020.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commitments as of June 30, 2021 (prior to giving effect to this offering and the use of proceeds therefrom):

	Payment Due by Period				
	2021	2022-2023	2024-2025	Thereafter	Total
	(US\$ in millions)				
Long-Term Borrowings Obligations					
Senior Notes principal	\$ —	\$ 1,800	\$ 1,800	\$ 3,400	\$ 7,000
Senior Notes interest	169	677	512	461	1,819
Bank loans	—	504	—	—	504
Other long-term borrowings	—	2	1	—	3
Lease liabilities	6	31	16	302	355
Contractual Obligations					
Macao Annual Premium ⁽ⁱ⁾	19	21	—	—	40
Mall Deposits ⁽ⁱⁱ⁾	53	46	17	8	124
Other ⁽ⁱⁱⁱ⁾	42	142	94	162	440
Total	<u>\$ 289</u>	<u>\$ 3,223</u>	<u>\$ 2,440</u>	<u>\$ 4,333</u>	<u>\$10,285</u>

(i) In addition to the 39% gross gaming win tax in Macao (which is not included in this table as the amount we pay is variable in nature), we are required to pay an annual premium with a fixed portion and a variable portion, which is based on the number and type of gaming tables and gaming machines we operate. Based on the gaming tables and gaming machines in operation as of June 30, 2021, the total premium payable to the Macao government is approximately \$40 million through the termination of the gaming Subconcession in June 2022.

(ii) Mall deposits consist of refundable security deposits received from mall tenants.

(iii) Primarily consists of all other non-cancellable contractual obligations and primarily relates to certain hotel and restaurant management and service agreements. The amounts exclude open purchase orders with our suppliers that have not yet been received as these agreements generally allow us the option to cancel, reschedule and adjust terms based on our business needs prior to the delivery of goods or performance of services.

Contingent Liabilities

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

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our long-term borrowings and foreign currency exchange rate risk associated with our operations, which we may manage through the use of any combination of interest rate swaps, futures, options, caps, forward contracts and similar instruments. We do not hold or issue financial instruments for trading purposes and do not enter into derivative transactions that would be considered speculative positions. During the six months ended June 30, 2021, the Group did not hold any financial instruments for interest rate or foreign currency hedging purposes.

As of June 30, 2021, the estimated fair value of our fixed rate Senior Notes was approximately US\$7.74 billion, compared to its carrying value of US\$7.00 billion. The estimated fair value of our fixed rate Senior Notes is based on level 2 inputs (quoted prices in markets that are not active). A change in interest rates on fixed rate Senior Notes impacts its fair value. A hypothetical 100 basis points change in market rates would cause the fair value of the fixed rate Senior Notes to change by US\$330 million. The carrying value of our variable rate bank loans approximate their fair value at each balance sheet date.

Foreign currency transaction losses were US\$10 million for the six months ended June 30, 2021 and foreign currency transaction gains were US\$17 million for the year ended December 31, 2020, primarily due to U.S. dollar denominated debt held in Macao. We may be vulnerable to changes in the U.S. dollar/pataca exchange rates. Based on balances as of June 30, 2021, a hypothetical 1% weakening of the U.S. dollar/pataca exchange rate would cause a foreign currency transaction loss of approximately US\$69 million. The pataca is pegged to the Hong Kong dollar and the Hong Kong dollar is pegged to the U.S. dollar (within a narrow range); therefore, we do not expect fluctuations in the values of these currencies to have a material impact on operations. We maintain a significant amount of our operating funds in the same currencies in which we have obligations thereby reducing our exposure to currency fluctuations. See Note 27 to our audited consolidated financial statements included elsewhere in this offering memorandum.

BUSINESS

Overview

We are the leading developer, owner and operator of large-scale integrated resorts in Macao, as measured by Adjusted Property EBITDA for the year ended December 31, 2019. In 2019, we welcomed approximately 98 million leisure and business visits at our properties on Cotai and on the Macao Peninsula. References to 2019 statistics have also been included throughout this offering memorandum as they reflect the last full year of our operations prior to travel restrictions related to the COVID-19 Pandemic and are more comparable to amounts under normal operating conditions.

Our founder, former Chairman and Chief Executive Officer, Mr. Sheldon Gary Adelson, began investing in Macao from 2002 after the award of the gaming Subconcession to operate casino games and other games of chance. His vision and goal was to develop large-scale integrated resorts with a variety of world-class amenities and create an international tourism destination. This facilitated in achieving Macao's objective for long-term economic diversification and growth in tourism.

Today, with nearly 30 million square feet of interconnected facilities on Cotai, we are the largest integrated resorts operator in Macao. Our integrated resorts not only offer gaming areas, but also the most four- and five-star rated hotel rooms compared to any other single developer in the market. Our integrated resorts also collectively feature the largest capacity in meeting space, convention and exhibition halls, retail and dining areas and entertainment venues. We believe our integrated resorts are unique in Macao and differentiate us from our competitors due to size and scale, range of non-gaming amenities, and the focus on leisure and business tourism.

Macao is the largest gaming market in the world and the only location in China offering legalized casino gaming. VML, our subsidiary, holds one of the six concessions or subconcessions permitted by the Macao government to operate casinos or gaming areas in Macao.

We developed, own and operate The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao. We also own the Cotai Expo, one of the largest convention and exhibition centers in Asia, as well as Macao's largest entertainment venue, the Cotai Arena. Our properties collectively feature over 12,000 luxury suites and hotel rooms, approximately 150 different restaurants and food outlets, spas and theaters for live performances, as well as other integrated resort amenities.

Our integrated resort brands, including The Venetian Macao, The Londoner Macao and The Parisian Macao, are aspirational and recognized throughout China and Asia for their quality and services and leave a lasting impression on our customers.

We were the first developer in Macao to feature world-class global hospitality brands in our hotel offerings on Cotai, including the Four Seasons, St. Regis, Conrad and Sheraton.

Within our integrated resorts, we also operate some of the largest and most profitable retail malls in Asia, showcasing over 720 shops, which occupy over 2 million square feet of retail space. Our retail malls are home to many global luxury designer brands and leading Asian retail brands.

We own and operate Cotai Water Jet, one of the two major high speed ferry operators between Hong Kong and Macao, with 14 vessels facilitating leisure and business travelers to reach Macao from points in Hong Kong, including the Hong Kong International Airport.

Our Subconcession expires on June 26, 2022. If our Subconcession is not extended or renewed, VML may be prohibited from conducting gaming operations in Macao and we could cease to generate revenues from our gaming operations when our Subconcession agreement expires on June 26, 2022. In addition, all of VML's

casino premises and gaming-related equipment could be automatically transferred to the Macao government without any compensation to us. We cannot assure you we will be able to extend or renew our Subconcession on terms favorable to us or at all.

The Group is actively monitoring developments with respect to the Macao government's concession renewal process and continues to believe its Subconcession will be extended or renewed beyond June 26, 2022.

Our Developments in Macao

In May 2004, we opened the Sands Macao, the first Las Vegas style resort in Macao, which was designed for the mass market segment of leisure tourism. The Sands Macao currently contains a mix of gaming areas for mass market, VIP and premium players, entertainment and dining facilities, and hotel suites.

In August 2007, we opened The Venetian Macao, the anchor property of our Cotai Strip development. The Venetian Macao is a themed, large-scale integrated resort, with 2,905 luxury hotel suites, approximately 330 retail shops in one of the largest shopping malls in Asia with 945,000 square feet of retail space, more than 50 restaurants and food outlets, and a state-of-the-art live performance theater with 1,800 seats. In addition, The Venetian Macao contains the Cotai Arena, a 15,000-seat venue directly adjacent to and adjoins the Cotai Expo and hosts a wide range of entertainment and sporting events each year. The Cotai Expo is a 1.2 million square foot MICE facility, which includes exhibition and meeting space, including one of the largest column-free ballrooms in Asia.

In August 2008, we opened The Plaza Macao, a boutique luxury integrated resort featuring the Four Seasons Macao with 360 luxury suites, Shoppes at Four Seasons with more than 130 shops from the world's leading luxury retail brands, and the Plaza Casino. In July 2009, we completed and introduced our ultra-exclusive Paiza Mansions at The Plaza Macao. The Grand Suites at Four Seasons opened in October 2020 and features 289 luxury suites.

The Londoner Macao is the result of our previously announced renovation, expansion and rebranding of Sands Cotai Central, which included the addition of extensive thematic elements both externally and internally. This project is being delivered in phases which started in 2020 and will continue throughout 2021. Upon completion, The Londoner Macao will present a range of new attractions and features, including some of London's most recognizable landmarks such as the Houses of Parliament, the Elizabeth Tower (commonly known as "Big Ben"), interactive guest experiences, and an iconic red double-decker bus. The Londoner Macao Hotel opened in January 2021 with 594 London-themed suites, including 14 exclusive Suites by David Beckham. The integrated resort will also feature Londoner Court with approximately 370 luxury suites; construction of Londoner Court is now complete and is expected to open in the second half of 2021. Our retail offerings are continuing to expand and have been rebranded as Shoppes at Londoner. The integrated resort opened in phases since April 2012 and features four hotel towers: the first hotel tower, which opened in April 2012, consisting of 659 five-star rooms and suites under the Conrad brand and The Londoner Macao Hotel; the second hotel tower, which opened in September 2012, consisting of 1,842 rooms and suites under the Sheraton brand; the third hotel tower, which opened in January 2013, consisting of 2,126 rooms and suites under the Sheraton brand; and the fourth tower, which opened in December 2015, consisting of 400 rooms and suites under the St. Regis brand. The Londoner Macao also has approximately 369,000 square feet of meeting space, a 1,701-seat theater and approximately 521,000 square feet of retail space with more than 110 stores and over 50 restaurants and food outlets.

In September 2016, we opened The Parisian Macao, a themed, iconic, "must-see" integrated resort connected to The Venetian Macao and The Plaza Macao, which includes a 248,000 square foot casino, a hotel with approximately 2,500 rooms and suites, retail, entertainment, dining and meeting facilities. The Parisian Macao features a half size replica of the Eiffel Tower, providing a landmark attraction to visitors.

We anticipate the total cost associated with The Londoner Macao development project described above and the completed The Grand Suites at Four Seasons to be approximately US\$2.2 billion, of which US\$1.8 billion has been spent as of June 30, 2021. The ultimate costs and completion dates for The Londoner Macao development are subject to change as we complete the project. See "Risk Factors—Risks Related to Our Business—There are significant risks associated with our construction projects."

Our business strategy is to develop our Cotai properties, leveraging our large-scale integrated resort business model to create Asia's premier gaming, leisure, convention and meetings destination. Our interconnected integrated resorts, which have a wide range of branded hotel and resort offerings, are designed to attract different segments of the market. We believe our business strategy and development plan will allow us to achieve a more consistent demand, longer average length of stay in our hotels, more diversified sources of revenue and higher margins than gaming-centric facilities.

Key Strengths

We believe we have a number of key strengths that differentiate our business from our competitors, including:

Diversified, high quality integrated resort offerings with substantial non-gaming amenities

Our integrated resorts feature non-gaming attractions and amenities including world-class entertainment, expansive retail offerings and market-leading MICE facilities. These attractions and amenities enhance the appeal of our integrated resorts, contributing to visitation, length of stay and customer spending at our resorts. The broad appeal of our market-leading integrated resort offerings in Macao enables us to serve the widest array of customer segments in the Macao market.

Substantial and diversified sources of cash flow from existing operations

We have a track record of generating cash from operations from gaming and non-gaming sources, including retail, hotel, food and beverage, entertainment and MICE business.

Market leadership in the growing high-margin mass market gaming segment

In our gaming business, we focus on the high-margin mass gaming segment. Our combined Macao properties had the highest percentage of gaming win from mass tables and slots of the Macao operators, with an average market share of approximately 30% during the previous five years. Management estimates our mass market table revenues typically generated a gross margin approximately four times higher than the gross margin on our VIP table revenues.

Established brands with broad regional and international market awareness and appeal

The opening of The Venetian Macao provided the foundation and cornerstone for the Cotai Strip and marked a step-change for the Macao gaming market more broadly. Through a combination of its range and scale of facilities and its distinctive theming, The Venetian Macao has remained the foremost example of a themed integrated resort in Macao. Recognition has also been garnered by The Parisian Macao, our property with its iconic replica of the Eiffel Tower and other themed attractions. Both of these European-themed integrated resorts attract broad brand awareness both regionally and globally, which we expect will continue with the opening of The Londoner Macao over the course of 2021.

Experienced management team with a proven track record

Mr. Sheldon Gary Adelson was our founder, former chairman and chief executive officer. Mr. Adelson created the MICE-based integrated resort and pioneered its development in the Las Vegas and Singapore markets, as well as in Macao, where he planned and developed the Cotai Strip. Mr. Robert G. Goldstein, our Chairman and Chief Executive Officer, has been an integral part of the Company's executive team from the beginning. Mr. Goldstein is one of the most respected and experienced executives in our industry today. Dr. Wong Ying Wai (Wilfred), our President, Mr. Chum Kwan Lock, Grant, our Chief Operating Officer, Mr. Sun MinQi (Dave), our Chief Financial Officer, and Mr. Dylan James Williams, our General Counsel and Company Secretary, have substantial business experience and have successfully contributed to the execution of our operating strategies.

Unique MICE and entertainment facilities

Our market-leading MICE and entertainment facilities contribute to Macao's diversification and appeal to business and leisure travelers while diversifying our cash flows and increasing revenues and profit. Our approximately 1.7 million square feet of MICE space is designed to meet the needs of meeting planners and corporate events and trade show organizers from around the world. Our experience and expertise in this industry supports our ability to drive leisure and business tourism to Macao. Since opening in 2007, our 15,000-seat Cotai Arena has established itself as one of the top live entertainment venues in Southern China. The theaters at The Venetian Macao and The Parisian Macao offer a variety of ticketed events. The live entertainment program at our properties has been a key traffic driver and has established us as a leader in the field of tourism and leisure activities

Significant benefits from our on-going relationship with LVS

Sands China is approximately 70% owned by Las Vegas Sands, the world's leading developer and operator of MICE-based integrated resorts. The operating experience of Las Vegas Sands in developing and operating MICE-based integrated resorts in the Las Vegas, Singapore and Macao markets is a significant benefit to us.

Business Strategies

Building on our key strengths, we seek to enhance our position as the leading developer and operator of integrated resorts and casinos in Macao by continuing to implement the following business strategies:

Developing and diversifying our integrated resort offerings on Cotai to include a full complement of products and services to cater to different market segments. Our development on Cotai includes four integrated resorts, MICE space, additional retail, dining and entertainment facilities and a range of hotel offerings to cater to different segments of the market. In addition to The Venetian Macao, The Londoner Macao and The Parisian Macao hotel rooms, we have Four Seasons, Conrad, Sheraton and St. Regis branded suites and hotel rooms. We are able to leverage the recognition and the sales, marketing and reservation capabilities of these premier hotel brands to attract a wide range of customers in different market segments to our properties. We believe our partnerships with renowned hotel management partners, our diverse integrated resort offerings and the convenience and accessibility of our properties will continue to increase the appeal of our properties to both the business and leisure customer segments.

Leveraging our scale of operations to create and maintain an absolute cost advantage. Management expects to benefit from lower unit costs due to the economies of scale inherent in our operations. Opportunities for lower unit costs include, but are not limited to, lower utility costs; more efficient staffing of hotel and gaming operations; and centralized laundry, transportation, marketing and sales, and procurement. In addition, our scale allows us to consolidate certain back-office functions.

Focusing on the high-margin mass market gaming segment, while continuing to provide luxury amenities and high service levels to our VIP and premium players. Our properties cater not only to VIP and premium players, but also to mass market customers, which comprise our most profitable gaming segment. We believe the mass market segment will continue to be a long-term growth segment as a result of the introduction of more high-quality gaming facilities and non-gaming amenities into the market. Our management estimates our mass market table revenue typically generated a gross margin approximately four times higher than the gross margin on our typical VIP table revenues.

Identifying targeted investment opportunities to drive growth across our portfolio. We will continue to invest in the expansion of our facilities and the enhancement of the leisure and business tourism appeal of our Cotai property portfolio. Our planned development projects include the renovation, expansion and rebranding of Sands Cotai Central into The Londoner Macao (currently in progress) and the addition of new hotel suites at Londoner Court.

Industry

Macao gaming industry gradually recovered in the first six months of 2021. The Macao government announced total gross gaming revenues in Macao were US\$6.1 billion for the six months ended June 30, 2021, a 45.1% increase compared to the six months ended June 30, 2020. In addition, total visitation to Macao for the six months ended June 30, 2021 was 3.9 million, a 20.2% increase compared to the six months ended June 30, 2020.

The Macao government announced publicly that monthly gross gaming revenue and total visitation from mainland China increased by 528.1% and 989.4%, respectively, in July 2021, as compared to the same period in 2020. Monthly gross gaming revenue and total visitation from mainland China decreased by 65.5% and 71.8%, respectively, in July 2021, as compared to pre-pandemic levels from the same period in 2019. In August 2021, monthly gross gaming revenue increased by 234.0% as compared to the same period in 2020 but decreased by 81.7% as compared to pre-pandemic levels from the same period in 2019. From the end of July 2021 and for most of August 2021, tighter border restrictions were implemented in Macao affecting visitation to our properties. These restrictions included travelers from Guangdong being required to submit a negative nucleic acid test certification issued within 48 hours, which tightened to 12 hours for a period, and then eased to the more relaxed 7 day requirement near the end of August 2021.

The duration and intensity of this global health emergency and related disruptions are uncertain.

Macao is the largest gaming market in the world and the only location in China offering legalized casino gaming. We believe visitation will return to pre-pandemic levels and will continue to experience meaningful long-term growth. We believe this growth will be driven by a variety of factors, including the movement of Chinese citizens to urban centers in China, continued growth of the Chinese outbound tourism market, the increased utilization of existing transportation infrastructure, the introduction of new transportation infrastructure and the continued increase in hotel room inventory in Macao and neighboring Hengqin Island. These factors should help increase the critical mass on Cotai and further drive Macao's transformation into a leading business and leisure tourism hub in Asia.

We believe the development of additional integrated resort products in Macao will also drive a higher demand for gaming products. Table games are the dominant form of gaming in Asia with Baccarat being the most popular game. Historically, VIP baccarat has generated the majority of gaming revenue in Macao. In the first half of 2021, however, according to DICJ statistics, the mass gaming and slot segments represented 64% of the market revenue. We expect this trend to continue and therefore intend to introduce more modern and popular products catering to this growing customer segment. Furthermore, continued improvement in our high-quality gaming product offerings has enabled us to capture a meaningful share of the overall Macao gaming market across all player segments.

Proximity to Major Asian Cities

Visitors from Hong Kong, South China, Taiwan and other locations in Asia can reach Macao in a relatively short time, using a variety of transportation methods, and visitors from more distant locations in Asia can take advantage of short travel times by air to Zhuhai, Shenzhen, Guangzhou or Hong Kong, followed by a road, ferry or helicopter trip to Macao. In addition, numerous air carriers fly directly into Macau International Airport from many major cities in Asia. Due to various COVID-19 related restrictions and closures, these transportation methods all continue to be negatively impacted.

Prior to COVID-19, Macao drew a significant number of customers who are visitors or residents of Hong Kong. One of the major methods of transportation to Macao from Hong Kong is the jetfoil ferry service, including our ferry services, Cotai Water Jet. The Hong Kong-Zhuhai-Macao Bridge (the "HZMB"), which connects Hong Kong, Macao and Zhuhai, has reduced the travel time between Hong Kong and Macao from one hour by ferry to approximately 45 minutes on the road. The HZMB is part of the Greater Bay Area Initiative and plays a key role in connecting the cities in the Greater Bay Area, facilitating the visitation to Macao. Macao is also accessible from Hong Kong by helicopter.

Our Properties and Projects

Our operations consist of The Venetian Macao, The Londoner Macao, The Parisian Macao and The Plaza Macao on Cotai and the Sands Macao on the Macao Peninsula, along with other operations that support these properties, including our high-speed Cotai Water Jet ferry service operating between Hong Kong and Macao.



The following table sets forth data on our existing operations as of June 30, 2021:

	The Venetian Macao	The Londoner Macao	The Parisian Macao	The Plaza Macao	Sands Macao	Total
	August	April	September	August	May	
Opening date	2007	2012 ⁽ⁱ⁾	2016	2008 ⁽ⁱⁱ⁾	2004	
Hotel rooms and suites	2,841	5,621	2,333	649	238	11,682
Paiza suites	64	—	208	—	51	323
Paiza mansions	—	—	—	19	—	19
MICE (square feet)	1,200,000	369,000	63,000	28,000	—	1,660,000
Theater (seats)	1,800	1,701	1,200	—	650	5,351
Arena (seats)	15,000	—	—	—	—	15,000
Total retail (square feet)	945,000	521,000	296,000	244,000	50,000	2,056,000
Number of shops	329	115	135	135	9	723
Number of restaurants and food outlets ⁽ⁱⁱⁱ⁾	54	51	26	9	9	149
Total gaming facility (square feet)	374,000	351,000	248,000	127,000	212,000	1,312,000
Gaming units:						
Tables ^(iv)	632	479	273	142	159	1,685
Slots	945	838	871	120	516	3,290

(i) The Londoner Macao consists of the Conrad Macao, The Londoner Macao Hotel, the first Sheraton tower, the second Sheraton tower and the St. Regis tower, which opened in April 2012, January 2021, September 2012, January 2013 and December 2015, respectively. The Londoner Macao is to be delivered in phases, which started in 2020 and will continue throughout 2021.

(ii) The Plaza Macao consists of the Four Seasons Macao and The Grand Suites at Four Seasons, which opened in August 2008 and October 2020, respectively. The Grand Suites at Four Seasons features 289 luxury suites.

(iii) Includes the restaurants and food outlets which are temporary closed in response to the COVID-19 Pandemic.

(iv) Permanent table count as of June 30, 2021.

The Venetian Macao

In August 2007, we opened The Venetian Macao, the anchor property of our Cotai Strip development, which is conveniently located approximately three kilometres from the Taipa Ferry Terminal on Macao's Taipa Island, and ten kilometres from the bridge linking Hong Kong, Macao and Zhuhai. As of December 31, 2019, The Venetian Macao included approximately 374,000 square feet of gaming space comprising the exclusive VIP rooms and expansive mass market gaming floor.

As of June 30, 2021, The Venetian Macao featured 632 table games and 945 slot machines or similar electronic gaming devices. The mass market gaming floor is divided into four uniquely designed areas: Red Dragon, Golden Fish, Phoenix and Imperial House. The Venetian Macao, with a theme similar to The Venetian Las Vegas, features replicas of many famous sites in the Italian city of Venice, including St. Mark's Square, the Campanile Tower and Doge's Palace. For the six months ended June 30, 2021 and during the year ended December 31, 2019, The Venetian Macao had visitation of approximately 6.8 million and 36.0 million, respectively.

In addition to gaming facilities, The Venetian Macao features a 39-floor five-star hotel tower with 2,841 standard hotel suites and 64 Paiza suites. Standard suites consist of a raised sleeping area and bathroom as well as a sunken living/working area. We believe these designs respond to the needs of regional leisure and business travelers as well as patrons, and help prolong the stay of leisure or business visitors in Macao, as typically seen in Las Vegas. The 64 Paiza suites range from 2,300 to 8,000 square feet. Each Paiza suite in The Venetian Macao offers a living room, a dining room, at least two bedrooms and private concierge service. Some larger suites include a private massage room, gym, pool and media/karaoke room.

The Venetian Macao also provides a broad selection of entertainment options and amenities that caters the mass market customers, including families, and also targets VIP and premium players with bespoke products

and services, such as the Paiza Club. The Venetian Macao has approximately 945,000 square feet of unique retail shopping at Shoppes at Venetian with approximately 330 stores featuring many international brands and home to more than 50 restaurants and food outlets featuring an international assortment of cuisines. Visitors and guests can access Shoppes at Venetian from several different locations, including the main road through Cotai, Shoppes at Four Seasons, The Venetian Macao hotel and The Venetian Macao gaming floor. Retail offerings include a wide variety of selections, ranging from well-known international brands such as Louis Vuitton, Versace, Hermès, YSL, Balenciaga, Furla, Hugo Boss, Coach, Polo Ralph Lauren, Armani Exchange and Jo Malone, to mid-level retail offerings such as Lululemon, Nike, Adidas, Foot Locker, Champion and FILA. The mall has an extensive selection of high-end jewelry and watch retailers such as Rolex, Omega, Bvlgari, Tiffany & Co., Cartier, Breguet, Piaget and Chaumet.

The restaurants and stores are set along streetscapes reminiscent of the historical streetscapes in Venice. The common areas within the retail space include St. Mark's Square and three indoor canals with gondola rides.

Furthermore, The Venetian Macao features a convention center and meeting room complex of approximately 1.2 million square feet, Cotai Expo. These MICE facilities provide a flexible and expansive space that can be configured to provide small, mid-size or large meeting rooms and/or accommodate large-scale multi-media events or trade shows. MICE events typically take place on weekdays to attract business travelers during the slower mid-week periods while leisure travelers occupy our properties during the weekends. The Venetian Macao also has a 15,000-seat arena, the Cotai Arena, which has hosted a wide range of entertainment and sporting events, and a 1,800-seat theater.

The Londoner Macao

The Londoner Macao is located across the street from The Venetian Macao, The Parisian Macao and The Plaza Macao and is our largest integrated resort on Cotai. The Londoner Macao is the result of our previously announced renovation, expansion and rebranding of Sands Cotai Central, which included the addition of extensive thematic elements both externally and internally. This project is being delivered in phases which started in 2020 and will continue throughout 2021. Upon completion, The Londoner Macao will present a range of new attractions and features, including some of London's most recognizable landmarks such as the Houses of Parliament, the Elizabeth Tower (commonly known as "Big Ben"), interactive guest experiences, and an iconic red double-decker bus. The Londoner Macao Hotel opened in January 2021 with 594 London-themed suites, including 14 exclusive Suites by David Beckham. The integrated resort will also feature Londoner Court with approximately 370 luxury suites; construction of Londoner Court is now complete and the hotel is expected to open in the second half of 2021. Our retail offerings are continuing to expand and have been rebranded as Shoppes at Londoner. The integrated resort opened in phases since April 2012. The property features four hotel towers: the first hotel tower, which opened in April 2012, consisting of 659 five-star rooms and suites under the Conrad brand and The Londoner Macao Hotel; the second hotel tower, which opened in September 2012, consisting of 1,842 rooms and suites under the Sheraton brand; the third hotel tower, which opened in January 2013, consisting of 2,126 rooms and suites under the Sheraton brand; and the fourth tower, which opened in December 2015, consisting of 400 rooms and suites under the St. Regis brand. The Londoner Macao currently operates approximately 351,000 square feet of gaming space, with 479 table games and 838 slot machines or similar electronic gaming devices, and includes exclusive VIP rooms designed for VIP and premium players. The Londoner Macao also has approximately 369,000 square feet of meeting space, a 1,701-seat theater and approximately 521,000 square feet of retail space with more than 110 stores and over 50 restaurants and food outlets. For the six months ended June 30, 2021 and during the year ended December 31, 2019, The Londoner Macao had a total visitation of approximately 5.1 million and 19.2 million, respectively.

The Parisian Macao

On September 13, 2016, we opened The Parisian Macao, a themed, iconic, "must-see" integrated resort connected to The Venetian Macao and The Plaza Macao, which includes approximately 248,000 square feet of gaming space with 273 table games and 871 slot machines or similar electronic gaming devices. The Parisian

Macao also features approximately 2,500 elegantly appointed rooms and suites and Shoppes at Parisian comprising of approximately 296,000 square feet of unique retail shopping with approximately 135 stores featuring many international brands and home to 26 restaurants and food outlets with an international assortment of cuisines. Other non-gaming amenities at The Parisian Macao include a meeting room complex of approximately 63,000 square feet and a 1,200-seat theater. Directly in front of The Parisian Macao, and connected via a covered walk-way to the main building, is a half-scale authentic re-creation of the Eiffel Tower containing a viewing platform and restaurant. For the six months ended June 30, 2021 and during the year ended December 31, 2019, The Parisian Macao had a total visitation of approximately 2.9 million and 13.0 million, respectively.

The Plaza Macao

In August 2008, we opened The Plaza Macao, which is located adjacent to The Venetian Macao and has approximately 127,000 square feet of gaming space with 142 table games and 120 slot machines or similar electronic gaming devices at its Plaza Casino. The Plaza Macao also has 360 elegantly appointed rooms and suites managed by FS Macau Lda., several food and beverage offerings, and conference and banquet facilities. Shoppes at Four Seasons includes approximately 244,000 square feet of retail space and is connected to Shoppes at Venetian. The Plaza Macao also features 19 ultra-exclusive Paiza Mansions, which are individually designed and made available by invitation only. The Grand Suites at Four Seasons opened in October 2020 and features 289 luxury suites. For the six months ended June 30, 2021 and during the year ended December 31, 2019, The Plaza Macao had a total visitation of approximately 6.2 million and 24.3 million, respectively.

Sands Macao

We opened the Sands Macao in May 2004. The Sands Macao was the first Las Vegas-style casino in Macao and currently contains a mix of gaming areas for mass market, VIP and premium players, and entertainment and dining facilities, and hotel suites. The Sands Macao is situated on the Macao Peninsula near the Macau Maritime Ferry Terminal, on a waterfront parcel centrally located between the Gongbei border gate and the central business district in Macao. This location provides Sands Macao access to a large customer base, particularly the visitors who travelled to Macao by sea arriving at the Taipa Ferry Terminal or the Macau Maritime Ferry Terminal. For the six months ended June 30, 2021 and during the year ended December 31, 2019, the Sands Macao had a total visitation of approximately 0.8 million and 5.7 million, respectively.

As of June 30, 2021, the Sands Macao features 289 suites, which are furnished with modern amenities. The Sands Macao also included approximately 212,000 square feet of gaming space and had 159 table games and 516 slot machines or similar electronic gaming devices.

In addition to gaming facilities and hotel accommodations, the Sands Macao also includes restaurants, spa facilities, entertainment areas and other amenities. The dining venues feature popular regional cuisine and include a Cantonese restaurant, and an upscale western-style steakhouse.

Other Operations

As part of our goal to drive visitation to Cotai and improve the customer experience in Macao, we have made targeted investments to facilitate the development of Macao's transportation network. Our transportation operations comprise of the high-speed Cotai Water Jet ferry services between Hong Kong and Macao, Cotai Limo services, Cotai Shuttle bus services, airplane services for VIP and premium players, and travel agencies.

Cotai Water Jet Ferry Services. In November 2007, we launched our high-speed Cotai Water Jet ferry services between the Hong Kong Macau Ferry Terminal and the Taipa Ferry Terminal near our Cotai Strip development. With our fleet of 14 ferries, we transported passengers between the Hong Kong Macau Ferry Terminal and the Taipa Ferry Terminal near our Cotai Strip development.

The Cotai Water Jet ferry services are fully managed and operated on our behalf by Chu Kong High-Speed Ferry Co., Ltd. of Hong Kong, through catamarans owned by our wholly-owned indirect subsidiaries within the group. Each custom-built catamaran has the capacity to carry more than 400 passengers and operate at top speeds of approximately 42 knots.

We operate our ferry services pursuant to a renewed 10-year license granted by the Macao government on November 8, 2019 with an expiry on January 13, 2030.

The Group has suspended its ferry operations between Macao and Hong Kong in response to the COVID-19 Pandemic since early 2020. The Group has operated special sailing services on several occasions in 2020 between the Taipa Ferry Terminal and Hong Kong International Airport to facilitate the return of Macao residents from overseas and to enable the return of those located in Macao to their place of origin. The timing and manner in which the Company's normal ferry operations will be able to resume are currently unknown.

Cotai Limo Services. Our Cotai Limo service fleet consists of over 95 limousines. It operates 24/7 and includes 25 signature vehicles, which are provided on an exclusive basis to our VIP and premium players. Fleet deployment is managed through a centralized dispatch office for all pre-booked services, while additional vehicles are stationed at various locations to provide "on demand" services.

Cotai Shuttle Bus Services. We operate a fleet of 145 (34 owned, 111 leased) complimentary shuttle buses as of June 30, 2021. Prior to COVID-19 Pandemic, these shuttle buses transported passengers between our properties and the Macau Maritime Ferry Terminal, the Taipa Ferry Terminal and the Macau International Airport every five to ten minutes during peak periods. These shuttle buses are also supported by an additional 30 coaches available on request to serve when demand increases. The Cotai Shuttle also runs to and from two border checkpoints with mainland China, the Border Gate and Macao area of Hengqin Port, transporting visitors directly to and between our properties every five to ten minutes during peak periods. The services between the Taipa Ferry Terminal and our properties provide a connecting service for all Cotai Water Jet ferry arrivals and direct visitors to our properties. All of these routes maintain a regular schedule, although the exact operating hours are dependent on the specific route. Most routes operate at a minimum of 15 hours every day. Due to the COVID-19 Pandemic, the aforementioned routes have been operating at a reduced capacity and some routes have been temporarily suspended.

Airplane Services. Through a shared services agreement with LVS, we have access to a fleet of 17 corporate configured airplanes, two of which are currently stationed permanently in Asia. All airplanes are owned by LVS or by various related entities of our controlling shareholder and are operated by Sands Aviation, LLC, an affiliate of our Company. We can deploy these airplanes to bring VIP and premium players from around the globe to our properties.

Cotai Ticketing. Cotai Ticketing was established in 2007 to provide ticketing services for events at our properties. Cotai Ticketing currently sells tickets for events at the Cotai Arena, The Venetian Theatre, The Parisian Theatre, Sands Theatre, and other venues at The Venetian Macao and The Londoner Macao. Cotai Ticketing has seven permanent box office locations across the properties and a call center based in Macao with three language options and direct phone numbers for Asian and North American countries. We also sell tickets online 24/7 at our website www.CotaiTicketing.com. This website is available in two languages—English and Simplified Chinese.

Travel Agencies. We have our own travel agencies, CotaiTravel in Macao and Sands Resorts Travel Limited in Hong Kong. We have also developed partnerships with a large number of tour and travel companies throughout Asia. These agencies provide reservations for accommodation, travel to Macao and for various shows and other activities and entertainment amenities at our properties.

Retail Mall Operations. We own and operate retail malls at our integrated resorts at The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao. Upon completion of all

phases of Sands Cotai Central’s renovation, rebranding and expansion to The Londoner Macao, we will own approximately 2.1 million square feet of gross retail space.

Management believes being in the retail mall business and, specifically, owning some of the largest retail properties in Asia will provide meaningful value for us, particularly as the retail market in Asia continues to grow.

Our malls are designed to complement our other unique amenities and service offerings provided by our integrated resorts. Our strategy is to seek out desirable tenants that appeal to our customers and provide a wide variety of shopping options. We generate our mall revenue primarily from leases with tenants through base minimum rents, overage rents and reimbursements for common area maintenance (“CAM”) and other expenditures. For further information related to the financial performance of our malls, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The tables below set forth certain information regarding our mall operations on Cotai as of June 30, 2021.

Mall Name	Total GLA⁽ⁱ⁾	Selected Significant Tenants
Shoppes at Venetian	814,731 ⁽ⁱⁱ⁾	ZARA, Victoria’s Secret, UNIQLO, Tiffany & Co., Rolex, H&M, Michael Kors, Bvlgari, Polo Ralph Lauren, Lululemon, FURLA, Foot Locker
Shoppes at Londoner	520,941 ⁽ⁱⁱⁱ⁾	Marks & Spencer, Kid’s Cavern, ZARA, OMEGA, NIKE, Chow Tai Fook, Apple, Bottega Veneta
Shoppes at Parisian	296,145	Alexander McQueen, Zadig & Voltaire, Versace Jeans Couture, Antonia, Arc’teryx, Champion
Shoppes at Four Seasons	244,104	Cartier, Chanel, Louis Vuitton, Hermès, Gucci, Dior, Versace, Zegna, Loro Piana, YSL, Balenciaga, Loewe, Roger Vivier

(i) Represents Gross Leasable Area in square feet.
(ii) Excludes approximately 130,000 square feet of space on the fifth floor currently not on the market for lease.
(iii) Upon completion of all phases of the renovation, rebranding and expansion to The Londoner Macao, Shoppes at Londoner will feature up to an estimated 600,000 square feet of gross leasable area.

The following table reflects our tenant representation by category for our mall operations as of June 30, 2021.

Category	Square Feet⁽ⁱ⁾	% of Square Feet	Representative Tenants
Fashion (luxury, women's, men's, mixed) ...	482,964	34%	Louis Vuitton, Dior, Gucci, Versace, Hermès, Balenciaga, Loewe, YSL
Restaurants and lounges	239,251	17%	Lei Garden, North
Multi-Brands	251,147	18%	Duty Free Americas, The Atrium Manchester United, Adidas, Lululemon, Under Armour, NIKE, Foot Locker
Lifestyle, sports and entertainment	83,023	6%	Coach, Rimowa, Michael Kors, FURLA, Charles & Keith
Fashion accessories and footwear	108,611	7%	Bvlgari, OMEGA, Cartier, Rolex, Tiffany & Co, Chaumet
Jewelry	100,298	7%	Sa Sa, Chanel, Helena Rubinstein, SkinCeuticals
Health and beauty	57,861	4%	Apple, Samsung, Zara Home
Home furnishing and electronics	41,538	3%	Bank of China, ICBC
Banks and services	30,492	2%	Godiva, Haagen Dazs
Specialty foods	17,867	1%	Emporio Di Gondola
Arts and gifts	10,529	1%	
Total	1,423,581	100%	

(i) Represents Gross Leasable Area in square feet.

Our Development Projects

As noted above, construction work on the conversion of Sands Cotai Central into the new destination integrated resort, The Londoner Macao, is progressing. This project is being delivered in phases which started in 2020 and will continue throughout 2021. Upon completion, The Londoner Macao will present a range of new attractions and features, including some of London's most recognizable landmarks such as the Houses of Parliament and the Elizabeth Tower (commonly known as "Big Ben"), interactive guest experiences, and an iconic red double-decker bus. The Londoner Macao Hotel opened in January 2021 with 594 London-themed suites, including 14 exclusive Suites by David Beckham. The integrated resort will also feature Londoner Court with approximately 370 luxury suites; construction of Londoner Court is now complete and is expected to open in the second half of 2021. Our retail offerings are continuing to expand and have been rebranded as Shoppes at Londoner.

Our Land Concessions

We have received land concessions from the Macao government to build the Sands Macao and Parcels 1, 2, 3 and 5 and 6 on Cotai, the sites on which The Venetian Macao (Parcel 1), The Plaza Macao (Parcel 2), The Parisian Macao (Parcel 3) and The Londoner Macao (Parcels 5 and 6) are located. We do not own these parcels; however, each land concession, which has an initial term of 25 years and is renewable at our option in accordance with Macao laws, grants us exclusive use of the land.

As specified in each land concession, we are required to pay premiums, which are either payable in a single lump sum upon acceptance of the land concession or in seven semi-annual installments, as well as annual rent for the term of the land concession, which may be revised every five years by the Macao government.

Intellectual Property

Our intellectual property portfolio currently consists of trademarks, copyrights, patents, domain names, trade secrets and other confidential and proprietary information. We believe that the name recognition, brand identification and image that we have developed through our intellectual properties attract customers to our facilities, drive customer loyalty and contribute to our success. We register and protect our intellectual property in the jurisdictions in which we operate or significantly advertise, as well as in countries in which we may operate in the future or wish to ensure protection of our rights.

Human Capital

Talent Management

We directly employ approximately 26,100 full-time employees, and hire additional temporary employees on an as-needed basis. Of our full-time employees, approximately 52% are female.

Our success depends in large part upon our ability to attract, retain, train, manage and motivate skilled managers and employees at our properties. Our strategy is to be the employer of choice by ensuring a thriving workforce built on integrity and opportunity and to support our employees' personal, professional and financial well-being. We strive to enhance our culture by creating a safe environment that consists of an inclusive and diverse workforce where all employees are treated fairly and equally and can excel in the performance of their duties. Some examples of key programs and initiatives we have implemented to attract, develop and retain our diverse workforce include:

- Competitive pay;
- Healthcare: medical/prescription, dental, vision, life and accidental death and disability insurance options at no premium cost; group healthcare insurance; and other support for both physical and mental health, such as a free Employee Assistance Program for employees and their household;
- Provident Fund Scheme: all eligible employees are able to participate, which include monthly contributions from the employer during the employees' terms of service and voluntary contribution at the employees' choice;
- Diversity, Equity and Inclusion Program: through well-established policies, procedures, hiring practices and support systems, we promote diversity, equity and inclusion and integrate these values into our company;
- Secure a worry-free future for elderly employees: all eligible elderly employees are able to participate in the Golden Age Program, which allow them to reduce work hours in a transition period before full retirement. When the program is completed, employees will enjoy a financial subsidy and lifetime benefits as our gratitude to their contribution to the Company;
- On-site provision of meals, clinic services, leisure facilities (e.g. KTV) for employees;
- Training and development: through Sands China Academy, we provide professional development opportunities for our employees with various courses, learning tools, coaching and mentoring to help employees fulfill their potential, as well as provide tuition reimbursement; and
- Proactively work with the Health Bureau to provide group vaccination sessions in the property for employees and their families.

Our employees are not covered by collective bargaining agreements. We believe we have good relations with our employees.

Health and Safety

During 2020 and 2021, we focused significant attention on the effective handling of the COVID-19 Pandemic. We implemented new protocols and processes designed to limit the spread of the virus. These include

the use of hand sanitizers and face masks, new cleaning and disinfecting regimes, testing and tracing and the implementation of social distancing measures in restaurants, bars, gaming, recreation and back of the house areas. We have made physical changes to our properties, such as the installation of thermal screening points at entrances and changes to our heating, ventilation and air conditioning (“HVAC”) systems. The latter included the installation of “hospital grade” filters and the use of more fresh air from outside to prevent the recirculation of virus particles and other pathogens. In the midst of the COVID-19 Pandemic-related challenges, we have supported our employees by forgoing furloughs and layoffs and maintaining steady paychecks and health benefits.

Commitment to Environmental Sustainability

We focus significant attention on minimizing our environmental impact with the goal of reducing the environmental footprint of our existing properties and offsetting the impact of new developments. Through Sands ECO360, we endeavor to adapt to emerging trends, support new technologies and foster environmental stewardship in the areas of green buildings, environmentally responsible operations and green meetings and events. The program is aligned with the United Nations Sustainable Development Goals and other key environmental standards in the areas of energy, water, waste, procurement, food and transportation.

Our Environmental, Social and Governance Report is available on our website and contains further information on our environmental sustainability performance, including data indices that reflect the reporting requirements of the Global Reporting Initiative and the Sustainability Accounting Standards Board. The contents of the Report and our website are not intended to be incorporated by reference into this offering memorandum and any reference to the Report and our website are intended to be inactive textual references only.

In addition to our internal initiatives, we have developed the Drop by Drop Project, a collaborative water stewardship initiative in conjunction with Clean the World Foundation. The Drop by Drop Project is designed to encourage sustainability in our local regions and reinvests capital from our water stewardship efforts into innovative water projects in Macao.

Competition

Gaming in Macao is administered by the government through concessions awarded to three different Concessionaires and three Subconcessionaires, of which we are one. No additional concessions have been granted by the Macao government since 2002; however, if the Macao government were to allow additional gaming operators in Macao through the grant of additional concessions or subconcessions, we would face additional competition.

SJM Resorts, S.A. (formerly Sociedade de Jogos de Macau, S.A.) a company incorporated under the laws of Macao (“SJM”), holds one of the three concessions (which expires in June 2022) and currently operates 20 facilities throughout Macao. SJM is the subsidiary of Sociedade de Turismo e Diversões de Macao who was the sole gaming operator in Macao before the Macao government ended the monopoly in 2002. Most of its gaming facilities are relatively small-scaled and are offered as amenities in hotels; however, some are large-scaled operations, including the Hotel Lisboa and The Grand Lisboa. SJM opened the Grand Lisboa Palace, with approximately 1,900-room resort on Cotai, in late July 2021.

MGM Grand Paradise, S.A. (also known as MGM Grand Paradise Limited), a company incorporated under the laws of Macao (“MGM Grand Paradise”), a joint venture between MGM Resorts International and Pansy Ho Chiu-King, obtained a subconcession from SJM in April 2005 (which expires in June 2022), allowing the joint venture to conduct gaming operations in Macao. The MGM Grand Macau opened in December 2007 and is located on the Macao Peninsula adjacent to the Wynn Macau. In February 2018, MGM Grand Paradise opened MGM Cotai, which includes approximately 1,400 hotel rooms and other non-gaming amenities and is located behind The Londoner Macao.

Wynn Resorts (Macau) S.A., a company incorporated under the laws of Macao (“Wynn Resorts Macau”), is a subsidiary of Wynn Resorts Limited, which holds a concession expiring in June 2022 and it owns and operates the Wynn Macau and Encore within Wynn Macau, which opened in September 2006 and April 2010, respectively. In August 2016, Wynn Resorts Macau opened a 1,700-room integrated resort, Wynn Palace, located behind the City of Dreams and MGM Cotai.

In 2006, Melco Resorts (Macau), S.A., a company incorporated under the laws of Macao (“Melco”), purchased Wynn Resorts Macau’s subconcession right under its gaming concession (which expires in June 2022), which permitted Melco to receive a gaming subconcession from the Macao government. In May 2007, Melco opened the Crown Macao, later renamed Altira. In June 2009, Melco opened the City of Dreams, an integrated casino resort located adjacent to The Londoner Macao, which includes Nuwa, The Countdown Hotel and Grand Hyatt hotels. In October 2015, Melco opened its second casino resort on Cotai, Studio City, which includes 1,600 hotel rooms, restaurants, retail, convention and exhibition facilities and other resort attractions. Melco opened the fifth tower at City of Dreams, the Morpheus, with an approximately 770 room, in June 2018. Melco is currently developing Phase 2 of Studio City and expects to open in 2022.

Galaxy Casino, S.A. (also known as Galaxy Casino Company Limited), a company incorporated under the laws of Macao (“Galaxy”), holds the third concession (which expires in June 2022) and has the ability to operate casino properties independent of our Subconcession Contract with Galaxy and the Macao government. Galaxy currently operates six casinos in Macao, including StarWorld Hotel, which opened in October 2006; Galaxy Macau, which opened in May 2011 located near The Venetian Macao; and Broadway Macau, which opened in May 2015. Additionally, in May 2015, Galaxy opened the second phase of its Galaxy Macau property on Cotai. The expansion includes JW Marriott and The Ritz Carlton, comprised of approximately 1,250 hotel rooms, as well as additional restaurants, retail and convention and exhibition facilities. Galaxy is currently developing the third and fourth phase of its Galaxy Macau property on Cotai and expects to open the third phase gradually in the second half of 2021.

Our operations also face competition from other gaming and resort destinations, both in Asia and globally.

Legal Proceedings

On January 19, 2012, Asian American Entertainment Corporation, Limited (“AAEC”) filed a claim with the Macao Judicial Court (Tribunal Judicial de Base) against VML, LVS Nevada, LVS LLC and Venetian Casino (collectively, the “Defendants”). The claim was for 3.0 billion patacas (approximately US\$375 million at exchange rates in effect on June 30, 2021) as compensation for damages resulting from the alleged breach of agreements entered into between AAEC and the Defendants for their joint presentation of a bid in response to the public tender held by the Macao government for the award of gaming concessions at the end of 2001. On April 24, 2014, the Macao Judicial Court issued a decision holding that AAEC’s claim against VML is unfounded and that VML be removed as a party to the proceedings, and that the claim should proceed exclusively against the three U.S. Defendants. On May 8, 2014, AAEC lodged an appeal against that decision and the appeal is currently pending. On July 15, 2019, AAEC submitted a request to the Macao Judicial Court to increase the amount of its claim to 96.45 billion patacas (approximately US\$12.06 billion at exchange rates in effect on June 30, 2021), allegedly representing lost profits from 2004 to 2018 and reserving its right to claim for lost profits up to 2022 in due course at the enforcement stage. On September 4, 2019, the Macao Judicial Court allowed AAEC’s request to increase the claim, and on September 17, 2019, the U.S. Defendants appealed this decision, which appeal is currently pending. On June 18, 2020, the U.S. Defendants moved to reschedule the trial, which had been scheduled to begin on September 16, 2020, due to travel disruptions and other extraordinary circumstances resulting from the ongoing COVID-19 Pandemic. The Macao Judicial Court granted that motion and rescheduled the trial to begin on June 16, 2021. On April 16, 2021, the Defendants again moved to reschedule the trial because continued travel disruptions resulting from the COVID-19 Pandemic prevented the representatives of the Defendants and certain witnesses from attending the trial as scheduled. Plaintiff opposed that motion on April 29, 2021. The Macao Judicial Court denied the Defendants’ motion on May 28, 2021,

concluding that, under Macao law, it lacked the power to reschedule the trial absent agreement of the parties. The Defendants appealed that ruling on June 16, 2021, and that appeal is currently pending. Trial in this action began as scheduled on June 16, 2021. The Macao Judicial Court heard testimony on June 16, 17, 23, and July 1, 2021. By order dated June 17, 2021, the Macao Judicial Court scheduled additional trial dates in September, October and December 2021 to hear witnesses who are currently subject to COVID-19 travel restrictions that prevent or severely limit their ability to enter Macao. That order also provided a procedure for the parties to request written testimony from witnesses who are not able to travel to Macao on those dates. The Defendants appealed certain aspects of that ruling on June 28, 2021 and this appeal is currently pending.

Trial in this action is scheduled to resume on September 20, 2021. Management has determined based on proceedings to date that it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

The Company is involved in other litigation in addition to the one described above, arising in the ordinary course of business. Management has made certain estimates for potential litigation costs based upon consultation with legal counsel. Actual results could differ from these estimates; however, in the opinion of management, such litigation and claims will not have a material effect on the Company's financial condition, results of operations and cash flows.

No Material Change

Our directors confirm that, except as stated in this offering memorandum, since June 30, 2021 (being the date on which the latest unaudited consolidated financial statements of the Company were prepared) and up to the date of this offering memorandum, there has been no material adverse change in our financial or trading position that would materially affect the information shown in our consolidated financial statements included in this offering memorandum.

REGULATION

Macao Concession and Our Subconcession

In June 2002, the Macao government granted one of three concessions to operate casinos in Macao to Galaxy. During December 2002, we entered into a Subconcession agreement with Galaxy, which was approved by the Macao government. The Subconcession agreement allows us to develop and operate certain casino projects in Macao, including Sands Macao, The Venetian Macao, The Plaza Macao and the Four Seasons Macao, The Londoner Macao and The Parisian Macao, separately from Galaxy. Under the Subconcession agreement, we are obligated to operate casino games of chance or games of other forms in Macao. We were also obligated to develop and open The Venetian Macao and a convention center by December 2007, and we were required to invest, or cause to be invested, at least 4.4 billion patacas (approximately US\$548 million at exchange rates in effect at the time of the transaction) in various development projects in Macao by June 2009, which obligations we have fulfilled.

If the Galaxy concession is terminated for any reason, our Subconcession will remain in effect. The Subconcession may be terminated by agreement between Galaxy and us. Galaxy is not entitled to terminate the Subconcession unilaterally; however, the Macao government, after consultation with Galaxy, may terminate the Subconcession under certain circumstances. Galaxy has developed, and may continue to develop, hotel and casino projects separately from us.

According to the Macao gaming regulatory framework, 10.0% of each Subconcessionaire's issued share capital must be held by its managing director, who must be appointed by the applicable Subconcessionaire and must be a permanent Macao resident. VVDIL has entered into a usufruct agreement with Mr. Antonio Ferreira, the managing director of VML and a permanent Macao resident, whereby Mr. Ferreira agreed to create a usufruct over 10.0% of VML's issued share capital to the sole and exclusive benefit of VVDIL. Mr. Ferreira has no economic interest in VML and receives no distributions.

We are subject to licensing and control under applicable Macao law and are required to be licensed by the Macao gaming authorities to operate a casino. We must pay periodic and regular fees and taxes, and our gaming license is not transferable. We must periodically submit detailed financial and operating reports to the Macao gaming authorities and furnish any other information that the Macao gaming authorities may require. No person may acquire any rights over the shares or assets of VML, SCL's wholly owned subsidiary, without first obtaining the approval of the Macao gaming authorities. Similarly, no person may enter into possession of its premises or operate them through a management agreement or any other contract or through step in rights without first obtaining the approval of, and receiving a license from, the Macao gaming authorities. The transfer or creation of encumbrances over ownership of shares representing the share capital of VML or other rights relating to such shares, and any act involving the granting of voting rights or other stockholders' rights to persons other than the original owners, would require the approval of the Macao government and the subsequent report of such acts and transactions to the Macao gaming authorities.

Our Subconcession agreement requires, among other things: (i) approval of the Macao government for transfers of shares in VML, or of any rights over or inherent to such shares, including the grant of voting rights or other stockholder's rights to persons other than the original owners, as well as for the creation of any charge, lien or encumbrance on such shares; (ii) approval of the Macao government for transfers of shares, or of any rights over such shares, in any of our direct or indirect stockholders, provided that such shares or rights are directly or indirectly equivalent to an amount that is equal to or higher than 5% of VML's share capital; and (iii) that the Macao government be given notice of the creation of any encumbrance or the grant of voting rights or other stockholder's rights to persons other than the original owners on shares in any of the direct or indirect stockholders in VML, provided that such shares or rights are equivalent to an amount that is equal to or higher than 5% of VML's share capital. The requirements in provisions (ii) and (iii) above will not apply, however, to securities listed as tradable on a stock exchange.

The Macao gaming authorities may investigate any individual who has a material relationship to, or material involvement with, us to determine whether our suitability and/or financial capacity is affected by this individual. LVS and SCL shareholders with 5% or more of the share capital, directors and some of our key employees must apply for and undergo a finding of suitability process and maintain due qualification during the Subconcession term, and accept the persistent and long-term inspection and supervision exercised by the Macao government. VML is required to notify the Macao government immediately should VML become aware of any fact that may be material to the appropriate qualification of any shareholder who owns 5% or more of the share capital, or any officer, director or key employee. Changes in licensed positions must be reported to the Macao gaming authorities, and in addition to their authority to deny an application for a finding of suitability or licensure, the Macao gaming authorities have jurisdiction to disapprove a change in corporate position. If the Macao gaming authorities were to find one of our officers, directors or key employees unsuitable for licensing, we would have to sever all relationships with that person. In addition, the Macao gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications.

Any person who fails or refuses to apply for a finding of suitability after being ordered to do so by the Macao gaming authorities may be found unsuitable. Any stockholder found unsuitable who holds, directly or indirectly, any beneficial ownership of the common stock of a company incorporated in Macao and registered with the Macao Companies and Moveable Assets Registrar (a “Macao registered corporation”) beyond the period of time prescribed by the Macao gaming authorities may lose their rights to the shares. We will be subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us, we:

- pay that person any dividend or interest upon its shares;
- allow that person to exercise, directly or indirectly, any voting right conferred through shares held by that person;
- pay remuneration in any form to that person for services rendered or otherwise; or
- fail to pursue all lawful efforts to require that unsuitable person to relinquish its shares.

The Macao gaming authorities also have the authority to approve all persons owning or controlling the stock of any corporation holding a gaming license.

In addition, the Macao gaming authorities require prior approval for the creation of liens and encumbrances over VML’s assets and restrictions on stock in connection with any financing.

The Macao gaming authorities must give their prior approval to changes in control of VML through a merger, consolidation, stock or asset acquisition, management or consulting agreement or any act or conduct by any person whereby he or she obtains control. Entities seeking to acquire control of a Macao registered corporation must satisfy the Macao gaming authorities concerning a variety of stringent standards prior to assuming control. The Macao gaming authorities may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process of the transaction.

The Macao gaming authorities may consider some management opposition to corporate acquisitions, repurchases of voting securities and corporate defense tactics affecting Macao gaming licensees, and the Macao registered corporations affiliated with such operations, to be injurious to stable and productive corporate gaming.

The Macao gaming authorities also have the power to supervise gaming licensees in order to:

- assure the financial stability of corporate gaming operators and their affiliates;
- preserve the beneficial aspects of conducting business in the corporate form; and
- promote a neutral environment for the orderly governance of corporate affairs.

The Subconcession agreement requires the Macao gaming authorities' prior approval of any recapitalization plan proposed by VML's Board of Directors. The Chief Executive of Macao could also require VML to increase its share capital if he deemed it necessary.

The Macao government also has the right, after consultation with Galaxy, to unilaterally terminate the Subconcession agreement at any time upon the occurrence of specified events of default, including:

- the operation of gaming without permission or operation of business which does not fall within the business scope of the Subconcession;
- the suspension of operations of our gaming business in Macao without reasonable grounds for more than seven consecutive days or more than fourteen non-consecutive days within one calendar year;
- the unauthorized transfer of all or part of our gaming operations in Macao;
- the failure to pay taxes, premiums, levies or other amounts payable to the Macao government;
- the failure to resume operations following the temporary assumption of operations by the Macao government;
- the repeated opposition to supervision and inspection or the repeated failure to comply with decisions of the Macao government, namely of the Macao gaming authorities;
- the failure to provide or supplement the guarantee deposit or the guarantees specified in the Subconcession within the prescribed period;
- the bankruptcy or insolvency of VML;
- fraudulent activity by VML;
- serious and repeated violation by VML of the applicable rules for carrying out casino games of chance or games of other forms or the operation of casino games of chance or games of other forms;
- the grant to any other person of any managing power over VML; or
- the failure by a controlling shareholder in VML to dispose of its interest in VML following notice from the gaming authorities of another jurisdiction in which such controlling shareholder is licensed to operate casino games of chance to the effect that such controlling shareholder can no longer own shares in VML.

In addition, we must comply with various covenants and other provisions under the Subconcession, including obligations to:

- ensure the proper operation and conduct of casino games;
- employ people with appropriate qualifications;
- operate and conduct casino games of chance in a fair and honest manner without the influence of criminal activities;
- safeguard and ensure Macao's interests in tax revenue from the operation of casinos and other gaming areas; and
- maintain a specified level of insurance.

The Subconcession agreement also allows the Macao government to request various changes in the plans and specifications of our Macao properties and to make various other decisions and determinations that may be binding on us. For example, the Macao government has the right to require that we contribute additional capital to our Macao subsidiaries or that we provide certain deposits or other guarantees of performance in any amount determined by the Macao government to be necessary. VML is limited in its ability to raise additional capital by the need to first obtain the approval of the Macao gaming and governmental authorities before raising certain debt or equity.

If our Subconcession is terminated in the event of a default, the casinos and gaming-related equipment would be automatically transferred to the Macao government without compensation to us and we would cease to generate any revenues from these operations. In many of these instances, the Subconcession agreement does not provide a specific cure period within which any such events may be cured and, instead, we would rely on consultations and negotiations with the Macao government to give us an opportunity to remedy any such default.

The casinos and gaming areas located in the Sands Macao, The Venetian Macao, The Plaza Macao, The Londoner Macao and The Parisian Macao are being operated under our Subconcession agreement. This Subconcession excludes the following gaming activities: mutual bets, lotteries, raffles, interactive gaming and games of chance or other gaming, betting or gambling activities on ships or planes. Our Subconcession is exclusively governed by Macao law. We are subject to the exclusive jurisdiction of the courts of Macao in case of any dispute or conflict relating to our Subconcession.

Our Subconcession expires on June 26, 2022. If our Subconcession is not extended or renewed, VML may be prohibited from conducting gaming operations in Macao, and we could cease to generate revenues from our gaming operations when our Subconcession agreement expires on June 26, 2022. In addition, all of VML's casino premises and gaming-related equipment could be automatically transferred to the Macao government without any compensation to us.

Beginning on December 26, 2017, the Macao government may redeem our Subconcession by giving us at least one-year prior notice and by paying us fair compensation or indemnity. As of June 26, 2021, that redemption right has expired.

Under our Subconcession, we are obligated to pay to the Macao government an annual premium with a fixed portion and a variable portion based on the number and type of gaming tables employed and gaming machines operated by us. The fixed portion of the premium is equal to MOP 30 million (approximately US\$4 million at exchange rates in effect on June 30, 2021). The variable portion is equal to MOP 300,000 per gaming table reserved exclusively for certain kinds of games or players, MOP 150,000 per gaming table not so reserved and MOP 1,000 per electrical or mechanical gaming machine, including slot machines (approximately US\$37,500, US\$18,800 and US\$100, respectively, at exchange rates in effect on June 30, 2021), subject to a minimum of MOP 45 million (approximately US\$6 million at exchange rates in effect on June 30, 2021). We also have to pay a special gaming tax of 35% of gross gaming revenues and applicable withholding taxes. We must also contribute 4% of our gross gaming revenue to utilities designated by the Macao government, a portion of which must be used for promotion of tourism in Macao. This percentage may be subject to change in the future.

Currently, the gaming tax in Macao is calculated as a percentage of gross gaming revenue; however, gross gaming revenue does not include deductions for credit losses. As a result, if we extend credit to our customers in Macao and are unable to collect on the related receivables from them, we have to pay taxes on our winnings from these customers even though we were unable to collect on the related receivables. If the laws are not changed, our business in Macao may not be able to realize the full benefits of extending credit to our customers.

In August 2018, we received exemption from Macao's corporate income tax on profits generated by the operation of casino games of chance through June 26, 2022, the date our Subconcession agreement expires. In

April 2019, we entered into an agreement with the Macao government effective through June 26, 2022 that provides for payments as a substitution for a 12% tax otherwise due from VML shareholders on dividend distributions, namely a payment of MOP 38 million (approximately US\$5 million at exchange rates in effect on June 30, 2021) for each of the years 2019, 2020 and 2021, each payment to be made up to January 31 of the following year, and a payment of MOP 18 million (approximately US\$2 million at exchange rates in effect on June 30, 2021) for the period between January 1, 2022 through June 26, 2022, to be made up to July 26, 2022.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors

The following table sets forth information regarding our Board of Directors as of the date of this offering memorandum.

Name	Position	Age
Robert Glen Goldstein	Chairman of the Board, Chief Executive Officer, and Executive Director	66
Wong Ying Wai (Wilfred)	President and Executive Director	68
Chum Kwan Lock, Grant	Chief Operating Officer and Executive Director	46
Charles Daniel Forman	Non-Executive Director	74
Chiang Yun (Rachel)	Independent Non-Executive Director	53
Victor Patrick Hoog Antink	Independent Non-Executive Director	67
Steven Zygmunt Strasser	Independent Non-Executive Director	73
Kenneth Patrick Chung	Independent Non-Executive Director	64

The biography of each Director is set out below:

Executive Directors

Mr. Robert Glen Goldstein is the Chairman of our Board and Chief Executive Officer, an Executive Director and the Chairman of the Nomination Committee. He is also a director of one of our Macao subsidiaries, VML. Mr. Goldstein served as a Non-Executive Director of the Company since May 2014 until he was subsequently re-designated as an Executive Director in March 2015, and he was further re-designated as a Non-Executive Director in November 2015. Mr. Goldstein was the Acting Chairman of our Board, Acting Chief Executive Officer and the Acting Chairman of the Nomination Committee of the Company from January 7 to 26, 2021, our Interim President from March 2015 to November 2015 and a member of the Capex Committee from March 2015 to April 2021. Mr. Goldstein was appointed as the chairman and chief executive officer of LVS on January 26, 2021 (U.S. time) and was appointed as the chairman of LVS LLC and Venetian Casino on February 17, 2021. Mr. Goldstein was the acting chairman, acting chief executive officer, president and chief operating officer of LVS until January 26, 2021 (U.S. time) and has been a director of LVS, LVS LLC and LVS Nevada since January 2015. He previously served as LVS' President of Global Gaming Operations from January 2011 until December 2014, LVS' Executive Vice President from July 2009 until December 2014, and LVS' secretary from August 2016 to November 2016. He has held other senior executive positions at LVS and its subsidiaries since 1995. From 1992 until joining LVS in 1995, Mr. Goldstein was the executive vice president of marketing at the Sands Hotel in Atlantic City, as well as an executive vice president of the parent Pratt Hotel Corporation. Mr. Goldstein holds a Bachelor of Arts, History and Political Science, Magna Cum Laude, from the University of Pittsburgh and a Juris Doctorate from the Temple University School of Law. In 1980, he became a member of the Pennsylvania Bar Association. Mr. Goldstein was re-designated as an Executive Director on January 7, 2021.

Dr. Wong Ying Wai (Wilfred) is our President, an Executive Director and a member of the Remuneration Committee, the Capex Committee and the ESG Committee. He is also a director of various subsidiaries of the Company, including VML. Dr. Wong served as our President and Chief Operating Officer from November 2015 until February 2020. Dr. Wong is currently an independent non-executive director of Xinyi Glass Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock code: 868). He is also the chairman of the Hong Kong Film Development Council and the Hong Kong Arts Development Council, the chairman emeritus of the Hong Kong Baptist University Foundation, the chairman and director of The Hong Kong International Film Festival Society Limited, Asian Film Awards Academy Limited and Hong Kong Institute for Public Administration and the chairman emeritus and director of Pacific Basin Economic Council Limited. He was appointed as a member of the Tourism Development Committee of the Macao government in 2018. He was a member of the Cultural Industries Committee of the Macao government until March 2021.

Dr. Wong joined the private sector in 1992 and has held senior management positions in a number of Hong Kong listed companies in the property development and construction business sectors including Hsin Chong Group Holdings Limited (ceased listing with effect on December 31, 2019), K. Wah International Holdings Limited, Henderson China Holdings Limited, and the Shui On Group. Dr. Wong joined the Hong Kong government as an administrative officer in 1975 and subsequently served in a number of key positions including deputy secretary for the civil service and deputy director—general of industry. He was appointed as a member of The Basic Law Consultative Committee from 1985 to 1990. He was subsequently appointed as a member of the Preliminary Working Committee for the Hong Kong Preparatory Committee in 1993 and a member of the Hong Kong Preparatory Committee in 1995. Dr. Wong was a deputy to the National People’s Congress of China from 1997 to 2013.

Dr. Wong was awarded the gold bauhinia star and the silver bauhinia star by the Hong Kong government in 2015 and 2007, respectively. Dr. Wong was conferred the degree of Doctor of Humanities honoris causa by the Hong Kong Baptist University in November 2013. He was educated at Harvard University (MPA), University of Oxford, The University of Hong Kong (BSocSc) and The Chinese University of Hong Kong. Dr. Wong was appointed as an Executive Director on January 22, 2016.

Mr. Chum Kwan Lock, Grant is our Chief Operating Officer, an Executive Director and the Chairman of the Capex Committee. He is also a director of a number of our subsidiaries, including VML. Mr. Chum joined LVS and our Group as Senior Vice President, Global Gaming Strategy in July 2013 and served as the Chief of Staff from March 2015 until February 2020. Prior to joining the Group, Mr. Chum spent 14 years at UBS Investment Bank (“UBS”) in a variety of roles, including serving as head of Hong Kong equity research from 2010 to 2013, and head of China equity research from 2007 to 2010. Mr. Chum was also responsible for Asia gaming equity research from 2006 to 2013 for UBS and was named Asia’s stock-picker of the year by the Financial Times in 2011. Mr. Chum graduated in Philosophy, Politics and Economics with First Class Honors from the University of Oxford. Mr. Chum was appointed as an Executive Director on January 7, 2021.

Non-Executive Director

Mr. Charles Daniel Forman is a Non-Executive Director. Mr. Forman has been a director of LVS and LVS LLC since August 2004 and March 2004 respectively. Mr. Forman served as the chairman and chief executive officer of Centric Events Group, LLC, a trade show and conference business from April 2002 until his retirement upon the sale of the business in 2007. From 2000 to 2002, he served as a director of a private company and participated in various private equity investments. During 2000, he was the executive vice president of international operations of Key3Media, Inc. From 1998 to 2000, he was the chief legal officer of ZD Events Inc., a tradeshow business that included COMDEX. From 1995 to 1998, Mr. Forman was the executive vice president, chief financial and legal officer of Softbank Comdex Inc. From 1989 to 1995, Mr. Forman was the vice president and general counsel of Interface Group Nevada, Inc., a tradeshow and convention business that owned and operated COMDEX. Mr. Forman was in private law practice from 1972 to 1988. Mr. Forman is a treasurer and director of Nantucket Jewish Cemetery, Inc. He was also a member of the board of trustees of The Dana-Farber Cancer Institute until February 2021. Mr. Forman holds a Bachelor of Arts from the University of Pennsylvania and a Juris Doctorate from the Boston University School of Law. Mr. Forman was appointed as a Non-Executive Director on May 30, 2014.

Independent Non-Executive Directors

Ms. Chiang Yun (Rachel) is an Independent Non-Executive Director, the Chairman of the ESG Committee and a member of the Audit Committee and the Nomination Committee. With over 25 years of private equity investment experience, Ms. Chiang is currently the founding managing partner of Prospere Capital Limited. Ms. Chiang is an independent non-executive director of Goodbaby International Holdings Limited (Stock code: 1086) and Pacific Century Premium Developments Limited (Stock code: 432), both listed on the Hong Kong Stock Exchange. Ms. Chiang is also a non-executive director of Yantai Changyu Pioneer Wine Company Limited, listed on the Shenzhen Stock Exchange (Stock code: 000869), since June 2020. Ms. Chiang

was one of the founding managing partners of Pacific Alliance Equity Partners, the private equity division of Pacific Alliance Group until March 2018 and an independent non-executive director of Merlin Entertainments Plc. (ceased listing on the London Stock Exchange with effect from November 5, 2019) until November 2019. Ms. Chiang obtained her Executive Master of Business Administration from The Kellogg Graduate School of Management of Northwestern University and Hong Kong University of Science and Technology and Bachelor of Science degree, cum laude, from Virginia Polytechnic Institute and State University. Ms. Chiang was appointed as an Independent Non-Executive Director on October 14, 2009.

Mr. Victor Patrick Hoog Antink is an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee, the Capex Committee and the Nomination Committee. Mr. Hoog Antink is a member of the Bond University Council, the chairman of the Bond Business School Board of Advisors in Australia and the chairman of the Must Sell Global Limited group of companies. He is also the former chairman of South Bank Corporation and Property Industry Foundation. Mr. Hoog Antink retired as the chief executive officer of DEXUS Property Group in March 2012, a company listed on the Australian Stock Exchange (ASX: DXS). Prior to joining DEXUS Property Group in 2003, Mr. Hoog Antink was the director of funds management of Westfield Holdings Limited in Sydney. Mr. Hoog Antink has also held positions with Greenprint Foundation as a director, Property Council of Australia as national president, Shopping Centre Council of Australia as a director, McIntosh Securities Limited, Sydney as a director in corporate and property, Allco Finance Group Limited, Sydney as a director in property finance, Chase Corporation Limited, Sydney as a property director, and Hill Samuel Limited (now Macquarie Bank), Sydney as an associate director. Mr. Hoog Antink holds a Bachelor of Commerce from the University of Queensland and a Master of Business Administration from Harvard Business School. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants, Australia and New Zealand, a Fellow of the Australian Property Institute and a Fellow of the Royal Institute of Chartered Surveyors. In 2016, Mr. Hoog Antink was awarded National Life Membership of the Property Council of Australia. Mr. Hoog Antink possesses the accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules. Mr. Hoog Antink was appointed as an Independent Non-Executive Director on December 7, 2012.

Mr. Steven Zygmunt Strasser is an Independent Non-Executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Strasser has spent 28 years heading energy companies in the United States and in Asia. Mr. Strasser was, until June 2012, (i) the chairman, director and chief executive officer of Power Efficiency Corporation, a startup clean-tech company in the United States and (ii) the chairman, director and chief executive officer of Power Efficiency Asia Ltd. In 2001, Mr. Strasser founded and became the chief executive officer of Summit Energy Ventures LLC, a clean-tech venture capital fund. Mr. Strasser holds a Bachelor of Arts in Political Science and Economics and a Bachelor of Civil Law from McGill University and a Juris Doctor degree from the University of Washington. He also pursued post-graduate studies in international law at the University of Aix-en-Provence. Mr. Strasser was appointed as an Independent Non-Executive Director on May 31, 2013.

Mr. Kenneth Patrick Chung is an Independent Non-Executive Director and a member of the Audit Committee and the ESG Committee. Mr. Chung is currently an independent non-executive director of China Construction Bank Corporation, a company listed on the Hong Kong Stock Exchange (stock code: 939), an independent non-executive director of Prudential Hong Kong Limited and Prudential General Insurance Hong Kong Limited and a trustee of Fu Tak Iam Foundation Limited. Mr. Chung joined Deloitte Haskins and Sells London Office in 1980. Mr. Chung became a partner of PricewaterhouseCoopers in 1992, and was a financial service specialist of PricewaterhouseCoopers (Hong Kong and China) since 1996. He was the human resources partner of PricewaterhouseCoopers (Hong Kong), the responsible partner of the audit department of PricewaterhouseCoopers (Hong Kong and China), and the global lead partner of the audit engagement team for Bank of China Limited. Mr. Chung has also served as the audit partner for the restructurings and initial public offerings of Bank of China Limited, Bank of China (Hong Kong) Limited and Bank of Communications Co., Ltd. Mr. Chung retired from PricewaterhouseCoopers in 2009. Mr. Chung was the honorary treasurer of Community Chest of Hong Kong and the vice-chairman of International Social Service Hong Kong Branch.

Mr. Chung was also an independent non-executive director of Industrial and Commercial Bank of China Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1398) until March 2017 and an independent non-executive director of Prudential Corporation Asia Ltd. until September 2019. Mr. Chung received his bachelor degree in economics from the University of Durham. He is a member of the Institute of Chartered Accountants in England and Wales, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Macau Society of Certified Practising Accountants. Mr. Chung possesses the accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules. Mr. Chung was appointed as an Independent Non-Executive Director on July 15, 2016

The Board has established five committees, being the Audit Committee, the Remuneration Committee, the Nomination Committee, the Capex Committee and the ESG Committee. The table below details the membership and composition of each of the five committees as of the date of this offering memorandum.

<u>Name of Director</u>	<u>Audit Committee</u>	<u>Remuneration Committee</u>	<u>Nomination Committee</u>	<u>Capex Committee</u>	<u>ESG Committee</u>
Robert Glen Goldstein	—	—	Chairman	—	—
Wong Ying Wai (Wilfred)	—	Member	—	Member	Member
Chum Kwan Lock, Grant	—	—	—	Chairman	—
Charles Daniel Forman	—	—	—	—	—
Chiang Yun (Rachel)	Member	—	Member	—	Chairman
Victor Patrick Hoog Antink	Chairman	Member	Member	Member	—
Steven Zygmunt Strasser	Member	Chairman	—	—	—
Kenneth Patrick Chung	Member	—	—	—	Member

Our Senior Management

As of the date of this offering memorandum, details of our senior management are as follows:

Mr. Robert Glen Goldstein is the Chairman of our Board and Chief Executive Officer, an Executive Director and the Chairman of the Nomination Committee.

Dr. Wong Ying Wai (Wilfred) is our President, an Executive Director and a member of the Remuneration Committee, the Capex Committee and the ESG Committee.

Mr. Chum Kwan Lock, Grant is our Chief Operating Officer, an Executive Director and the Chairman of the Capex Committee.

Mr. Sun MinQi (Dave) is our Senior Vice President and Chief Financial Officer and is also a director of a number of our subsidiaries. Mr. Sun joined the Company as a Director of Finance in August 2007, and was appointed as the Senior Vice President and Chief Financial Officer of the Company in April 2017. Prior to joining the Company, Mr. Sun held a variety of financial controller and financial management positions with various divisions of General Electric in Shanghai and Singapore since 1996. Mr. Sun graduated from Fudan University in Shanghai in 1996 with a Bachelor degree in Economics and Financial Management and a minor in Computer Science and Application. He subsequently obtained a Master of Business Administration from the Southern Illinois University Carbondale, United States. Mr. Sun is a fellow of CPA (FCPA) Australia.

Mr. Dylan James Williams is our General Counsel and Company Secretary and is also a director of a number of our subsidiaries, including VML. Mr. Williams joined the Company in 2006 and most recently served as the Senior Vice President of Legal and Company Secretary. Mr. Williams holds a Bachelor of Laws (LLB(Hons)) degree from the United Kingdom and is admitted to practice law in the State of New York. Mr. Williams is a fellow member of The Hong Kong Chartered Governance Institute.

RELATED PARTY TRANSACTIONS

The following is a summary of material transactions that we have engaged in with our direct and indirect shareholders, affiliates of our shareholders and other related parties, including those in which we or our management have a significant equity interest. We believe each of these arrangements, as described below, has been entered into on an arm's-length basis or on terms that we believe have been at least as favorable to us as similar transactions with non-related parties. We believe that the related party transactions were conducted in the ordinary and usual course of the Group's business. For a further discussion of related party transactions, see Note 25 to our audited consolidated financial statements included elsewhere in this offering memorandum and Note 14 to our unaudited consolidated financial statements included elsewhere in this offering memorandum.

No transactions were entered into with the Directors during the years ended December 31, 2020, 2019 and 2018 and the six months ended June 30, 2021, other than the emoluments paid to them as disclosed in Note 5 to our audited consolidated financial statements and Note 14 to our unaudited condensed consolidated financial statements included elsewhere in this offering memorandum.

Management fees

We provide management services to the LVS Group and the LVS Group companies also provide management services to us. During the year, we may incur certain expenses on behalf of the LVS Group, or vice versa.

Services we provide to the LVS Group include, but are not limited to, accounting services, information technology support, sourcing of goods and services and design, development and construction consultancy services and marketing services.

Services provided to us by the LVS Group include, but are not limited to, human resources support, accounting services, sourcing of goods and services, sourcing of tenants for the malls, transportation services, other various types of marketing and promotion activities for the Group, and design, development and construction consultancy services.

Royalty fees

In November 2009, we entered into an agreement with LVS LLC, an intermediate holding company incorporated in the United States of America, for the use of the trademarks and other intellectual property rights as defined in the agreement. For each of the full fiscal years through the full fiscal year ended December 31, 2012, we were required to pay LVS LLC an annual royalty in the amount of 1.5% of non-gaming revenue and Paiza-related gaming revenue of the Sands Macao, 1.5% of revenue of The Venetian Macao, and 1.5% of all gaming revenue of the Plaza Casino at The Plaza Macao (the "Relevant Royalty"), provided that the total royalty payable in connection with these three properties in each fiscal year was capped at US\$20 million per full fiscal year. For each of the subsequent full fiscal years through the full fiscal year ending December 31, 2022, we are required to pay an annual royalty being the lesser of the Relevant Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. Each subsequent Casino Gaming property that we operate which utilizes any of the licensed marks in connection with generating the relevant revenue will pay, for each of the first three fiscal calendar years after commencement of operations of each subsequent property, a royalty fee of 1.5% of the respective gross revenues of the operations in connection with which such licensed marks are used (each, the "Subsequent Casino Gaming Property Royalty"), subject to a US\$20 million cap per fiscal year. For the fiscal calendar years thereafter until expiration of the initial term, we will pay LVS LLC an annual royalty being the lesser of the Subsequent Casino Gaming Property Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. After the commencement of the operation of The Londoner Macao (formerly Sands Cotai Central) and The Parisian Macao in April 2012 and September 2016, respectively, we are required to pay royalty fees in connection with these properties.

Procurement of equipment and supplies

In May 2020, we entered into an agreement on procurement of equipment and supplies with LVS for a term of two years, beginning May 12, 2020 and terminating May 11, 2022, pursuant to which we are responsible for procuring and acquiring manufactured equipment and supplies requested by the LVS Group from time to time including, without limitation, infrared temperature monitor systems, disposable face masks and other personal protective equipment (“Equipment and Supplies”) from suppliers in the Asia Pacific region for the LVS Group, provided that the LVS Group may purchase the Equipment and Supplies from other third parties.

The amounts payable by the LVS Group under such agreement are calculated on a cost basis, meaning the cost incurred by our Group in providing the relevant Equipment and Supplies to the LVS Group. The allocation is done on a fair and equitable basis with reference to the actual salary and benefits, employment-related expenses and statutory costs for the relevant employees and the hours worked by them in providing such services attributable to the LVS Group. The amounts for transactions under such agreement are capped at US\$15.5 million, US\$12.6 million and US\$8.3 million for the three years ending December 31, 2022.

DESCRIPTION OF NOTES

In this description, the words “Sands China” refer to Sands China Ltd. and not to any of its Subsidiaries. You can find the definitions of certain other terms used in this description under the subheading “Certain Definitions” below.

Sands China will issue Senior Notes due 2027 (the “2027 Notes”), Senior Notes due 2029 (the “2029 Notes”) and Senior Notes due 2031 (the “2031 Notes,” and together with the 2027 Notes and the 2029 Notes, the “Notes”) under an indenture (as may be amended or supplemented from time to time, the “Indenture”) between Sands China and the U.S. Bank National Association, as trustee (the “Trustee”), in private transactions that are not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under, incorporate or include, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended, until the Indenture is qualified thereunder in connection with the registration rights summarized below under “—Registration Rights.” The 2027 Notes, the 2029 Notes and the 2031 Notes are each referred to herein as a “series” of Notes. The holders of each series of Notes will have certain registration rights as summarized below under “—Registration Rights.”

The terms of the Notes will include those stated in the Indenture. The following description is a summary of the material provisions of the Indenture, the Notes and the registration rights agreement, to be entered into between Sands China and the Initial Purchasers of the Notes offered hereby. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Notes and the registration rights agreement. It does not restate those agreements in their entirety. We urge you to read the Indenture and the registration rights agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture and the registration rights agreement are available as set forth below under “—Additional Information.” Certain defined terms used in this description but not defined below under “—Certain Definitions” have the meanings assigned to them in the Indenture and the registration rights agreement.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes

General Terms

The Notes:

- will be senior notes;
- will be redeemable at Sands China’s option prior to maturity as described in “—Optional Redemption” and “—Redemption for Tax Reasons,” below;
- will not require Sands China to repurchase the Notes at the option of the holder, except pursuant to a repurchase offer upon the occurrence of a Change of Control Triggering Event or an Investor Put Option Triggering Event;
- will not have any provision for a sinking fund; and
- will be issued in denominations of US\$200,000 and integral multiples of US\$1,000 in excess of US\$200,000.

Ranking

The Notes:

- will be general unsecured obligations of Sands China;

- will rank pari passu with all of Sands China's existing and future senior Indebtedness;
- will be effectively subordinated to all of Sands China's existing and future secured Indebtedness to the extent of the value of the collateral securing such Indebtedness; and
- will be effectively senior in right of payment to the obligations of Sands China with respect to any existing and future subordinated Indebtedness and any related guarantees thereon.

None of Sands China's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of Sands China's Subsidiaries, the Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to Sands China. As of June 30, 2021, after giving effect to the offering of the Notes and the use of proceeds therefrom, we would have had unsecured borrowings of US\$7.65 billion and no secured borrowings. As of August 31, 2021, we had US\$7.50 billion of borrowings outstanding under the Senior Notes and the 2018 SCL Revolving Facility and US\$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility.

Principal, Maturity and Interest

General

Sands China will issue US\$700,000,000 in aggregate principal amount of 2027 Notes, US\$650,000,000 in aggregate principal amount of 2029 Notes and US\$600,000,000 in aggregate principal amount of 2031 Notes in this offering. Sands China may issue additional Notes of each series under the Indenture from time to time after this offering. Any issuance of additional Notes of a series will be subject to all of the covenants in the Indenture; provided that, if any issuance of additional Notes of a series is not fungible with the Notes of such series issued on the Issue Date for United States federal income tax purposes, such additional Notes shall have different CUSIP and other identifying numbers than any previously issued Notes of such series but shall otherwise be treated as a single class with all other Notes of such series issued under the Indenture.

The 2027 Notes will mature on March 8, 2027, the 2029 Notes will mature on March 8, 2029 and the 2031 Notes will mature on August 8, 2031.

Interest on the 2027 Notes will accrue at the rate of 2.300% per annum, interest on the 2029 Notes will accrue at the rate of 2.850% per annum and interest on the 2031 Notes will accrue at the rate of 3.250% per annum.

Interest on the 2027 Notes and the 2029 Notes is payable semi-annually in arrears on March 8 and September 8, with the first interest payment date being March 8, 2022. Interest on the 2031 Notes is payable semi-annually in arrears on February 8 and August 8, with the first interest payment date being February 8, 2022.

Interest on each series of Notes accrues from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Interest Rate Adjustment

The interest rate payable on each series of Notes will be subject to adjustments from time to time if any of Fitch, S&P or Moody's (each, an "Applicable Rating Agency," and collectively, the "Applicable Rating Agencies") (or, if two of the three Applicable Rating Agencies ceases to rate a series of Notes or fails to make a rating of a series of Notes publicly available for reasons outside Sands China's control, another "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act selected by Sands China pursuant to the definition of "Rating Agencies" below (a "Substitute Rating Agency")) downgrades (or downgrades and subsequently upgrades) the credit rating assigned to such Notes, in the manner described below.

If the rating from any one or more of the Applicable Rating Agencies of a series of Notes is decreased to a rating set forth in the immediately following tables, the interest rate on such Notes will increase such that it will equal the interest rate payable on such Notes on the date of their initial issuance plus the percentage set forth opposite the ratings from the tables below; provided that only the two lowest ratings assigned to the Notes (based on the gradations set forth in the immediately following tables) will be taken into account for purposes of any interest rate adjustment:

<u>Fitch Rating*</u>	<u>Percentage</u>
BB+	0.25%
BB	0.50%
BB-	0.75%
B+ or below	1.00%

* Including the equivalent ratings of any Substitute Rating Agency.

<u>S&P Rating*</u>	<u>Percentage</u>
BB+	0.25%
BB	0.50%
BB-	0.75%
B+ or below	1.00%

* Including the equivalent ratings of any Substitute Rating Agency.

<u>Moody's Rating*</u>	<u>Percentage</u>
Ba1	0.25%
Ba2	0.50%
Ba3	0.75%
B1 or below	1.00%

* Including the equivalent ratings of any Substitute Rating Agency.

If at any time the interest rate on a series of Notes has been increased and any of the Applicable Rating Agencies (or any Substitute Rating Agency therefor), as the case may be, subsequently upgrades its rating of such Notes to or above any of the threshold ratings set forth above, the interest rate on such Notes will be adjusted such that the interest rate for such Notes equals the interest rate payable on such Notes on the date of their initial issuance plus (if applicable) the percentages set forth opposite the ratings from the tables above with respect to the two lowest ratings assigned to such Notes (based on the gradations set forth in the tables above) at that time. If at any time after an interest rate adjustment has occurred at least two of the Applicable Rating Agencies (or any Substitute Rating Agency therefor) increase their ratings assigned to the Notes to Baa3 or BBB- or higher, as the case may be, the interest rate payable on such Notes will be decreased to the interest rate payable on such Notes on the date of their initial issuance.

In addition, the interest rate on a series of Notes will permanently cease to be subject to any adjustment described above, notwithstanding any subsequent downgrade, if such Notes become rated BBB+ (or Baa1 with respect to Moody's) or higher, as the case may be, by any two of the Applicable Rating Agencies (or any Substitute Rating Agency therefor), or one of these ratings if such Notes are only rated by one Applicable Rating Agency.

Each adjustment required by any downgrade or upgrade in a rating set forth above, whether occasioned by the action of an Applicable Rating Agency (or a Substitute Rating Agency therefor), shall be made independent of any and all other adjustments. In no event shall (1) the interest rate for a series of Notes be

reduced to below the interest rate payable on such Notes on the date of their initial issuance or (2) the total increase in the interest rate on a series of Notes exceed 2.00% above the interest rate payable on such Notes on the date of their initial issuance.

If at any time only one Applicable Rating Agency provides a rating of a series of Notes, Sands China will use its commercially reasonable efforts to obtain a rating of such Notes from a Substitute Rating Agency, to the extent one exists, and if a Substitute Rating Agency exists, for purposes of determining any increase or decrease in the interest rate on such Notes pursuant to the tables above (a) such Substitute Rating Agency will be substituted for the last Applicable Rating Agency to provide a rating of such Notes but which has since ceased to provide such rating, (b) the relative rating scale used by such Substitute Rating Agency to assign ratings to senior unsecured debt will be determined in good faith by an independent investment banking institution of national standing appointed by Sands China and, for purposes of determining the applicable ratings included in the applicable table above with respect to such Substitute Rating Agency, such ratings will be deemed to be the equivalent ratings used by Fitch, S&P or Moody's, as applicable, in such table and (c) the interest rate on such Notes will increase or decrease, as the case may be, such that the interest rate equals the interest rate payable on such Notes on the date of their initial issuance plus the appropriate percentage, if any, set forth opposite the rating from such Substitute Rating Agency in the applicable table above (taking into account the provisions of clause (b) above) (plus any applicable percentage resulting from a decreased rating by another Applicable Rating Agency).

For so long as only one Applicable Rating Agency provides a rating of a series of Notes, any subsequent increase or decrease in the interest rate of such series of Notes necessitated by a reduction or increase in the rating by the Applicable Rating Agency providing the rating shall be twice the percentage set forth in the applicable table above. For so long as no Applicable Rating Agency (or a Substitute Rating Agency therefor) provides a rating of a series of Notes, the interest rate on the Notes of such series will increase to, or remain at, as the case may be, 2.00% above the interest rate payable on such Notes on the date of their initial issuance.

Any interest rate increase or decrease described above will take effect from the first interest payment date following the date on which a rating change occurs that requires an adjustment in the interest rate. As such, interest will not accrue at such increased or decreased rate until the next interest payment date following the date on which a rating change occurs. If an Applicable Rating Agency (or a Substitute Rating Agency therefor) changes its rating of a series of the Notes more than once prior to any particular interest payment date, the last change by such agency prior to such interest payment date will control for purposes of any interest rate increase or decrease with respect to such Notes described above relating to such Applicable Rating Agency's action. If the interest rate payable on a series of Notes is increased as described above, the term "interest," as used with respect to such Notes, will be deemed to include any such additional interest unless the context otherwise requires.

Methods of Receiving Payments on the Notes

All payments on the Notes will be made by wire by the applicable paying agent and applicable registrar unless Sands China elects to make interest payments by check mailed to the holders of the Notes at their addresses set forth in the applicable register of holders.

Paying Agent and Registrar for the Notes

U.S. Bank National Association will initially act as paying agent and registrar with respect to each series of Notes. Sands China may change the paying agents and the registrars without prior notice to the holders of the Notes, and Sands China or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the provisions of the Indenture. The applicable registrar and the Trustee may require a holder, among other things, to furnish appropriate

endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. Sands China will not be required to transfer or exchange any Note selected for redemption. Also, Sands China will not be required to transfer or exchange any Note of a series for a period of 15 days before the delivery of a notice of redemption of Notes of such series to be redeemed.

Additional Amounts

All payments by or on behalf of Sands China or the surviving entity described under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets” (the “Surviving Person”) under or with respect to (including any principal of, and premium (if any) and interest on) the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature (“Taxes”) imposed or levied by or within any jurisdiction in which Sands China or the Surviving Person is or is deemed to be organized, resident or doing business for tax purposes or any jurisdiction from or through which payment is made or deemed made (including the jurisdiction of any paying agent), or, in each case, any political subdivision or taxing authority thereof or therein (each, as applicable, a “Relevant Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law.

In the event that any such withholding or deduction is so required, Sands China or the Surviving Person, as the case may be, will make such withholding or deduction, make payment of the amount so withheld or deducted to the appropriate governmental authority as required by applicable law and pay such additional amounts (“Additional Amounts”) as will result in receipt of the amounts that would have been received had no such withholding or deduction been required; provided that no Additional Amounts will be payable with respect to any Note:

- (1) for or on account of:
 - (a) any Taxes that would not have been imposed but for:
 - (i) the existence of any present or former connection between the holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possession of power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, a trust, a partnership, or a corporation) of such Note, as the case may be, and the Relevant Jurisdiction, including without limitation, such holder or beneficial owner being or having been a citizen, domiciliary or resident of such Relevant Jurisdiction, being or having been treated as a resident of such Relevant Jurisdiction, being or having been present or engaged in a trade or business in such Relevant Jurisdiction or having or having had a permanent establishment in such Relevant Jurisdiction, other than any connection arising from the mere receipt, ownership, holding or disposition of the Notes or the receipt of payments thereunder or merely by reason of the exercise or enforcement of rights under any Notes;
 - (ii) the presentation of such Note (where presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium (if any) or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
 - (iii) the failure of the holder or beneficial owner of such Note to comply with a timely request of Sands China or the Surviving Person addressed to such holder or beneficial owner to provide information or other evidence concerning such holder’s or beneficial owner’s nationality, residence, identity or connection with the Relevant Jurisdiction; or

- (iv) the presentation of any Note for payment by or on behalf of a holder of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another paying agent;
 - (b) any estate, inheritance, gift, sales, transfer, personal property or similar Tax or any excise Tax imposed on the transfer of Notes;
 - (c) any Taxes that are payable other than by withholding or deduction from payments of principal of, or premium (if any) or interest on the Note;
 - (d) any tax, duty, assessment or other governmental charge which is required to be deducted or withheld under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, or any amended or successor versions of such Sections (“FATCA”), any regulations or other guidance thereunder, or any agreement (including any intergovernmental agreement) entered into in connection therewith, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement in respect of FATCA; or
 - (e) any combination of Taxes referred to in the preceding clauses (a), (b), (c) and (d); or
- (2) with respect to any payment of the principal of, or premium (if any) or interest on, a Note to or for the account of a fiduciary, partnership, limited liability company or other fiscally transparent entity or any other person (other than the sole beneficial owner of such payment) to the extent that a beneficiary or settlor with respect to that fiduciary, or a partner or member of that partnership or an interest holder in that limited liability company or fiscally transparent entity or a beneficial owner with respect to such other person, as the case may be, would not have been entitled to such Additional Amounts had such beneficiary, settlor, partner, member, interest holder or beneficial owner held directly the Note with respect to which such payment was made.

In addition to the foregoing, Sands China and the Surviving Person will pay and indemnify the holder for any present or future stamp, issue, registration, court, property or documentary taxes, or any other excise or property taxes, charges or similar levies or taxes (including without limitation, interest and penalties with respect thereto) levied by any Relevant Jurisdiction on the execution, delivery, registration or enforcement of any of the Notes, the Indenture or any other document or instrument referred to therein or on the receipt of any payments with respect thereto (limited, solely in the case of taxes attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Relevant Jurisdiction that are not excluded under clauses (1)(a) through (c) (or any combination thereof) or clause (2)).

If Sands China or the Surviving Person, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to any series of Notes, Sands China or the Surviving Person, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises, or Sands China or the Surviving Person becomes aware of such obligation, after the 30th day prior to that payment date, in which case Sands China or the Surviving Person, as the case may be, shall notify the Trustee promptly thereafter) an Officer’s Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be payable. The Officer’s Certificate must also set forth any other information reasonably necessary to enable the paying agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer’s Certificate as conclusive proof that such payments are necessary and shall not be responsible for the calculation of any Additional Amounts. Upon request, Sands China or the Surviving Person will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts.

Sands China or the Surviving Person will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant tax authority in accordance with applicable law.

Sands China or the Surviving Person will provide to the Trustee an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to the Trustee evidencing the payment of any Taxes so deducted or withheld. Upon request, the Trustee will make available to holders copies of those receipts or other documentation, as the case may be. The Trustee will not be responsible for ensuring that the withholding and deduction of any amount has been properly made.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligation will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, mutatis mutandis, to any jurisdiction in which any successor Person to Sands China is or is deemed to be organized, resident or doing business for tax purposes or any jurisdiction from or through which payment is made or deemed made.

Optional Redemption

2027 Notes

At any time prior to February 8, 2027, Sands China may on any one or more occasions redeem all or part of the 2027 Notes at a redemption price equal to the greater of:

- 100% of the principal amount of the 2027 Notes to be redeemed; and
- as determined by an Independent Investment Banker, the sum of the present values of all remaining scheduled payments of principal and interest on the 2027 Notes to and including the applicable Par Call Date (not including any portion of such payments of interest accrued to, but excluding, the date of redemption), in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 25 basis points;

plus, in either of the above cases, accrued and unpaid interest to, but excluding, the date of redemption.

Except pursuant to the preceding paragraph and as set forth under “—Redemption for Tax Reasons,” the 2027 Notes will not be redeemable at Sands China’s option prior to the applicable Par Call Date.

On or after the applicable Par Call Date, Sands China may on any one or more occasions redeem all or a part of the 2027 Notes at a redemption price equal to 100% of the principal amount of the 2027 Notes being redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption.

In the case of any redemption described above, such redemption will be subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or before the date of redemption.

2029 Notes

At any time prior to January 8, 2029, Sands China may on any one or more occasions redeem all or part of the 2029 Notes at a redemption price equal to the greater of:

- 100% of the principal amount of the 2029 Notes to be redeemed; and
- as determined by an Independent Investment Banker, the sum of the present values of all remaining scheduled payments of principal and interest on the 2029 Notes to and including the applicable Par Call Date (not including any portion of such payments of interest accrued to, but excluding, the date of redemption), in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 30 basis points;

plus, in either of the above cases, accrued and unpaid interest to, but excluding, the date of redemption.

Except pursuant to the preceding paragraph and as set forth under “—Redemption for Tax Reasons,” the 2029 Notes will not be redeemable at Sands China’s option prior to the applicable Par Call Date.

On or after the applicable Par Call Date, Sands China may on any one or more occasions redeem all or a part of the 2029 Notes at a redemption price equal to 100% of the principal amount of the 2029 Notes being redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption.

In the case of any redemption described above, such redemption will be subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or before the date of redemption.

2031 Notes

At any time prior to May 8, 2031, Sands China may on any one or more occasions redeem all or part of the 2031 Notes at a redemption price equal to the greater of:

- 100% of the principal amount of the 2031 Notes to be redeemed; and
- as determined by an Independent Investment Banker, the sum of the present values of all remaining scheduled payments of principal and interest on the 2031 Notes to and including the applicable Par Call Date (not including any portion of such payments of interest accrued to, but excluding, the date of redemption), in each case discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 30 basis points;

plus, in either of the above cases, accrued and unpaid interest to, but excluding, the date of redemption.

Except pursuant to the preceding paragraph and as set forth under “—Redemption for Tax Reasons,” the 20 Notes will not be redeemable at Sands China’s option prior to the applicable Par Call Date.

On or after the applicable Par Call Date, Sands China may on any one or more occasions redeem all or a part of the 2031 Notes at a redemption price equal to 100% of the principal amount of the 2031 Notes being redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption.

In the case of any redemption described above, such redemption will be subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or before the date of redemption.

Definitions and Procedures

For purposes of the preceding sections entitled “—2027 Notes”, “—2029 Notes” and “—2031 Notes”:

“Adjusted Treasury Rate” means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life (as defined below), yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Adjusted Treasury Rate shall be calculated on the third Business Day preceding the redemption date or, in the case of a satisfaction and discharge or a defeasance, on the third Business Day prior to the date on which Sands China deposits the amount required under the Indenture.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the relevant series of Notes (assuming for this purpose that the Notes of such series mature on the applicable Par Call Date) (the “Remaining Life”) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Life.

“Comparable Treasury Price” means (1) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by Sands China.

“Par Call Date” means (1) in the case of the 2027 Notes, February 8, 2027 (1 month prior to the maturity date), (2) in the case of the 2029 Notes, January 8, 2029 (2 months prior to the maturity date) and (3) in the case of the 2031 Notes, May 8, 2031 (3 months prior to the maturity date).

“Reference Treasury Dealer” means any primary U.S. Government securities dealer in New York City selected by Sands China.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date or, in the case of a satisfaction and discharge or a defeasance, on the third Business Day prior to the date on which Sands China deposits the amount required under the Indenture.

Sands China will prepare and give, or cause to be given, a notice of redemption to each holder of Notes of a series to be redeemed at least 15 and not more than 60 calendar days prior to the date fixed for redemption. Notice of any such redemption may, at the discretion of Sands China, be subject to the satisfaction of one or more conditions precedent, including in connection with any corporate transaction. If such redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in Sands China’s discretion, the redemption date may be delayed until such time (provided, however, that any delayed redemption date shall not be more than 60 days after the date the relevant notice of redemption was sent) as any or all such conditions shall be satisfied, or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date or by the redemption date as so delayed. In addition, Sands China may provide in such notice that payment of the redemption price and performance of Sands China’s obligations with respect to such redemption may be performed by another Person.

Unless Sands China defaults in the payment of the redemption price, and subject to any condition as specified as in the relevant redemption notice, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

In connection with a discharge or defeasance of Sands China's obligations under the Indenture, Sands China may deliver a notice of redemption more than 60 days in advance of the date of redemption. See "—Satisfaction and Discharge."

Redemption for Tax Reasons

Any series of Notes may be redeemed, at the option of Sands China, as a whole but not in part, upon giving not less than 15 days' nor more than 60 days' notice to the holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed by Sands China or the Surviving Person, as the case may be, for redemption if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in, or amendment to, an existing official position, or the stating of an official position, regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change, amendment, application or interpretation is proposed and becomes effective or, in the case of an official positions, is announced, on or after (i) with respect to Sands China, the date of the Indenture or (ii) with respect to any Surviving Person, the date such Surviving Person becomes a Surviving Person with respect to any payment due or to become due under the relevant series of Notes or the Indenture, Sands China or the Surviving Person, as the case may be, is, or on the next interest payment date will be, required to pay Additional Amounts, and such requirement cannot be avoided by Sands China or the Surviving Person, as the case may be, taking reasonable measures available to it; *provided* that changing the jurisdiction of incorporation of Sands China or any Subsidiary shall not be considered a reasonable measure; and *provided, further*, that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which Sands China or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the relevant series of Notes were then due and unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

Prior to the delivery of any notice of redemption of a series of Notes pursuant to the foregoing, Sands China or the Surviving Person, as the case may be, will deliver to the Trustee:

- (1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by Sands China or the Surviving Person, as the case may be, taking reasonable measures available to it; and
- (2) an opinion of counsel of recognized international standing to the effect that the requirement to pay such Additional Amounts results from the circumstances referred to in the prior paragraph.

The Trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the holders of the relevant series of Notes.

Any Notes that are redeemed will be canceled.

No Mandatory Redemption

Sands China is not required to make mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, Sands China may be required to offer to repurchase Notes as described under the caption "—Repurchase at the Option of Holders—Change of Control" and "—Investor Put Option."

Open Market Purchases and Cancellation of Notes

Sands China or any Subsidiary may purchase any of the Notes in the open market or by tender or by any other means at any price, as long as such acquisition does not otherwise violate the terms of the Indenture. All Notes purchased or otherwise redeemed by Sands China will be canceled and any Notes purchased or otherwise redeemed by Sands China or any Subsidiary will not be reissued or resold to any Person other than Sands China or a Subsidiary.

Repurchase at the Option of Holders

Change of Control

If a Change of Control Triggering Event occurs, each holder of the Notes will have the right to require Sands China to repurchase all or any part (equal to US\$200,000 or an integral multiple of US\$1,000 in excess of US\$200,000) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, Sands China will offer a payment (the "Change of Control Payment") in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest on the Notes repurchased to, but excluding, the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent Sands China has previously or concurrently elected to redeem the applicable Notes in full as described under "—Optional Redemption" or "—Redemption for Taxation Reasons."

Within ten days following any Change of Control Triggering Event, Sands China will deliver a notice to each holder of the Notes with a copy to the Trustee describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase Notes on the date (the "Change of Control Payment Date") specified in the notice, which date will be no earlier than 15 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice.

On the Change of Control Payment Date, Sands China will, with respect to the relevant series of Notes, to the extent lawful:

- (1) accept for payment all Notes of such series or portions of Notes of such series properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the applicable paying agent an amount equal to the Change of Control Payment in respect of all Notes of such series or portions of Notes of such series properly tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes of such series properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes of such series or portions of Notes of such series being purchased by Sands China.

The applicable paying agent will promptly deliver to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and deliver (or cause to be transferred by book-entry) to each holder a Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. Sands China will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

A Change of Control Offer may be made in advance of a Change of Control Triggering Event, and conditioned upon such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

Except as described above with respect to a Change of Control Triggering Event, the Indenture will not contain provisions that permit the holders of the Notes to require that Sands China repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Sands China will not be required to make a Change of Control Offer with respect to the relevant series of Notes upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by Sands China and purchases all Notes of such series properly tendered and not withdrawn under the Change of Control Offer or (2) a notice of redemption has been given pursuant to the Indenture as described above under the captions “—Optional Redemption” or “—Redemption for Tax Reasons,” pursuant to which Sands China has exercised its right to redeem the Notes of such series in full, unless and until there is a default in payment of the applicable redemption price.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes of any series validly tender and do not withdraw such Notes in a Change of Control Offer and Sands China, or any third party making such an offer in lieu of Sands China as described above, purchases all of such Notes properly tendered and not withdrawn by such holders, Sands China or such third party will have the right, upon not less than 15 days’ nor more than 60 days’ prior notice, provided that such notice is given not more than 30 days following such repurchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase on a date specified in such notice (the “Second Change of Control Payment Date”) and at a price in cash equal to 101% of the aggregate principal amount of the Notes repurchased plus accrued and unpaid interest on the Notes repurchased to, but excluding, the Second Change of Control Payment Date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The definition of “Change of Control” includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of Sands China and its Subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require Sands China to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Sands China and its Subsidiaries, taken as a whole, to another Person or group may be uncertain.

The agreements governing other Indebtedness of Sands China and its Subsidiaries contain, and future agreements of Sands China and its Subsidiaries may contain, prohibitions of certain events, including events that would constitute a Change of Control Triggering Event and including repurchases of or other prepayments in respect of the Notes. The exercise by the holders of Notes of their right to require Sands China to repurchase the Notes upon a Change of Control Triggering Event may cause a default under these other agreements, even if the Change of Control Triggering Event itself does not. In the event a Change of Control Triggering Event occurs at a time when Sands China is prohibited from purchasing the Notes, Sands China could seek the consent of its senior lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If Sands China does not obtain a consent or repay those borrowings, Sands China will breach the terms of such borrowings by purchasing the Notes. In that case, Sands China’s failure to purchase tendered Notes may constitute an Event of Default under the Indenture which could, in turn, constitute a default under the other Indebtedness. Finally, Sands China’s ability to pay cash to the holders of Notes upon a repurchase as well as its ability to refinance any borrowings from senior lenders may be limited by Sands China’s then existing financial resources. See “Risk Factors—Risks Related to the Notes—We may not be able to repurchase the Notes upon the occurrence of certain events.”

Investor Put Option

If an Investor Put Option Triggering Event occurs, each holder of the Notes will have the right to require Sands China to repurchase all or any part of such holder’s Notes pursuant to an Investor Put Option Offer (as defined below) on the terms set forth in the Indenture. In the Investor Put Option Offer, Sands China will offer to purchase the Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to, but excluding, the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment

date), except to the extent Sands China has previously or concurrently elected to redeem the applicable Notes in full as described under “—Optional Redemption” or “—Redemption for Taxation Reasons.”

Within ten days following the occurrence of an Investor Put Option Triggering Event, Sands China shall deliver a notice (an “Investor Put Option Offer”) to each holder of the Notes with a copy to the Trustee and the applicable paying agent stating:

- (1) that an Investor Put Option Triggering Event has occurred and that such holder has the right to require Sands China to repurchase such holder’s Notes at a repurchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to, but excluding, the date of repurchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date);
- (2) the repurchase date (which shall be no earlier than 15 days nor later than 60 days from the date such notice is delivered); and
- (3) the instructions determined by Sands China, consistent with this covenant, that a holder must follow in order to have its Notes repurchased.

On the date of repurchase pursuant to an Investor Put Option Offer, Sands China will, with respect to the relevant series of Notes, to the extent lawful:

- (1) accept for payment all Notes of such series or portions of Notes of such series properly tendered pursuant to the Investor Put Option Offer;
- (2) deposit with the applicable paying agent an amount equal to the repurchase price, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to, but excluding, the date of repurchase (the “Investor Put Option Payment”), in respect of all Notes of such series or portions of Notes of such series properly tendered; and
- (3) deliver or cause to be delivered to the Trustee, the Notes of such series properly accepted together with an officer’s certificate stating the aggregate principal amount of Notes of such series or portions of Notes of such series being purchased by Sands China.

The applicable paying agent will promptly deliver to each holder of Notes properly tendered the Investor Put Option Payment for such Notes, and the Trustee will promptly authenticate and deliver (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes of such series surrendered, if any.

The provisions described above that require Sands China to make an Investor Put Option Offer following an Investor Put Option Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to an Investor Put Option Triggering Event, the Indenture does not contain provisions that permit the holders of the Notes to require that Sands China repurchase or redeem the Notes in the event of a termination, rescission or expiration of any gaming license held by Sands China and its Subsidiaries.

Sands China will not be required to make an Investor Put Option Offer with respect to the relevant series of Notes upon an Investor Put Option Triggering Event if (1) a third party makes the Investor Put Option Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to an Investor Put Option Offer made by Sands China and purchases all Notes of such series properly tendered and not withdrawn under the Investor Put Option Offer, or (2) notice of redemption has been given in accordance with the terms of the Indenture, as described above under the caption “—Optional Redemption” or

“—Redemption for Taxation Reasons,” pursuant to which Sands China has exercised its right to redeem the Notes of such series in full, unless and until there is a default in payment of the applicable redemption price.

Notes repurchased by Sands China pursuant to an Investor Put Option Offer will have the status of Notes issued but not outstanding or will be retired and canceled at the option of Sands China. Notes purchased by a third party pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

The agreements governing other Indebtedness of Sands China and its Subsidiaries contain, and future agreements of Sands China and its Subsidiaries may contain, prohibitions of certain events, including events that would constitute an Investor Put Option Triggering Event and including repurchases of or other prepayments in respect of the Notes. The exercise by the holders of Notes of their right to require Sands China to repurchase the Notes upon an Investor Put Option Triggering Event may cause a default under these other agreements, even if the Investor Put Option Triggering Event itself does not. In the event an Investor Put Option Triggering Event occurs at a time when Sands China is prohibited from purchasing the Notes, Sands China could seek the consent of its senior lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If Sands China does not obtain a consent or repay those borrowings, Sands China will breach the terms of such borrowings by purchasing the Notes. In that case, Sands China’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture which could, in turn, constitute a default under the other Indebtedness. Finally, Sands China’s ability to pay cash to the holders of Notes upon a repurchase as well as its ability to refinance any borrowings from senior lenders may be limited by Sands China’s then existing financial resources. See “Risk Factors—Risks Related to the Notes—We may not be able to repurchase the Notes upon the occurrence of certain events.”

Compliance with Securities Laws

To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control or Investor Put Option provisions of the Indenture, Sands China will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under these provisions of the Indenture by virtue of such compliance.

Selection and Notice

If with respect the relevant series of Notes, fewer than all of the Notes of such series are to be redeemed at any time, the Trustee will select Notes for redemption on a pro rata basis, by lot or by any other method the Trustee deems fair and appropriate, unless otherwise required by law or applicable stock exchange or depository requirements. No Notes of US\$200,000 or less can be redeemed or purchased in part. However, if with respect to the relevant series of Notes, all of the Notes of such series of a holder are to be redeemed or purchased, the entire outstanding amount of Notes of such series held by such holder, even if less than US\$200,000, will be redeemed or purchased.

Notices of redemption or purchase will be delivered at least 15 but not more than 60 days before the redemption or purchase date to each holder of Notes to be redeemed or purchased at its registered address, except that redemption or purchase notices may be delivered more than 60 days prior to a redemption or purchase date if the notice is issued in connection with a defeasance of the applicable Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of a Note upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption, subject to the satisfaction of any condition specified in the relevant redemption notice. On and after the redemption date (and subject to the satisfaction of any condition specified in the relevant redemption notice), interest ceases to accrue on Notes or portions of Notes called for redemption.

Certain Covenants

Except as set forth below, neither Sands China nor any of its Subsidiaries will be restricted by the Indenture from:

- incurring any indebtedness or other obligation;
- incurring any Liens;
- entering into any Sale and Leaseback Transactions; or
- disposing of any assets.

In addition, neither Sands China nor any of its Subsidiaries will be restricted by the Indenture from making any investments, including acquisitions, paying dividends or making distributions on the Capital Stock of Sands China or of such Subsidiaries or purchasing or redeeming Capital Stock of Sands China or such Subsidiaries. Sands China will not be required to maintain any financial ratios or specified levels of net worth or liquidity or to repurchase or redeem or otherwise modify the terms of any of the Notes upon a change of control or other events involving Sands China or any of its Subsidiaries which may adversely affect the creditworthiness of the Notes, except to the limited extent provided under “—Repurchase at the Option of Holders—Change of Control.” Among other things, the Indenture will not contain covenants designed to afford holders of the Notes any protections in the event of a highly leveraged or other transaction involving Sands China that may adversely affect holders of the Notes, except to the limited extent provided below and under “—Repurchase at the Option of Holders—Change of Control.”

Limitations on Liens

Neither Sands China nor any Subsidiary will, directly or indirectly, incur, assume or guarantee any Indebtedness secured by a Lien on any Principal Property (or the Capital Stock of any Subsidiary that owns a Principal Property), unless Sands China secures the Notes equally and ratably with (or at the option of Sands China, prior to) the Indebtedness secured by such Lien for so long as such Indebtedness is secured. Any Lien that is granted to secure the Notes under this covenant shall be automatically released and discharged at the same time as the release of the Lien that gave rise to the obligation to secure the Notes under this covenant.

The foregoing restrictions do not apply to Indebtedness that is secured by:

- (1) Liens existing on the Issue Date;
- (2) Liens created in connection with a project financed with, and created to secure, a Nonrecourse Obligation;
- (3) Liens on any property or Capital Stock of a Person existing at the time the Person becomes a Subsidiary or Liens in existence at the time of the acquisition of the assets encumbered thereby (including, in each case, without limitation, acquisition through merger or consolidation), in each case, which were not incurred in anticipation thereof;
- (4) Liens on property or Capital Stock acquired, constructed, altered, improved or repaired by Sands China or any Subsidiary and created prior to, at the time of, or within 360 days (or thereafter if such Lien is created pursuant to a binding commitment entered into prior to, at the time of or within 360 days) after such acquisition (including, without limitation, acquisition through merger or consolidation), construction, alteration, improvement or repair (or the completion of such construction, alteration, improvement or repair or commencement of commercial operation of such property, whichever is later) to secure or provide for the payment of all or any part of the price thereof so long as such Liens are no greater than the payment or price, as the case may be, for the property or Capital Stock acquired, constructed, altered, improved or repaired (plus an amount equal to any fees, expenses or other costs payable in connection therewith);

- (5) Liens securing Indebtedness or other obligations of a Subsidiary owing to Sands China or another Subsidiary; and
- (6) Liens in favor of Sands China or its Subsidiaries.

The foregoing restrictions do not apply to extensions, renewals or replacements of any Indebtedness (and for the avoidance doubt, any successive extensions, renewals or replacements of such Indebtedness) secured by the foregoing types of Liens, so long as the principal amount of Indebtedness secured thereby shall not exceed the amount of Indebtedness existing at the time of such extension, renewal or replacement (plus an amount equal to any premiums, accrued interest, fees, expenses or other costs payable in connection therewith).

For the avoidance of doubt, an increase in the amount of Indebtedness in connection with any accrual of interest, accretion of accreted value, amortization of original issue discount, payment of interest in the form of additional Indebtedness with the same terms, and accretion of original issue discount and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness, shall not constitute an assumption, incurrence or guarantee for the purposes of this covenant, so long as the original Liens securing such Indebtedness were permitted under the Indenture.

Notwithstanding the foregoing restrictions, without securing the Notes as described above, Sands China and its Subsidiaries may, directly or indirectly, incur, assume or guarantee any Indebtedness secured by Liens that this covenant would otherwise restrict if the sum of (i) the aggregate of all Indebtedness secured by such Liens and (ii) any Attributable Debt (as defined below) related to any permitted sale and leaseback arrangement (see “—Limitations on Sale and Leaseback Transactions”) does not exceed the greater of (i) 15.0% of Sands China’s total Consolidated Net Assets (as defined below) and (ii) US\$1.4 billion.

Any sale and leaseback arrangement incurred pursuant to clauses (1), (2), (4), (5) or (6) of the “—Limitation on Sale and Leaseback Transactions” covenant below shall be deemed to be permitted pursuant to this covenant.

Limitations on Sale and Leaseback Transactions

Neither Sands China nor any Subsidiary will enter into any arrangement with any person to lease a Principal Property (except for any arrangements that exist on the date the Notes are issued or that exist at the time any person that owns a Principal Property becomes a Subsidiary) which has been or is to be sold by Sands China or the Subsidiary to such person unless:

- (1) the sale and leaseback arrangement involves a lease for a term of not more than three years;
- (2) the sale and leaseback arrangement is entered into between or among Sands China and its Subsidiaries;
- (3) Sands China or the Subsidiary would be entitled to incur Indebtedness secured by a Lien on the Principal Property at least equal in amount to the Attributable Debt permitted pursuant to the last paragraph under “—Limitations on Liens” without having to secure equally and ratably the Notes;
- (4) the lease payment is created in connection with a project financed with, and such obligation constitutes, a Nonrecourse Obligation; or
- (5) the proceeds of the sale and leaseback arrangement are at least equal to the fair market value (as determined by Sands China’s Board of Directors in good faith) of the Principal Property and Sands China applies within 180 days after the sale an amount equal to the greater of the net proceeds of the sale or the Attributable Debt associated with the Principal Property to (i) the retirement of long-term debt for borrowed money that is not subordinated to the Notes and that is not debt to Sands China or a Subsidiary, or (ii) the purchase, construction, improvement, expansion or development of other comparable property; or

- (6) the sale and leaseback arrangement is entered into within 180 days after the initial acquisition of the Principal Property subject to the sale and leaseback arrangement.

“Attributable Debt” means, with regard to a sale and leaseback arrangement of a Principal Property, an amount equal to the lesser of: (a) the fair market value of the Principal Property (as determined in good faith by Sands China’s Board of Directors); or (b) the present value of the total net amount of rent payments to be made under the lease during its remaining term (excluding permitted extensions), discounted at the rate of interest set forth or implicit in the terms of the lease, compounded semi-annually. The calculation of the present value of the total net amount of rent payments is subject to adjustments to be specified in Indenture.

“Consolidated Net Assets” means, as of any date of determination, the consolidated assets, after subtracting all current liabilities, as such amounts appear on Sands China’s most recent internally available consolidated balance sheet and computed in accordance with IFRS; provided, that Consolidated Net Assets will be calculated, at the election of Sands China, after giving pro forma effect to any investments, acquisitions or dispositions occurring outside the ordinary course of business and subsequent to the date of such balance sheet, as well as any transaction giving rise to the need to calculate Consolidated Net Assets (including the application of the proceeds therefrom, as applicable).

“Principal Property” means the real and tangible property which is owned and operated by Sands China or any Subsidiary having a gross book value in excess of US\$300,000,000, provided that no such property will constitute a Principal Property if the Board of Directors of Sands China has determined in good faith that such property is not of material importance to the total business conducted by Sands China and its Subsidiaries taken as a whole.

Merger, Consolidation or Sale of Assets

With respect to the relevant series of Notes, as long as any Notes of such series are outstanding, Sands China will not, directly or indirectly, (1) consolidate or merge with or into another Person (whether or not Sands China is the surviving entity) or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of Sands China and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either (a) Sands China is the surviving entity or (b) the Person formed by or surviving any such consolidation or merger (if other than Sands China) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is an entity organized or existing under the laws of Hong Kong, Macao, Singapore, the Cayman Islands, the British Virgin Islands, Bermuda, the Isle of Man, the United States, any state of the United States or the District of Columbia;
- (2) the Person formed by or surviving any such consolidation or merger (if other than Sands China) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of Sands China under the Notes of such Series and the Indenture pursuant to a supplemental indenture; and
- (3) immediately after such transaction, no Default or Event of Default shall have occurred and is continuing.

For the avoidance of doubt, a pledge, mortgage, charge, lien, encumbrance, hypothecation or grant of any other security interest on an asset or property shall not be considered as a sale, assignment, transfer, conveyance or disposal of such asset or property.

Reports

- (1) With respect to the relevant series of Notes, so long as any Notes of such series are outstanding and the ordinary shares of Sands China are listed on the HKSE and Las Vegas Sands is a reporting company under the Exchange Act, Sands China will file with the Trustee and furnish to the holders upon request,

within 10 days after they are filed with the HKSE, true and correct copies of all financial and other reports in the English language filed with the HKSE.

- (2) If, with respect to the relevant series of Notes, at any time in which Notes of such series are outstanding and the ordinary shares of Sands China are not listed on the HKSE and Las Vegas Sands is not a reporting company under the Exchange Act, Sands China will file with the Trustee and furnish to the holders upon request:
 - (a) within 120 days after the end of each fiscal year, an annual report in a form substantially similar to Sands China's annual report for the year ended December 31, 2019 filed with the HKSE, including (A) a "Management Discussion and Analysis" of financial condition and results of operations and (B) consolidated financial statements (including statements of comprehensive income, financial position, changes in equity and cash flows) prepared in accordance with IFRS and audited by an internationally recognized firm of independent accountants;
 - (b) within 90 days after the end of the second quarter of each fiscal year, a semi-annual report in a form substantially similar to Sands China's interim report for the six months ended June 30, 2019 filed with the HKSE, including (A) a "Management Discussion and Analysis" of financial condition and results of operations and (B) half-year consolidated financial statements (including statements of comprehensive income, financial position, changes in equity and cash flows) prepared in accordance with IFRS and reviewed pursuant to Hong Kong Standard on Review Engagements 2410 (or any comparable or successor provision) by an internationally recognized firm of independent accountants; and
 - (c) within 90 days after the end of the first and third quarter of each fiscal year, financial information in a form substantially similar to the financial information filed with the HKSE by Sands China for the most recently completed first or third fiscal quarter, as applicable.

Sands China's reporting obligations under clauses (1) and (2) above will be satisfied in the event it timely posts such information to its website. In addition, the Indenture will permit Sands China to satisfy its obligations in this covenant with respect to clauses (1) and (2) above by furnishing the required information as part of a report by Las Vegas Sands or another direct or indirect parent entity, so long as (x) such filing presents the information required by this covenant on a stand-alone basis and includes an explanation in reasonable detail of the differences (if any) between the consolidated information relating to Las Vegas Sands or such other parent entity, on the one hand, and the information relating to Sands China and its Subsidiaries on a standalone basis, on the other hand, and (y) Sands China issues a press release to an internationally recognized wire service no fewer than three business days prior to the first public disclosure of the report by Las Vegas Sands or another direct or indirect parent entity announcing the date on which such report will become publicly available and directing noteholders, prospective investors, broker-dealers and securities analysts to contact the investor relations office of Sands China to obtain copies of such report.

So long as any Notes are outstanding, if at any time the ordinary shares of Sands China are not listed on the HKSE, Sands China will also:

- (1) issue a press release to an internationally recognized wire service no fewer than three business days prior to the first public disclosure of the annual and semi-annual reports required by clause (2) of the preceding paragraph announcing the date on which such reports will become publicly available and directing noteholders, prospective investors, broker-dealers and securities analysts to contact the investor relations office of Sands China to obtain copies of such reports; and
- (2) maintain a website to which noteholders, prospective investors, broker-dealers and securities analysts are given access and to which all of the reports required by this "Reports" covenant are posted (which requirement shall be satisfied if such reports are posted to the website of Sands China).

In addition, Sands China shall furnish to noteholders, prospective investors, broker-dealers and securities analysts, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes constitute “restricted securities” under Rule 144.

Events of Default and Remedies

Each of the following is an “Event of Default” with respect to each series of Notes:

- (1) default for 30 days in the payment when due of interest on the Notes of such series;
- (2) default in the payment when due (at maturity, upon redemption, repurchase or otherwise) of the principal of, or premium, if any, on the Notes of such series;
- (3) failure by Sands China to comply with any payment obligations (including, without limitation, obligations as to the timing or amount of such payments) described under the caption “—Repurchase at the Option of Holders—Change of Control” or “—Repurchase at the Option of Holders—Investor Put Option;”
- (4) failure by Sands China for 90 days after receipt of written notice from the Trustee or the holders of at least 25% in aggregate principal amount of the Notes of such series to comply with any of the other agreements in the Indenture not identified in clauses (1), (2) or (3) above;
- (5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Sands China or any of its Significant Subsidiaries (or the payment of which is guaranteed by Sands China or any of its Significant Subsidiaries), whether such Indebtedness or guarantee existed on the date of the Indenture, or is created after the date of the Indenture, if that default results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness the maturity of which has been so accelerated, aggregates US\$250.0 million or more (or the Dollar Equivalent thereof), if such acceleration is not annulled within 30 days after written notice from the Trustee or the holders of at least 25% in aggregate principal amount of the Notes of such series;
- (6) failure by Sands China or any of its Significant Subsidiaries to pay final non-appealable judgments (not paid or covered by insurance as to which the relevant insurance company has not denied responsibility) rendered against Sands China or any Significant Subsidiary aggregating in excess of US\$250.0 million (or the Dollar Equivalent thereof), which judgments are not paid, bonded, discharged or stayed for a period of 60 days; or
- (7) certain events of bankruptcy or insolvency relating to Sands China and its Significant Subsidiaries described in the Indenture.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes of the affected series will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes of an affected series may declare all the Notes of such series to be due and payable immediately.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes of an affected series may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the applicable Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of the applicable Notes unless such holders have offered to the Trustee indemnity or security reasonably satisfactory to it against any loss, liability, claim or expense. Except to enforce the right to receive payment of principal, interest or premium, if any, when due, no holder of a Note may pursue any remedy with respect to the Indenture or the applicable Notes unless:

- (1) such holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) holders of at least 25% in aggregate principal amount of the then outstanding Notes of such series have requested the Trustee to pursue the remedy;
- (3) such holders have offered the Trustee security or indemnity reasonably satisfactory to it against any loss, liability, claim or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) holders of a majority in aggregate principal amount of the then outstanding Notes of the relevant series have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the then outstanding Notes of any series by notice to the Trustee may, on behalf of the holders of all of the Notes of such series, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest or premium, if any, on, or the principal of, the Notes of such series.

Sands China is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, Sands China is required to promptly deliver to the Trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No past, present or future director, officer, employee, incorporator, organizer, equity holder or member of Sands China, as such, will have any liability for any obligations of Sands China under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the United States federal securities laws.

Legal Defeasance and Covenant Defeasance

Sands China may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes of such series (“Legal Defeasance”) except for:

- (1) the rights of holders of outstanding Notes of such series to receive payments in respect of the principal of, or interest or premium, if any, on, such Notes when such payments are due from the trust referred to below;
- (2) Sands China’s obligations with respect to the Notes of such series concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee and Sands China’s obligations in connection therewith; and
- (4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, Sands China may, at its option and at any time, elect to have the obligations of Sands China released with respect to certain covenants (including its obligation to make Change of Control Offers) that are described in the Indenture (“Covenant Defeasance”) and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes of the applicable series. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption “—Events of Default and Remedies” will no longer constitute an Event of Default with respect to the Notes of the applicable series.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) Sands China must irrevocably deposit with the Trustee or its designee, in trust, for the benefit of the holders of the Notes of the applicable series, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium, if any, on, the outstanding Notes of such series on the stated date for payment thereof or on the applicable redemption date, as the case may be, and Sands China must specify whether the Notes of such series are being defeased to such stated date for payment or to a particular redemption date;
- (2) in the case of Legal Defeasance, Sands China must deliver to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that (a) Sands China has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the Indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the beneficial owners of the outstanding Notes of the applicable series will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, Sands China must deliver to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that the beneficial owners of the outstanding Notes of the applicable series will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);
- (5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which Sands China is a party or by which any such Person is bound; and
- (6) Sands China must deliver to the Trustee an Officer’s Certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture and the Notes of any series may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding of the applicable series (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes of such series), and any existing

Default or Event of Default or compliance with any provision of the Indenture or the Notes of the applicable series may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes of such series (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes of such series).

Without the consent of each holder of an outstanding Note of a series affected, an amendment, supplement or waiver may not:

- (1) reduce the principal amount of Notes of such series whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note of such series or alter the provisions with respect to the redemption of the Notes of such series (other than provisions relating to the covenants described above under the caption “—Repurchase at the Option of Holders—Change of Control” except as set forth in clause (8) below);
- (3) reduce the rate of or change the time for payment of interest on any Note of such series;
- (4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on, the Notes of such series (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes of the applicable series and a waiver of the payment default that resulted from such acceleration);
- (5) make any Note of such series payable in money other than that stated in the applicable Notes;
- (6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest or premium, if any, on, the Notes of such series;
- (7) waive a redemption payment with respect to any Note of such series (other than a payment required by one of the covenants described above under the caption “—Repurchase at the Option of Holders—Change of Control” except as set forth in clause (8) below);
- (8) amend, change or modify in any material respect the obligation of Sands China to make and consummate a Change of Control Offer with respect to the Notes of such series in respect of a Change of Control that has occurred; or
- (9) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, Sands China and the Trustee may amend or supplement the Indenture or the applicable Notes:

- (1) to cure any ambiguity, defect, mistake or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of Certificated Notes;
- (3) to provide for the assumption of Sands China’s obligations to holders of the applicable series of Notes in the case of a merger or consolidation or sale of all or substantially all of Sands China’s assets, as applicable;
- (4) to make any change that would provide any additional rights or benefits to the holders of the applicable series of Notes or that does not adversely affect the legal rights under the Indenture of the holders in any material respect;
- (5) to conform the text of the Indenture or the applicable Notes to any provision of this “Description of Notes” to the extent that such provision in this “Description of Notes” was intended to be a verbatim

recitation of a provision of such Indenture or Notes, which intent may be evidenced by an Officer's Certificate to that effect;

- (6) to provide for the issuance of Additional Notes of an applicable series in accordance with the limitations set forth in the Indenture as of the date of the Indenture;
- (7) to evidence and provide for the acceptance of appointment by an applicable successor Trustee;
- (8) to comply with the procedures of DTC, Euroclear or Clearstream;
- (9) to allow a Person to Guarantee Sands China's obligations under the Indenture and the applicable Notes by executing a supplemental indenture with respect to the applicable Notes (or to release any such Person from such a Guarantee as provided or permitted by the terms of the Indenture and such Guarantee); or
- (10) to provide for the applicable Notes to become secured (or to release such security as permitted by the Indenture and the applicable security documents).

Satisfaction and Discharge

The Indenture for a series of Notes will be discharged and will cease to be of further effect as to all Notes of such series issued thereunder, when:

- (1) either:
 - (a) all Notes of the applicable series that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to Sands China, have been delivered to the Trustee for cancellation; or
 - (b) all Notes of the applicable series that have not been delivered to the Trustee for cancellation will become due and payable by reason of the delivery of a notice of redemption or otherwise or will become due and payable within one year and Sands China has irrevocably deposited or caused to be deposited with the Trustee or its designee as trust funds in trust solely for the benefit of the holders of the Notes of such series, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes of such series not delivered to the Trustee for cancellation for principal and premium, if any, and accrued interest to the date of maturity or redemption;
- (2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);
- (3) Sands China has paid or caused to be paid all sums payable by Sands China under the Indenture; and
- (4) Sands China has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes of the applicable series at maturity or on the redemption date, as the case may be.

In addition, Sands China must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Registration Rights

On the Issue Date, Sands China will agree with the initial purchasers in a registration rights agreement for the benefit of the holders of the Notes of each series, to use its commercially reasonable efforts, at its cost, to

file and cause to become effective a registration statement with respect to a registered exchange offer to exchange each series of Notes offered by this offering memorandum for an issue of exchange notes that will be senior debt securities with terms identical to the applicable series of Notes offered hereby, except that the exchange notes will not have legends restricting transfer. When the SEC declares the registration statement relating to the exchange offer effective, Sands China will offer to holders who are able to make certain representations the opportunity to receive exchange notes of the applicable series in return for surrender of the Notes of such series. The exchange offer will remain open for at least 20 business days after the date notice of the exchange offer is delivered to the holders.

For each Note surrendered to Sands China under the exchange offer, the holder will receive an exchange note of equal principal amount. Interest on each exchange note accrues from the last interest payment date on which interest was paid on the Notes surrendered or, if no interest has been paid on the notes, from the Issue Date. If Sands China effects the exchange offer, Sands China will be entitled to close the exchange offer 20 business days after its commencement; provided that Sands China have accepted all Notes validly tendered in accordance with the terms of the exchange offer. Notes offered by this offering memorandum not tendered in the exchange offer will bear interest at the rate set forth on the cover page of this offering memorandum and will be subject to all of the terms and conditions specified in the indenture and to the transfer restrictions described in “Transfer Restrictions.”

In the event that applicable interpretations of the SEC staff do not permit Sands China to effectuate the exchange offer, or under certain other circumstances, it will, at its cost, use commercially reasonable efforts to cause a shelf registration statement with respect to resales of the Notes to become effective and to keep such shelf registration statement effective until the earliest of (i) 180 days after the effective date thereof, (ii) the date when all of the Notes have been sold under the shelf registration statement and (iii) the date when holders, other than holders that are its “affiliates,” as defined in Rule 144 under the Securities Act, have actually sold all such Notes pursuant to Rule 144 or any successor rule thereto or otherwise (collectively, the “Registration Rights Expiration Date”). Sands China will, in the event of a shelf registration, notify each holder of Notes, by any means permitted in the registration rights agreement, of its intent to file a shelf registration statement and when the shelf registration statement for the Notes has become effective, provide each holder copies of the prospectus (if requested), and take certain other actions that are required to permit resales of the Notes. A holder that sells its Notes pursuant to the shelf registration statement generally will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with those sales and will be bound by those provisions of the registration rights agreement that are applicable to that holder, including certain indemnification obligations. In order to be named as a selling security holder in the prospectus, the holder must satisfy certain conditions and provide certain representations and information in connection with the shelf registration statement within the time periods set forth in the registration rights agreement.

If:

- (1) neither the registration statement relating to the exchange offer nor a shelf registration statement with respect to a series of Notes is declared effective by the SEC on or prior to the date that is 365 days after the Issue Date (the “Registration Statement Effectiveness Deadline”); or
- (2) (A) Sands China has not exchanged a series of Notes for notes with terms identical to the applicable series of Notes tendered, except that the exchange notes do not have legends restricting transfer, for all Notes validly tendered in accordance with the terms of the exchange offer on or prior to the 30th business day after the Registration Statement Effectiveness Deadline or (B) if applicable, the shelf registration statement has been declared effective and such shelf registration statement ceases to be effective at any time prior to the Registration Rights Expiration Date; *provided* that Sands China will be permitted to suspend the use of the prospectus that is part of the shelf registration statement if Sands China’s management determines to do so for valid business reasons, including circumstances relating to pending corporate developments and similar events or filings with the SEC, for a period not to

exceed an aggregate of 90 days in any twelve-month period and without specifying the nature of the event giving rise to a suspension in any notice of suspension provided to the holders (each such event referred to in clause (1) or (2), a “registration default”),

then additional interest (“Additional Interest”) will accrue on the principal amount of such series of Notes at a rate of 0.25% per annum for the first 90 days commencing on the day following the registration default (which rate will be increased by an additional rate of 0.25% per annum for each subsequent 90-day period thereafter that such Additional Interest continues to accrue, *provided* that the rate at which such Additional Interest accrues may in no event exceed 0.50% per annum), to but excluding, the date on which the registration default has been cured. Additional Interest will be paid semi-annually in arrears, with the interest payment due on the first interest payment date following the date on which such Additional Interest begins to accrue; *provided, however*, that

- (A) the Additional Interest on the Notes may not accrue under more than one of the foregoing clause (1) or (2) at any one time and in no event will Additional Interest accrue after the Registration Rights Expiration Date;
- (B) if a holder is not able to or does not provide the representations and information required in connection with the shelf registration statement in a timely manner and is therefore not named as a selling security holder in the shelf registration statement, the holder will not be entitled to receive any Additional Interest with respect to its Notes; and
- (C) Sands China will have no other liabilities with respect to any registration default. Accordingly, Sands China will not be required to pay Additional Interest once the Notes of a series become freely tradeable.

Concerning the Trustee

If the Trustee becomes a creditor of Sands China, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions. However, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee of the applicable series of Notes.

The holders of a majority in aggregate principal amount of the then outstanding Notes of a series will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his/her own affairs.

Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of the applicable series of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability, claim or expense.

Indemnification for Judgment Currency

The obligations of Sands China to any holder of the Notes or the Trustee under the Indenture or the applicable series of Notes will, notwithstanding any judgment in a currency (the “Judgment Currency”) other than U.S. dollars, be discharged only to the extent that on the day following receipt by such party of any amount in the Judgment Currency, such party may in accordance with normal banking procedures purchase U.S. dollars with the Judgment Currency.

If the amount of U.S. dollars so purchased is less than the amount originally to be paid to such party in U.S. dollars, Sands China agrees as a separate obligation and notwithstanding such judgment, to the extent permitted by applicable law, to pay the difference, and, if the amount of U.S. dollars so purchased exceeds the

amount originally to be paid to such party, such party agrees to pay to or for the account of such payor such excess; provided that such party shall not have any obligation to pay any such excess as long as an Event of Default has occurred and is continuing, in which case such excess may be applied by such party to such obligations.

Governing Law, Consent to Jurisdiction and Service of Process

The Indenture and the Notes will provide, with certain exceptions, for the application of the internal laws of the State of New York. Sands China will irrevocably submit to the jurisdiction of any New York state or United States federal court located in The Borough of Manhattan, City of New York, State of New York in relation to any legal action or proceeding (i) arising out of, related to or in connection with the Indenture or the Notes and (ii) arising under any United States federal or state securities laws. Sands China will appoint Corporation Service Company as its agent for service of process in any such action or proceeding.

Enforceability of Judgments

Since substantially all of the assets of Sands China and its Subsidiaries are outside the United States, any judgment obtained in the United States against Sands China, including judgments with respect to the payment of principal, premium, interest and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the Indenture and the registration rights agreement without charge by writing to Sands China Ltd., The Venetian Macao Resort Hotel, L2 Executive Offices, Estrada da Baía de N. Senhora da Esperança, s/n, Macao, Attention: Legal Department.

Book-Entry, Delivery and Form

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A (“Rule 144A Notes”). The Notes also may be offered and sold in offshore transactions in reliance on Regulation S (“Regulation S Notes”). Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess of US\$200,000. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes with respect to each series of Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the “Rule 144A Global Notes”). Regulation S Notes with respect to each series of Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the “Regulation S Global Notes” and, together with the Rule 144A Global Notes, the “Global Notes”). The Global Notes of each series will be deposited upon issuance with the Trustee as custodian for The Depository Trust Company (“DTC”), in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “Restricted Period”), beneficial interests in the Regulation S Global Notes of a series may be held only through the Euroclear System (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”) (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note of the same series in accordance with the certification requirements described below. Beneficial interests in the Rule 144A Global Notes of a series may not be exchanged for beneficial interests in the Regulation S Global Notes of the same series at any time except in the limited circumstances described below. See “—Exchanges between Regulation S Notes and Rule 144A Notes.”

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be

exchanged for definitive Notes in registered certificated form (“Certificated Notes”) except in the limited circumstances described below. See “—Exchange of Global Notes for Certificated Notes.” Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Transfer Restrictions.” Regulation S Notes will also bear the legend as described under “Transfer Restrictions.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Sands China takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised Sands China that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “Participants”) and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the “Indirect Participants”). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised Sands China that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) that are Participants. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Restricted Period (but not earlier), investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Clearstream Banking, S.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and

requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or “holders” thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, Sands China and the Trustee will treat the Persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither Sands China, the Trustee nor any agent of Sands China or the Trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC’s records or any Participant’s or Indirect Participant’s records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC’s records or any Participant’s or Indirect Participant’s records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised Sands China that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or Sands China. Neither Sands China nor the Trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the Notes, and Sands China and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under “Transfer Restrictions,” transfers between the Participants will be effected in accordance with DTC’s procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC’s rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositories; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised Sands China that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the relevant Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under a series of Notes, DTC reserves the right to exchange the relevant Global Notes for legended Notes in certificated form, and to distribute such Notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of Sands China, the Trustee and any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

- (1) DTC (a) notifies Sands China that it is unwilling or unable to continue as depository for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, Sands China fails to appoint a successor depository; or
- (2) if DTC or a successor depository so requests following a Default or Event of Default with respect to the applicable series of Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and will bear the applicable restrictive legends referred to in “Transfer Restrictions,” unless such legends are not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See “Transfer Restrictions.”

Exchanges Between Regulation S Notes and Rule 144A Notes

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Note of a series may be exchanged for beneficial interests in the Rule 144A Global Note of the same series only if:

- (1) such exchange occurs in connection with a transfer of such Notes pursuant to Rule 144A; and
- (2) the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a Person:
 - (a) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;

- (b) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and
- (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note of a series may be transferred to a Person who takes delivery in the form of an interest in the Regulation S Global Note of the same series, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note of a series and a corresponding increase in the principal amount of the Rule 144A Global Note of the same series or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

Same Day Settlement and Payment

Sands China will make payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, and interest, if any), by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. Sands China will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. Sands China expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a Business Day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised Sands China that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the Business Day for Euroclear or Clearstream following DTC's settlement date.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this

definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“Board of Directors” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the Person or Persons who are the managing member, members or managers or any controlling committee or managing members or managers thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“Business Day” means any day other than a Legal Holiday.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests (whether general or limited); and
- (4) any other interests or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“Change of Control” means the occurrence of any of the following:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Sands China and its Subsidiaries, taken as a whole, to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act), other than to Las Vegas Sands, the Principal and/or any of her Related Parties;
- (2) the adoption of a plan relating to the liquidation or dissolution of Sands China or any successor thereto;
or
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “person” (as defined in clause (1) above), other than Las Vegas Sands, the Principal and/or any of her Related Parties, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the outstanding Voting Stock of Sands China, measured by voting power rather than number of shares.

Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control if

- (1) Sands China becomes a direct or indirect wholly-owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Voting Stock of Sands China immediately prior to that transaction or (B) immediately following that transaction no “person” (as defined in clause (1) above), other than a holding company satisfying the requirements of this sentence and/or Las Vegas Sands, the Principal and/or any of her Related Parties, is the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company (measured by voting power rather than number of shares).

Notwithstanding the foregoing clauses or any provision of the Exchange Act, a “person” (as defined in clause (1) above) shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting, support, option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement.

“Change of Control Offer” has the meaning assigned to that term in the Indenture.

“Change of Control Triggering Event” means the occurrence of a Change of Control and a Ratings Event.

“Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended. “Fitch” means Fitch, Inc., also known as Fitch Ratings, and its successors.

“Gaming Authority” means any agency, authority, board, bureau, commission, department, office or instrumentality of any nature whatsoever of any national or foreign government, any state, province or city or other political subdivision or otherwise, whether on the date of the Indenture or thereafter in existence, including the Government of the Macao Special Administrative Region and any other applicable gaming regulatory authority or agency, in each case, with authority to regulate the sale or distribution of liquor or any gaming operation (or proposed gaming operation) owned, managed or operated by Sands China or any of their respective Affiliates.

“Gaming Law” means the gaming laws, rules, regulations or ordinances of any jurisdiction or jurisdictions to which Las Vegas Sands, Sands China or any of their respective Affiliates is, or may be, at any time subject.

“Government Securities” means securities that are:

- (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or
- (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America; which, in either case, are not callable or redeemable at the option of the issuer thereof, and will include a depository receipt issued by a bank (as defined in

Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Security or a specific payment of principal of or interest on any such Government Security held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Security or the specific payment of principal of or interest on the Government Security evidenced by such depository receipt.

“Guarantee” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner, including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“Holder” or “holder” means any registered holder, from time to time, of the Notes. Only registered holders will have any rights under the Indenture.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board, as in effect from time to time; provided that any obligation that would not constitute Indebtedness as of the Issue Date shall not be deemed to be Indebtedness solely due to a change in IFRS.

“Indebtedness” means, with respect to any specified Person, any indebtedness of such Person (excluding, for the avoidance of doubt, accrued expenses, trade payables and hedging obligations), in respect of borrowed money if and to the extent such indebtedness would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS.

The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (2) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness; and
- (3) in the case of a Guarantee of Indebtedness, the maximum amount of the Indebtedness guaranteed under such Guarantee.

Notwithstanding anything contained in the Indenture to the contrary, any obligation of Sands China incurred in the ordinary course of business in respect of casino chips or similar instruments shall not constitute “Indebtedness” for any purpose under the Indenture.

“Investment Grade” means a rating of BBB- or better by Fitch (or its equivalent under any successor rating category of Fitch); a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating categories of Moody’s); a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P); or the equivalent Investment Grade credit rating from any additional Rating Agency or Rating Agencies selected by Sands China, as applicable.

“Investor Put Option Triggering Event” means any event resulting from any change in Gaming Law or any action by a Gaming Authority after which none of Sands China or any Subsidiary of Sands China owns or manages casino or gaming areas or operates casino games of fortune and chance in Macao in substantially the same manner as Sands China and its Subsidiaries are owning or managing casino or gaming areas or operating casino games at the Issue Date, for a period of thirty consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of Sands China and its Subsidiaries, taken as a whole.

“Issue Date” means the date on which the Notes (other than any Additional Notes) are originally issued.
“Las Vegas Sands” means Las Vegas Sands Corp, a Nevada corporation, or any successor thereto.

“Legal Holiday” means a Saturday, a Sunday or a day on which banking institutions in New York, New York, Hong Kong, Macao or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset.

“Moody’s” means Moody’s Investors Service, Inc., or any successor to its statistical rating business, except that any reference to a particular rating by Moody’s will be deemed to be a reference to the corresponding rating by any such successor.

“Nonrecourse Obligation” means Indebtedness or lease payment obligations substantially related to (i) the acquisition of assets not previously owned by Sands China or any Subsidiary or (ii) the financing of a project involving the development or expansion of Sands China’s or any Subsidiary’s properties, as to which the obligee with respect to such indebtedness or obligation has no recourse to Sands China or any Subsidiary or any of Sands China’s or any Subsidiary’s assets other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

“Officer” means the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President or Vice President, Treasurer, Secretary, Assistant Treasurer or Assistant Secretary of Sands China, or any director of the Board of Directors of Sands China or any Person acting in that capacity.

“Officer’s Certificate” means a certificate signed on behalf of Sands China by an Officer of Sands China which meets the requirements set forth in the Indenture.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“Principal” means Dr. Miriam Adelson.

“Rating Agencies” means (a) each of Fitch, Moody’s and S&P and (b) if any of Fitch, Moody’s or S&P ceases to rate a series of Notes or fails to make a rating of a series of Notes publicly available for reasons outside of Sands China’s control, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act selected by Sands China as a replacement agency for Fitch, Moody’s or S&P, or each of them, as the case may be.

“Ratings Event” means with respect to each series of Notes, (i) the rating of the Notes of such series is lowered by two of the three Rating Agencies on any day during the period (the “Trigger Period”) commencing on the earlier of (a) the occurrence of a Change of Control and (b) the first public notice of the intention by Sands China to effect a Change of Control, and ending 60 days following consummation of such Change of Control (which period shall be extended so long as the rating of such series of Notes is under publicly announced consideration for a possible downgrade by any of the Applicable Rating Agencies, provided that no such extension shall occur if on such 60th day the Notes of such series have an Investment Grade Rating from at least two Rating Agencies and are not subject to review for possible downgrade by either of such Rating Agencies), and (ii) the Notes of such series are rated below Investment Grade by two of the three Rating Agencies on any day during the Trigger Period; provided that a Ratings Event will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Ratings Event for purposes of the definition of Change of Control Triggering Event) if each Rating Agency making the reduction in rating does not publicly

announce or confirm or inform Sands China that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the Change of Control (whether or not the applicable Change of Control has occurred at the time of the Ratings Event). The Notes of a series will be deemed to have ceased to be rated as investment grade by a Rating Agency during any period in which such Rating Agency is not providing a rating for the Notes of such series.

“Related Party” means:

- (1) any immediate family member or former spouse (in the case of an individual) of the Principal; or
- (2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding a greater than 50% interest of which consist of the Principal and/or such other Persons referred to in the immediately preceding clause (1) or this clause (2).

“S&P” means S&P’s Ratings Inc. or any successor to its statistical rating business, except that any reference to a particular rating by S&P shall be deemed to be a reference to the corresponding rating by any such successor.

“SEC” means the U.S. Securities and Exchange Commission. “Securities Act” means the U.S. Securities Act of 1933, as amended.

“Significant Subsidiary” means any Subsidiary that (a) contributed at least 10% of Sands China’s and its Subsidiaries’ total consolidated income from continuing operations before income taxes and extraordinary items for the most recently ended fiscal year of Sands China or (b) owned at least 10% of Total Assets as of the last day of the most recently ended fiscal year of Sands China.

“Subsidiary” means, with respect to any specified Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);
- (2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof); or
- (3) any limited liability company (a) the manager or managing member of which is such Person or a Subsidiary of such Person or (b) the only members of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

Unless the context otherwise requires, “Subsidiary” as used herein shall mean a Subsidiary of Sands China.

“Total Assets” means at any date, the total assets of Sands China and its Subsidiaries at such date, determined on a consolidated basis in accordance with IFRS.

“Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

Senior Notes

On August 9, 2018, the Company issued three series of senior unsecured unregistered notes in an aggregate principal amount of US\$5.50 billion, consisting of US\$1.80 billion of 4.600% senior notes due August 8, 2023, (the “2023 Notes”), US\$1.80 billion of 5.125% senior notes due August 8, 2025, (the “2025 Notes”) and US\$1.90 billion of 5.400% senior notes due August 8, 2028, (the “2028 Notes”). A portion of the net proceeds from the issuance was used to repay in full the outstanding borrowings under the 2016 VML Credit Facility. On December 21, 2018, we launched an exchange offer to exchange the unregistered notes referred to above with notes which have been registered under the Securities Act. There are no interim principal payments on the Senior Notes referred to above and interest is payable semiannually in arrears on each February 8 and August 8, commencing on February 8, 2019. In connection with the Senior Notes referred to the above, the Company entered into fixed-to-variable interest rate swap contracts (see Note 22 to our audited consolidated financial statements included elsewhere in this offering memorandum).

On June 4, 2020, the Company issued two series of senior unsecured unregistered notes in an aggregate principal amount of US\$1.50 billion, consisting of US\$800 million of 3.800% senior notes due January 8, 2026, (the “2026 Notes”) and US\$700 million of 4.375% senior notes due June 18, 2030 (the “2030 Notes”). The net proceeds from the offering were used for incremental liquidity and general corporate purposes. On December 23, 2020, we launched an exchange offer to exchange the unregistered notes referred to above with notes which have been registered under the Securities Act. There are no interim principal payments on the Senior Notes referred to the above and interest is payable semiannually in arrears on each January 8 and July 8, commencing on January 8, 2021 with respect to the 2026 Notes and on June 18 and December 18, commencing on December 18, 2020, with respect to the 2030 Notes.

The Senior Notes are general senior obligations. Each series of Senior Notes rank equally in right of payment with all of the Company’s existing and future senior unsecured debt and rank senior in right of payment to all of the Company’s future subordinated debt, if any. The Senior Notes are effectively subordinated in right of payment to all of the Company’s future secured debt (to the extent of the value of the collateral securing such debt) and are structurally subordinated to all of the liabilities of the Company’s subsidiaries. None of the Company’s subsidiaries guarantee the Senior Notes.

The Senior Notes were issued pursuant to an indenture, dated August 9, 2018 (the “2018 Indenture”) with respect to the 2023, 2025 and 2028 Notes, and June 4, 2020 (the “2020 Indenture”) with respect to the 2026 and 2030 Notes, between the Company and U.S. Bank National Association, as trustee. Upon the occurrence of certain events described in the 2018 and 2020 Indenture, the interest rate on the Senior Notes may be adjusted. The 2018 and 2020 Indenture contains covenants, subject to customary exceptions and qualifications, that limit the ability of the Company and its subsidiaries to, among other things, incur liens, enter into sale and leaseback transactions and consolidate, merge, sell or otherwise dispose of all or substantially all of the Company’s assets on a consolidated basis. The 2018 and 2020 Indenture also provides for customary events of default.

2018 SCL Credit Facility

On November 20, 2018, the Company as borrower, entered into a facility agreement with the arrangers and lenders named therein and Bank of China Limited, Macau Branch, as agent for the lenders (the “2018 SCL Credit Facility”), pursuant to which the lenders made available a US\$2.0 billion revolving unsecured credit facility to the Company. The facility is available until July 31, 2023 and the Company may draw loans under the facility, which may consist of general revolving loans (consisting of a United States dollar component and a Hong Kong dollar component) or loans drawn under a swing-line loan sub-facility (denominated in either United States dollars or Hong Kong dollars). The Company may utilize the loans for general corporate purposes and working capital requirements of the Company and its subsidiaries.

Loans under the 2018 SCL Credit Facility will bear interest calculated by reference to (1) in the case of general revolving loans denominated in United States dollars, the London interbank offered rate, (2) in the case of loans denominated in United States dollars drawn under the swing-line loan sub-facility, a United States dollar alternate base rate (determined by reference to, among other things, the United States dollar prime lending rate and the Federal Funds Effective Rate), (3) in the case of general revolving loans denominated in Hong Kong dollars, the Hong Kong interbank offered rate or (4) in the case of loans denominated in Hong Kong dollars drawn under the swing-line loan sub-facility, a Hong Kong dollar alternate base rate (determined by reference to, among other things, the Hong Kong dollar prime lending rate), in each case, plus a margin that is determined by reference to the consolidated leverage ratio. The current margin for general revolving loans is 2.5% per annum and the current margin for loans drawn under the swing-line loan sub-facility is 1.5% per annum. The Company is also required to pay a commitment fee of 0.60% per annum on the undrawn amounts under the 2018 SCL Revolving Facility.

The 2018 SCL Credit Facility contains affirmative and negative covenants customary for similar unsecured financings, including, but not limited to, limitations on indebtedness secured by liens on principal properties and sale and leaseback transactions. The 2018 SCL Credit Facility also requires the Company to maintain a maximum ratio of total indebtedness to trailing twelve-month adjusted earnings before interest, income taxes, depreciation and amortization, as defined in the 2018 SCL Credit Facility (the “SCL Credit Facility Adjusted EBITDA”) of 4.00x throughout the life of the facility, and a minimum ratio of the SCL Credit Facility Adjusted EBITDA to net interest expense (including capitalized interest) of 2.50x throughout the life of the facility.

The 2018 SCL Credit Facility also contains certain events of default (some of which are subject to grace and remedy periods and materiality qualifiers), including, but not limited to, events relating to the Company’s gaming operations and the loss or termination of certain land concession contracts.

On March 27, 2020, the Company entered into a waiver and amendment request letter (the “Waiver Letter”) with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders (a) waived the requirements for the Company to ensure the maximum consolidated leverage ratio does not exceed 4.00x and minimum consolidated interest coverage ratio of 2.50x for any quarterly period ending during the period beginning on, and including, January 1, 2020 and ending on, and including, July 1, 2021 (the “SCL Relevant Period”) (other than with respect to the financial year ended on December 31, 2019); (b) waived any default that may arise as a result of any breach of said requirements during the SCL Relevant Period (other than with respect to the financial year ended on December 31, 2019); and (c) extended the period of time during which the Company may supply the agent with (i) its audited consolidated financial statements for the financial year ended on December 31, 2019, to April 30, 2020; and (ii) its audited consolidated financial statements for the financial year ending on December 31, 2020, to April 30, 2021. Pursuant to the Waiver Letter, the Company agreed to pay a customary fee to the lenders that consented.

On September 11, 2020, the Company entered into a waiver extension and amendment request letter (the “Waiver Extension Letter”) with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend the SCL Relevant Period such that it ends on, and includes, January 1, 2022 instead of July 1, 2021; and (b) amend and restate the 2018 SCL Credit Facility in the form attached to the Waiver Extension Letter, which contains the following amendments: (1) it provides the Company with the option to increase the total borrowing capacity by an aggregate amount of up to US\$1.0 billion; and (2) it imposes a restriction on the ability of the Company to declare or make any dividend payment or similar distribution at any time during the period from (and including) July 1, 2020 to (and including) January 1, 2022, if at such time (x) the total borrowing capacity exceeds US\$2.0 billion by operation of the increase referred to above; and (y) the maximum consolidated leverage ratio is greater than 4.00x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of the Company is greater than US\$2.0 billion. Pursuant to the Waiver Extension Letter, the Company agreed to pay a customary fee to the lenders that consented.

On January 25, 2021, the Company entered into an agreement with lenders to increase commitments under the 2018 SCL Credit Facility by HK\$3.83 billion (approximately US\$493 million at exchange rates in effect on June 30, 2021). During the six months ended June 30, 2021, the Company drew down US\$48 million and HK\$3.54 billion (approximately US\$456 million at exchange rates in effect on June 30, 2021) under the facility for general corporate purposes.

On July 7, 2021, the Company entered into a further waiver extension and amendment request letter (the “Third Waiver Letter”) with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend by one year to (and including) January 1, 2023, the waiver period for the requirement for the Company to comply with the requirements that the Company ensures the consolidated leverage ratio does not exceed 4.00x and the consolidated interest coverage ratio is not less than 2.50x as of the last day of the financial quarter; (b) extend the period of time during which the Company may supply the agent with its audited consolidated financial statements for the financial year ending on December 31, 2021 to April 30, 2022; and (c) extend by one year to (and including) January 1, 2023, the period during which the Company’s ability to declare or make any dividend payment or similar distribution is restricted if at such time (x) the Total Commitments (as defined in the 2018 SCL Credit Facility) exceed US\$2.0 billion by the Company’s exercise of the option to increase the Total Commitments by an aggregate amount of up to US\$1.0 billion; and (y) the consolidated leverage ratio is greater than 4.00x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of the Company is greater than US\$2.0 billion. Pursuant to the Third Waiver Letter, SCL paid a customary fee to the lenders that consented.

As of June 30, 2021, the Company had US\$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility comprised of commitments of HK\$14.09 billion (approximately US\$1.81 billion at exchange rates in effect on June 30, 2021) and US\$189 million.

As of August 31, 2021, we had US\$7.50 billion of borrowings outstanding under the Senior Notes and the 2018 SCL Revolving Facility and US\$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility.

The Senior Notes and 2018 SCL Credit Facility will remain outstanding following the consummation of this offering with the exception of the 2023 Notes as a portion of the net proceeds from this offering will be used to redeem the 2023 Notes.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of U.S. federal income tax considerations under present law of the ownership and disposition of the Notes. This summary applies only to U.S. Holders (as defined below) that purchase the Notes in the initial offering at their issue price (i.e., the first price at which a substantial amount of the Notes of the relevant series is sold other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and hold the Notes as capital assets for U.S. federal income tax purposes.

The discussion below regarding U.S. federal income tax considerations is based upon the Internal Revenue Code of 1986, as amended, U.S. Treasury regulations promulgated thereunder as well as administrative rulings or pronouncements or judicial decisions thereof, all as of the date hereof. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax considerations described below.

This discussion is not a comprehensive summary of all of the tax considerations that may be relevant to any particular investor. In particular, the discussion does not address all of the tax consequences that may be applicable to investors that are subject to special rules, such as banks, financial institutions, insurance companies, broker dealers, persons that mark their securities to market, tax-exempt entities, persons liable for the alternative minimum tax, regulated investment companies, certain expatriates or former long-term residents of the United States, governments or agencies or instrumentalities thereof, persons holding the Notes as part of a straddle, hedging, conversion or integrated transaction, persons whose functional currency is not the U.S. dollar and persons required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement. Moreover, this discussion does not address any non-U.S., state or local tax considerations, any aspect of the Medicare tax on net investment income or any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws.

For purposes of this discussion, “U.S. Holder” means a beneficial owner of the Notes that is, for U.S. federal income tax purposes.

- a citizen or individual resident of the United States;
- a corporation (or other entity subject to tax as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any state or political subdivision thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the supervision of a court within the United States and the control of one or more United States persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If a partnership or other entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or other entity treated as a partnership for U.S. federal income tax purposes holding the Notes or a partner therein, you are urged to consult your tax advisor.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS ANY STATE, LOCAL OR NON-US TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES.

Interest Payments

Payments of stated interest on the Notes, without reduction for any foreign tax withheld from such payments and including any Additional Amounts with respect thereto, will be includible in your gross income as

ordinary interest income at the time you receive or accrue such amounts (in accordance with your regular method of tax accounting).

Such interest on the Notes will constitute foreign-source income for U.S. federal income tax purposes. For foreign tax credit limitation purposes, interest on the Notes will generally constitute passive income. You may be entitled to deduct or credit foreign taxes withheld from interest payments in determining your U.S. federal income tax liability, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your foreign taxes for a particular tax year). The rules governing the calculation and timing of foreign tax credits and the deduction of foreign taxes are complex and depend upon your particular circumstances. You are urged to consult your tax advisor regarding the application of these rules in your particular circumstances.

Sale, Exchange, Redemption and Other Disposition of the Notes

Upon the sale, exchange, redemption or other disposition of a Note, you will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, redemption or other disposition (other than amounts attributable to accrued but unpaid interest, which will be treated as ordinary interest income if not already included in your income for U.S. federal income tax purposes) and your adjusted tax basis in such Note. Your adjusted tax basis in a Note will generally equal the cost of such Note. Any such gain or loss will generally be treated as U.S.-source capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, redemption or other disposition you held the Notes for more than one year. The deductibility of capital losses is subject to certain limitations.

CAYMAN ISLANDS AND HONG KONG STAMP DUTY TAX CONSIDERATIONS

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest, principal or premium on the Notes will not be subject to taxation and no withholding will be required on the payment of interest, principal or premium to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands are not party to any double taxation treaties.

No stamp duty is payable in respect of the issue of the Notes. The holder of any Notes (or a legal personal representative of such holder) whose Notes are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Notes. Certificates evidencing registered Notes, to which title is not transferable by delivery, will not attract Cayman Islands stamp duty. However, an instrument transferring title to a registered Note, if brought to or executed in the Cayman Islands, would be subject to nominal Cayman Islands stamp duty. Stamp duty will be payable on any documents executed by the Company if any such documents are executed in or brought into the Cayman Islands or produced before the Cayman Islands Courts.

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Act (1999 Revision). In accordance with the provision of section 6 of The Tax Concessions Act (1999 Revision), the Governor in Cabinet undertakes with the Company:

- That no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of the Company, or by way of the withholding, in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Act (1999 Revision).

These concessions shall be for a period of 20 years from July 21, 2009, being the date of the undertaking.

Hong Kong

No Hong Kong stamp duty is payable on any issue, sale or purchase or other disposal of debentures, loan stocks, funds, bonds or notes (i) which are denominated in a currency other than HK dollars (provided that such debentures, loan stocks, funds, bonds or notes are not redeemable in HK dollars and may not at the option of any person be redeemed in HK dollars) or (ii) the register of holders of which is maintained outside of Hong Kong. Therefore, the issue, sale or purchase or other disposal of the Notes will not be subject to Hong Kong stamp duty.

PLAN OF DISTRIBUTION

Barclays Capital Inc., BofA Securities, Inc. and Goldman Sachs & Co. LLC are acting as representatives of each of the Initial Purchasers named below. Subject to the terms and conditions set forth in a purchase agreement among us and the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of Notes set forth opposite its name below.

Initial Purchasers	Principal Amount of 2027 Notes to be Purchased	Principal Amount of 2029 Notes to be Purchased	Principal Amount of 2031 Notes to be Purchased
Barclays Capital Inc.....	\$163,333,000	\$151,666,000	\$140,000,000
BofA Securities, Inc.	163,333,000	151,667,000	140,000,000
Goldman Sachs & Co. LLC	163,334,000	151,667,000	140,000,000
Bank of China Limited, Macau Branch	33,600,000	31,200,000	28,800,000
Bank of Communications Co., Ltd. Macau Branch	26,950,000	25,025,000	23,100,000
Industrial and Commercial Bank of China (Macau) Limited	26,950,000	25,025,000	23,100,000
BNP Paribus	17,500,000	16,250,000	15,000,000
China Construction Bank Corporation Macau Branch.....	17,500,000	16,250,000	15,000,000
DBS Bank Ltd.	17,500,000	16,250,000	15,000,000
Oversea-Chinese Banking Corporation Limited	17,500,000	16,250,000	15,000,000
Scotia Capital (USA) Inc.	17,500,000	16,250,000	15,000,000
SMBC Nikko Securities America, Inc.	17,500,000	16,250,000	15,000,000
United Overseas Bank Limited, Hong Kong Branch (incorporated in Singapore with limited liability)	17,500,000	16,250,000	15,000,000
Total	<u>\$700,000,000</u>	<u>\$650,000,000</u>	<u>\$600,000,000</u>

Subject to the terms and conditions set forth in the purchase agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement if any of these Notes are purchased. If an Initial Purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the several Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part.

Commissions and Discounts

The representatives have advised us that the Initial Purchasers propose initially to offer the Notes at their respective issue prices set forth on the cover page of this offering memorandum. After the initial offering, the offering prices or any other term of the offering may be changed. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

Notes Have Not Been Registered

The Notes have not been registered under the Securities Act or any state securities laws. The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act

or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The Initial Purchasers will not offer or sell the Notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under “Transfer Restrictions.”

Listing

The Company will seek a listing of the Notes on the Hong Kong Stock Exchange and has received a confirmation from the Hong Kong Stock Exchange of the eligibility of a listing of the Notes by way of debt issues to Professional Investors only on the Hong Kong Stock Exchange. We have been advised by certain of the Initial Purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made against payment therefor on or about the date specified on the cover of this offering memorandum, which is the tenth business day following the date of pricing of the notes (such settlement cycle being referred to as “T+10”). Under Rule 15c-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes prior to the date that is two business days preceding the settlement date will be required, by virtue of the fact that the notes initially will settle in T+10, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the notes who wish to trade the notes during such period should consult their own advisor.

No Sales of Similar Securities

We have agreed that we will not, through the closing of this offering, without first obtaining the prior written consent of Barclays Capital Inc. on behalf of the Initial Purchasers, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any of our debt securities or securities exchangeable for or convertible into our debt securities, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in the offering. The Initial Purchasers must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the Initial Purchasers’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a

decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the Initial Purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Conflicts of Interest

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Furthermore, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge or are likely to hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Initial Purchasers or certain of their respective affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution. In connection with the offering of the Notes, each of the Initial Purchasers and their respective affiliates may also act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account the Notes and any other securities of the Company or related investments and may offer or sell such Notes, other securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Initial Purchasers and their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

To the extent any of the Initial Purchasers or their affiliates hold any of the 2023 Notes, such Initial Purchasers or their affiliates may receive a portion of the net proceeds from this offering.

Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) is restricted in its securities dealings in the United States and will not underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that are offered or sold in the United States. Accordingly, OCBC Bank shall not be obligated to, and shall not, underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that may be offered or sold by other underwriters in the United States. OCBC Bank shall offer and sell the Securities constituting part of its allotment solely outside the United States.

Selling Restrictions

General

No action has been or will be taken by us or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material

relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any jurisdiction except in compliance with any applicable rules and regulations of such jurisdiction.

United Kingdom

Each Initial Purchaser has represented and agreed that:

- (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by us;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Initial Purchaser has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “structured product” as defined in the SFO other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the “CWUMPO”) or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Macao

The Notes may not be offered, sold or delivered to members of the public in Macao.

Cayman Islands

No offer or invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the Notes and no such invitation is made hereby. The Co-Managers have represented, warranted and undertaken that the public in the Cayman Islands will not be invited to subscribe for the Notes.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

EEA and UK Retail Investors

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area ("EEA") or in the United Kingdom ("UK"). For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"); and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of

which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the Notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the Notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes offered hereby.

We have not registered the Notes under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person except to (i) “qualified institutional buyers” in reliance on Rule 144A under the Securities Act and (ii) certain persons in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above and otherwise in this section of the offering memorandum have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) You understand and acknowledge that the Notes have not been registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.
- (2) You are not our “affiliate” (as defined in Rule 144 under the Securities Act), you are not acting on our behalf, you are a Professional Investor and you are either:
 - (a) a qualified institutional buyer and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another qualified institutional buyer; or
 - (b) not a “U.S. person” as defined in Regulation S under the Securities Act or purchasing for the account or benefit of a U.S. person (other than a distributor) and you are purchasing the Notes in an offshore transaction in accordance with Regulation S.
- (3) You acknowledge that none of us, the Initial Purchasers or any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning us and the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.
- (4) You are purchasing these Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of these Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to the date which is one year after the later of the date of the original issue of these Notes and the last date on which we or any of our

affiliates were the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the “Resale Restriction Termination Date”) only:

- (a) to us;
- (b) pursuant to a registration statement which has been declared effective under the Securities Act;
- (c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a qualified institutional buyer that purchases for its own account or for the account of another qualified institutional buyer to whom you give notice that the transfer is being made in reliance on Rule 144A;
- (d) pursuant to offers and sales to non-U.S. persons occurring outside the United States within the meaning of Regulation S under the Securities Act; or
- (e) pursuant to any other available exemption from the registration requirements of the Securities Act; subject in each of the foregoing cases to any requirement of law that the disposition of the seller’s property or the property of an investor account or accounts be within the seller or account’s control, and in compliance with any applicable state securities laws.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. You acknowledge that we, the trustee and the registrar reserve the right prior to any offer, sale or other transfer of the Notes offered hereby pursuant to clause (d) above prior to the end of the 40-day distribution compliance period within the meaning of Regulation S under the Securities Act or pursuant to clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us, the trustee and the registrar.

Each purchaser acknowledges that each Note offered hereby will contain a legend substantially in the following form:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A “QIB”) OR (B) IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) REPRESENTS THAT IT IS A PROFESSIONAL INVESTOR AS DEFINED IN CHAPTER 37 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED, (3) AGREES THAT IT WILL NOT, PRIOR TO THE DATE IN THE CASE OF RULE 144A NOTES: ON WHICH THE COMPANY INSTRUCTS THE TRUSTEE THAT THIS RESTRICTIVE LEGEND SHALL BE DEEMED REMOVED (WHICH INSTRUCTION IS EXPECTED TO BE GIVEN ON OR ABOUT THE ONE-YEAR ANNIVERSARY OF THE ISSUANCE OF THIS NOTE) IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE) RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO

THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (4) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS NOTE OR ANY INTEREST HEREIN WITHIN THE TIME PERIOD REFERRED TO ABOVE, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS.”

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (5) You acknowledge that the registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth herein have been complied with.
- (6) You acknowledge that:
 - (a) we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and
 - (b) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
 - (i) you have sole investment discretion; and
 - (ii) you have full power to make the foregoing acknowledgements, representations and agreements.
- (7) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.
- (8) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S under the Securities Act, you acknowledge that until the expiration of the “distribution compliance period” (as defined below), you shall not make any offer or sale of these Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a Rule 144A Global Note. The “distribution compliance period” means the 40-day period following the issue date for the Notes.
- (9) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under “Plan of Distribution.”
- (10) You, by your purchase of the Notes (including any interest in a Note) shall be deemed to have represented and covenanted (a) that you are not acquiring the Notes (or any interest therein) for or on

behalf of, and will not transfer the Notes to, (i) any employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), (ii) any plan, account or arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”) or (iii) any entity whose assets include assets of such a plan, account or arrangement pursuant to 29 C.F.R. Section 2510-101 or otherwise (each of the plans, accounts, arrangements and entities described in clauses (i), (ii) and (iii), a “Plan”), except that such a purchase for or on behalf of a Plan shall be permitted to the extent that it will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law, and (b) neither we, the Initial Purchasers nor any of our or their respective affiliates has provided any advice in a fiduciary capacity in connection with purchaser’s acquisition of the Notes.

LEGAL MATTERS

We are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to certain matters of United States federal and New York laws, by Slaughter and May with respect to certain matters of Hong Kong law and by Luís Cavaleiro de Ferreira, Ricardo Silva & Associados with respect to certain matters of Macao law. Certain legal matters of United States federal and New York law in connection with this offering will be passed upon for the Initial Purchasers by Davis Polk & Wardwell LLP. Certain legal matters as to Cayman Islands law will be passed upon for us by Walkers (Hong Kong).

INDEPENDENT AUDITOR

Our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 included in this offering memorandum, have been audited by Deloitte Touche Tohmatsu, independent auditor, as stated in the reports appearing herein. Our condensed consolidated financial statements as of and for the six months ended June 30, 2021 have been reviewed by Deloitte Touche Tohmatsu as stated in the report appearing herein.

Our consolidated financial statements as of and for the year ended December 31, 2018 are included as comparative information within our audited consolidated financial statements as of and for the year ended December 31, 2019. Our condensed consolidated financial statements as of and for the six months ended June 30, 2020 are included as comparative information within our reviewed condensed consolidated financial statements as of and for the six months ended June 30, 2021.

The offices of Deloitte Touche Tohmatsu are located at One Pacific Place, 88 Queensway, Hong Kong.

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Notes:

- (i) The unaudited condensed consolidated financial statements set out herein have been reproduced from the Company's interim report for the six months ended June 30, 2021, and page references are references to pages set forth in such report.
- (ii) The audited consolidated financial statements set out herein have been reproduced from the Company's annual report for the year ended December 31, 2020, and page references are references to pages set forth in such report.
- (iii) The audited consolidated financial statements set out herein have been reproduced from the Company's annual report for the year ended December 31, 2019, and page references are references to pages set forth in such report.

4.1 REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SANDS CHINA LTD.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Sands China Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 34 to 56, which comprise the consolidated balance sheet as of June 30, 2021 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 13, 2021



4.2 CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended June 30,	
		2021	2020
US\$ in millions, except per share data			
		(Unaudited)	
Net revenues	4	1,620	848
Gaming tax		(600)	(336)
Employee benefit expenses		(548)	(554)
Depreciation and amortization	4	(358)	(338)
Inventories consumed		(17)	(11)
Other expenses and losses		(286)	(218)
Operating loss		(189)	(609)
Interest income		1	9
Finance costs, net of amounts capitalized		(189)	(116)
Loss before income tax		(377)	(716)
Income tax expense	5	(4)	—
Loss for the period attributable to equity holders of the Company		(381)	(716)
Loss per share for loss attributable to equity holders of the Company			
— Basic	6	(US4.71 cents)	(US8.85 cents)
— Diluted	6	(US4.71 cents)	(US8.85 cents)





SANDS CHINA LTD.

4.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2021	2020
	US\$ in millions	
	(Unaudited)	
Loss for the period attributable to equity holders of the Company	(381)	(716)
Other comprehensive (expense)/income		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(2)	15
Total comprehensive expense for the period attributable to equity holders of the Company	(383)	(701)





SANDS CHINA LTD.

4.2 CONSOLIDATED BALANCE SHEET

		June 30, 2021	December 31, 2020
		US\$ in millions	
	Notes	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Investment properties, net		530	543
Property and equipment, net	8	8,743	8,832
Intangible assets, net		42	41
Other assets, net		27	32
Other receivables and prepayments, net		23	18
Total non-current assets		9,365	9,466
Current assets			
Inventories		15	15
Trade and other receivables and prepayments, net	9	158	190
Restricted cash and cash equivalents		16	16
Cash and cash equivalents		861	861
Total current assets		1,050	1,082
Total assets		10,415	10,548





SANDS CHINA LTD.

4.2 CONSOLIDATED BALANCE SHEET

	Notes	June 30, 2021 US\$ in millions (Unaudited)	December 31, 2020 (Audited)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	10	81	81
Reserves		1,481	1,848
Total equity		1,562	1,929
LIABILITIES			
Non-current liabilities			
Trade and other payables	11	107	105
Borrowings	12	7,553	7,044
Deferred income tax liabilities		57	56
Total non-current liabilities		7,717	7,205
Current liabilities			
Trade and other payables	11	1,113	1,388
Current income tax liabilities		3	5
Borrowings	12	20	21
Total current liabilities		1,136	1,414
Total liabilities		8,853	8,619
Total equity and liabilities		10,415	10,548
Net current liabilities		(86)	(332)
Total assets less current liabilities		9,279	9,134

Approved by the Board of Directors on August 13, 2021 and signed on behalf of the Board by

Robert Glen Goldstein
Chairman of the Board and Chief Executive Officer
Director

Wong Ying Wai
President
Director





SANDS CHINA LTD.

4.2 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve	Share premium	Statutory reserve	Share-based compensation reserves	Currency translation reserve	Retained earnings/ (accumulated losses)	Total
	US\$ in millions (Unaudited)							
For the six months ended June 30, 2020								
Balance at January 1, 2020	81	87	1,491	6	97	(12)	2,696	4,446
Loss for the period	—	—	—	—	—	—	(716)	(716)
Other comprehensive income for the period	—	—	—	—	—	15	—	15
Total comprehensive income/(expense)	—	—	—	—	—	15	(716)	(701)
Exercise of share options	—	—	2	—	—	—	—	2
Transfer to share premium upon exercise of share options	—	—	1	—	(1)	—	—	—
Forfeiture of share options	—	—	—	—	(3)	—	3	—
Share-based compensation of the Company	—	—	—	—	7	—	—	7
Dividends to equity holders of the Company (Note 7)	—	—	—	—	—	—	(1,025)	(1,025)
Balance at June 30, 2020	81	87	1,494	6	100	3	958	2,729
For the six months ended June 30, 2021								
Balance at January 1, 2021	81	87	1,498	6	97	4	156	1,929
Loss for the period	—	—	—	—	—	—	(381)	(381)
Other comprehensive expense for the period	—	—	—	—	—	(2)	—	(2)
Total comprehensive expense	—	—	—	—	—	(2)	(381)	(383)
Exercise of share options	—	—	12	—	—	—	—	12
Transfer to share premium upon exercise of share options	—	—	5	—	(5)	—	—	—
Forfeiture of share options	—	—	—	—	(1)	—	1	—
Share-based compensation of the Company	—	—	—	—	4	—	—	4
Balance at June 30, 2021	81	87	1,515	6	95	2	(224)	1,562





SANDS CHINA LTD.

4.2 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30,	
	2021	2020
	US\$ in millions	
	(Unaudited)	
Net cash generated from/(used in) operating activities	71	(644)
Cash flows from investing activities		
Increase in restricted cash and cash equivalents	—	(1)
Purchases of property and equipment	(325)	(561)
Additions to investment properties	(54)	(3)
Purchases of intangible assets	(10)	(7)
Proceeds from disposal of property and equipment	3	—
Interest received	1	11
Net cash used in investing activities	(385)	(561)
Cash flows from financing activities		
Proceeds from exercise of share options	12	2
Proceeds from Senior Notes	—	1,496
Proceeds from bank loans	505	403
Repayments of bank loans	—	(404)
Dividends paid	—	(1,030)
Repayments of lease liabilities	(9)	(7)
Payments for deferred financing costs	(9)	(12)
Interest paid	(184)	(120)
Net cash from financing activities	315	328
Net increase/(decrease) in cash and cash equivalents	1	(877)
Cash and cash equivalents at beginning of period	861	2,471
Effect of exchange rate on cash and cash equivalents	(1)	(2)
Cash and cash equivalents at end of period	861	1,592
Cash and cash equivalents comprised:		
Cash at bank and on hand	360	202
Short-term bank deposits	501	1,390
	861	1,592





SANDS CHINA LTD.

4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Principal activities

The Group is principally engaged in the operation of casino games of chance or games of other forms and the development and operation of integrated resorts and other ancillary services in Macao. The Group's immediate holding company is Venetian Venture Development Intermediate II. Las Vegas Sands Corp., a company incorporated in Nevada, U.S.A. which indirectly holds 69.91% ownership interest in the Group as at June 30, 2021, is the Group's ultimate holding company.

The Company was incorporated in the Cayman Islands on July 15, 2009 as an exempted company with limited liability under the Companies Act (as amended) of the Cayman Islands. The address of the Company's registered office in the Cayman Islands is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands. The Company's principal place of business in Hong Kong is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Group owns and operates The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao. The Group's properties collectively feature some of the world's largest casinos, luxury suites and hotel rooms, different restaurants and food outlets, spas and theaters for live performances, as well as other integrated resort amenities.

In 2021, the Group continued to progress on key development projects for the conversion of Sands Cotai Central into The Londoner Macao. This project is being delivered in phases, which started in 2020 and will continue throughout 2021. The Londoner Macao Hotel opened in January 2021 with 594 London-themed suites, including 14 exclusive Suites by David Beckham. The construction of The Londoner Court is now complete and it is expected to open in the second half of 2021. The expansion of our retail offerings, which have been rebranded as Shoppes at Londoner, is progressing.

The unaudited condensed consolidated financial statements are presented in millions of United States dollars ("US\$ in millions"), unless otherwise stated. The condensed consolidated financial statements were approved for issue by the Board of Directors of the Company on August 13, 2021.

These condensed consolidated financial statements have not been audited.





4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

COVID-19 Pandemic update

In early January 2020, an outbreak of a respiratory illness caused by a novel coronavirus (“COVID-19”) was identified and spread rapidly across the world causing the World Health Organization to declare the outbreak of a pandemic on March 12, 2020 (the “COVID-19 Pandemic”). Governments around the world mandated actions to contain the spread of the virus that included stay-at-home orders, quarantines, capacity limits, closures of non-essential businesses, including entertainment activities, and significant restrictions on travel. The government actions varied based upon a number of factors, including the extent and severity of the COVID-19 Pandemic within their respective countries and jurisdictions.

Visitation to Macao has decreased substantially, as a result of various government policies limiting or discouraging travel. As of the date of this report, other than individuals from mainland China who may enter Macao without quarantine subject to them holding the appropriate travel documents, a negative COVID-19 test result and a green health-code, there remains in place a complete ban on entry or a need to undergo various quarantine requirements depending on the person’s residency and recent travel history. The Group’s operations will continue to be impacted and subject to changes in the government policies of Macao, China, Hong Kong and other jurisdictions in Asia addressing travel and public health measures associated with COVID-19.

Macao began administering the COVID-19 vaccine to front-line health workers on February 9, 2021, and to the general population on March 3, 2021.

On March 3, 2021, the negative COVID-19 test requirement to enter casinos was removed. Various other health safeguards implemented by the Macao government remain in place, including mandatory mask protection, social distancing, limitation on the number of seats per table game, slot machine spacing and temperature checks. Management is currently unable to determine when these measures will be eased or cease to be necessary or whether additional measures may be required.

In support of the Macao government’s initiatives to fight the COVID-19 Pandemic, the Group provided one tower (approximately 2,000 hotel rooms) at the Sheraton Grand Macao to the Macao government to house individuals who returned to Macao for quarantine purposes. This tower has been utilized for quarantine purposes on several occasions during 2020 and 2021.

The Group’s gaming operations remained open during the six months ended June 30, 2021, compared to the same period in 2020 when the Group’s gaming operations were suspended from February 5, 2020 to February 19, 2020 due to a government mandate, except for operations at The Londoner Macao, which resumed on February 27, 2020. Some of the Group’s hotel facilities were also closed during the casino suspension in response to the decrease in visitation and were gradually reopened from February 20, 2020, with the exception of the Conrad Macao at The Londoner Macao, which reopened on June 13, 2020.





4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

COVID-19 Pandemic update (continued)

Operating hours at restaurants across the Group's properties are continuously being adjusted in line with fluctuations in guest visitation. The majority of retail outlets in the Group's various shopping malls are open with reduced operating hours. The timing and manner in which these areas will return to full operation are currently unknown.

The Group's ferry operations between Macao and Hong Kong remain suspended. The timing and manner in which the Group's ferry operations will be able to resume are currently unknown.

The Group's operations have been significantly impacted by the reduced visitation to Macao. The Macao government announced total visitation from mainland China to Macao decreased to 1.6 million visits during the quarter ended March 31, 2021, from 2.3 million visits during the quarter ended March 31, 2020, and increased to a total of 2.0 million visits during the quarter ended June 30, 2021, from approximately 46,000 visits during the quarter ended June 30, 2020. The Macao government also announced gross gaming revenue increased by 45.4% in the six months ended June 30, 2021, as compared to the same period in 2020.

The disruptions arising from the COVID-19 Pandemic continued to have a significant adverse impact on the Group's financial condition and operations during the six months ended June 30, 2021. The duration and intensity of this global health emergency and related disruptions are uncertain. Given the dynamic nature of these circumstances, the impact on the Group's consolidated results of operations, cash flows and financial condition in 2021 will be material, but cannot be reasonably estimated at this time as it is unknown when the impact of the COVID-19 Pandemic will end, when or how quickly the current travel and operational restrictions will be modified or cease to be necessary and the resulting impact on the Group's business and the willingness of tourism patrons to spend on travel and entertainment and business patrons to spend on MICE.

While each of the Group's properties were open and operating at reduced levels due to lower visitation and the implementation of required safety measures during the six months ended June 30, 2021, the current economic and regulatory environment on a global basis and in Macao continues to evolve. The Group cannot predict the manner in which governments will react as the global and regional impact of the COVID-19 Pandemic changes over time, which could significantly alter the Group's current operations.

The Group has a strong balance sheet and sufficient liquidity in place, including total cash and cash equivalents balance, excluding restricted cash and cash equivalents, of US\$861 million and access to US\$2.0 billion of available borrowing capacity from our 2018 SCL Revolving Facility. The Group believes it is able to support continuing operations, complete the major construction projects that are underway and respond to the current COVID-19 Pandemic challenges. The Group has taken various mitigating measures to manage through the current environment, including a cost and capital expenditure reduction program to minimize cash outflow for non-essential items.





4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

Macao Subconcession

Gaming in Macao is administered by the government through concessions awarded to three different Concessionaires and three Subconcessionaires, of which VML is one. These concession agreements expire on June 26, 2022. If VML's Subconcession is not extended or renewed, VML may be prohibited from conducting gaming operations in Macao, and could result in the casino and gaming-related equipment being automatically transferred to the Macao government without any compensation to VML.

Under the Company's Senior Notes indenture, upon the occurrence of any event resulting from any change in Gaming Law (as defined in the indenture) after which none of the Company and its subsidiaries own or manage casino or gaming areas or operate casino games of fortune and chance in Macao in substantially the same manner as they are owning or managing casino or gaming areas or operating casino games as of the issue date of the Senior Notes, for a period of 30 consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties or results of operations of the Company and its subsidiaries, taken as a whole, holders of the Senior Notes can require the Company to repurchase all or any part of the Senior Notes at par, plus any accrued and unpaid interest (the "Investor Put Option").

Additionally, under the 2018 SCL Credit Facility, the events that trigger an Investor Put Option under the Senior Notes (as described above) would be an event of default, which may result in commitments being immediately cancelled, in whole or in part, and the related outstanding balances and accrued interest, if any, becoming immediately due and payable.

The Subconcession not being extended or renewed and the potential impact if holders of the notes and the agent have the ability to, and make the election to, accelerate the repayment of the Company's debt would have a material adverse effect on the Group's business, financial condition, results of operations and cash flows. The Company is actively monitoring the renewal process and continues to believe its Subconcession will be extended or renewed; however, it is possible the Macao government could change or interpret the associated gaming laws in a manner that could negatively impact the Group.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended June 30, 2021 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB") and the applicable disclosure requirements of Appendix 16 to the Listing Rules. They should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

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





SANDS CHINA LTD.

4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the condensed consolidated financial statements for the six months ended June 30, 2021 are consistent with those adopted and as described in the Group's annual financial statements for the year ended December 31, 2020.

For the amendments to standards in IFRSs that are effective for the period, the Group has adopted at their respective effective dates and the adoption had no material impact on the results of operations and financial position of the Group.

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated financial statements, the significant judgments made by management in the process of applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2020.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2020. There have been no significant changes in any risk management policies since the year ended December 31, 2020.

4. SEGMENT INFORMATION

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

The Group's principal operating and developmental activities occur in Macao, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its key operating segments, which are also the reportable segments: The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao. The Group has included ferry and other operations (comprised primarily of the Group's ferry operations and various other operations that are ancillary to its properties) to reconcile to consolidated results of operations and financial condition.

The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao derive their revenues primarily from casino wagers, room sales, rental income from the Group's mall tenants, food and beverage transactions, convention sales and entertainment. Ferry and other operations mainly derive their revenues from the sale of ferry tickets for transportation between Hong Kong and Macao.



4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

Revenue disaggregated by type of revenue and property is as follows:

	Casino	Rooms	Mall ^{(i), (ii)}	Food and beverage	Convention, ferry, retail and other	Total net revenues
	US\$ in millions (Unaudited)					
Six months ended June 30, 2021						
The Venetian Macao	573	43	95	13	7	731
The Londoner Macao	224	47	30	16	9	326
The Parisian Macao	128	29	20	9	2	188
The Plaza Macao	189	23	73	9	1	295
Sands Macao	68	5	1	2	1	77
Ferry and other operations	—	—	—	—	11	11
Inter-segment revenues ⁽ⁱ⁾	—	—	(1)	—	(7)	(8)
	1,182	147	218	49	24	1,620
Six months ended June 30, 2020						
The Venetian Macao	256	22	47	6	12	343
The Londoner Macao	124	27	16	9	4	180
The Parisian Macao	85	14	10	6	3	118
The Plaza Macao	91	5	26	4	—	126
Sands Macao	69	3	1	2	1	76
Ferry and other operations	—	—	—	—	13	13
Inter-segment revenues ⁽ⁱ⁾	—	—	(1)	—	(7)	(8)
	625	71	99	27	26	848

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

(ii) Of this amount, US\$186 million and US\$32 million (six months ended June 30, 2020: US\$64 million and US\$35 million) are related to income from right of use and management fee and other, respectively. Income from right of use is recognized in accordance with IFRS 16 *Leases* and all other revenues are recognized in accordance with IFRS 15 *Revenue from contract with customers*.

(iii) For the six months ended June 30, 2021, rent concessions of US\$23 million (six months ended June 30, 2020: US\$135 million) were provided to tenants as a result of the COVID-19 Pandemic and the impact on mall operations.

4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

The following is a reconciliation of adjusted property EBITDA to loss for the period attributable to equity holders of the Company:

	Six months ended June 30,	
	2021	2020
	US\$ in millions	
	(Unaudited)	
Adjusted property EBITDA⁽ⁱ⁾		
The Venetian Macao	190	(48)
The Londoner Macao	(28)	(79)
The Parisian Macao	(8)	(84)
The Plaza Macao	114	10
Sands Macao	(31)	(32)
Ferry and other operations	(3)	(10)
Total adjusted property EBITDA	234	(243)
Share-based compensation, net of amount capitalized ⁽ⁱⁱ⁾	(9)	(8)
Corporate expense ⁽ⁱⁱⁱ⁾	(34)	(28)
Pre-opening expense	(5)	(5)
Depreciation and amortization	(358)	(338)
Net foreign exchange (losses)/gains	(10)	20
Loss on disposal of property and equipment, investment properties and intangible assets	(7)	(7)
Operating loss	(189)	(609)
Interest income	1	9
Finance costs, net of amounts capitalized	(189)	(116)
Loss before income tax	(377)	(716)
Income tax expense	(4)	—
Loss for the period attributable to equity holders of the Company	(381)	(716)



4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

- (i) Adjusted property EBITDA, which is a non-IFRS financial measure, is profit or loss attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains or losses, impairment loss on property and equipment, gain or loss on disposal of property and equipment, investment properties and intangible assets, interest, gain or loss on modification or early retirement of debt and income tax benefit or expense. Management utilizes adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Integrated resort companies have historically reported adjusted property EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their properties on a more stand-alone basis, integrated resort companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific properties, such as pre-opening expense and corporate expense, from their adjusted property EBITDA calculations. Adjusted property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments, debt principal repayments and income taxes, which are not reflected in adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, adjusted property EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.
- (ii) The amount comprises of US\$4 million equity-settled share-based payment expense, net of amounts capitalized and US\$5 million cash-settled share-based payment expense, net of amounts capitalized (six months ended June 30, 2020: US\$6 million and US\$2 million, respectively).
- (iii) The amount excludes share-based payment expense of US\$1 million (six months ended June 30, 2020: US\$1 million).

	Six months ended June 30,	
	2021	2020
	US\$ in millions	
	(Unaudited)	
Depreciation and amortization		
The Venetian Macao	95	87
The Londoner Macao	126	118
The Parisian Macao	75	84
The Plaza Macao	41	30
Sands Macao	13	13
Ferry and other operations	8	6
	358	338

	Six months ended June 30,	
	2021	2020
	US\$ in millions	
	(Unaudited)	
Capital expenditures		
The Venetian Macao	38	66
The Londoner Macao	340	368
The Parisian Macao	2	7
The Plaza Macao	6	127
Sands Macao	3	3
	389	571



4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

	June 30, 2021 US\$ in millions (Unaudited)	December 31, 2020 (Audited)
Total assets		
The Venetian Macao	2,281	2,438
The Londoner Macao	4,524	4,324
The Parisian Macao	2,042	2,138
The Plaza Macao	1,160	1,219
Sands Macao	273	319
Ferry and other operations	135	110
	10,415	10,548

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

5. INCOME TAX EXPENSE

	Six months ended June 30, 2021 US\$ in millions (Unaudited)	
	2021	2020
Current income tax		
Lump sum in lieu of Macao complementary tax on dividends	2	2
Deferred income tax expense/(benefit)	2	(2)
Income tax expense	4	—



SANDS CHINA LTD.

4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. LOSS PER SHARE

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

	Six months ended June 30,	
	2021	2020
	(Unaudited)	
Loss attributable to equity holders of the Company (US\$ in millions)	(381)	(716)
Weighted average number of shares for basic loss per share (thousand shares)	8,091,995	8,088,743
Adjustment for share options (thousand shares) ⁽ⁱ⁾	—	—
Weighted average number of shares for diluted loss per share (thousand shares)	8,091,995	8,088,743
Loss per share, basic ⁽ⁱⁱ⁾	(US4.71 cents) (HK36.57 cents)	(US8.85 cents) (HK68.59 cents)
Loss per share, diluted ⁽ⁱⁱ⁾	(US4.71 cents) (HK36.57 cents)	(US8.85 cents) (HK68.59 cents)

(i) The computation of the diluted loss per share for the six months ended June 30, 2021 and 2020 did not assume the exercise of the Company's share options because the exercise would result in a decrease in loss per share.

(ii) The translation of US\$ amounts into HK\$ amounts has been made at the exchange rate of US\$1.00 to HK\$7.7634 (six months ended June 30, 2020: US\$1.00 to HK\$7.7504).

7. DIVIDENDS

On January 17, 2020, the Board declared an interim dividend of HK\$0.99 (equivalent to US\$0.127) per share. The interim dividend, amounting in aggregate to HK\$8.01 billion (equivalent to US\$1.03 billion), was paid on February 21, 2020.

On April 17, 2020, the Board resolved not to recommend the payment of a final dividend in respect of the year ended December 31, 2019.

On February 19, 2021, the Board did not recommend the payment of a final dividend in respect of the year ended December 31, 2020.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2021.



4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. PROPERTY AND EQUIPMENT, NET

During the six months ended June 30, 2021, the Group had additions of property and equipment with a cost of US\$274 million and disposed property and equipment with a net book value of US\$1 million (six months ended June 30, 2020: US\$609 million and US\$17 million, respectively).

9. TRADE RECEIVABLES, NET

The following is the aging analysis of trade receivables, net of provision for expected credit losses of US\$134 million (as at December 31, 2020: US\$137 million) based on date of credit granted or invoice date:

	June 30, 2021 US\$ in millions (Unaudited)	December 31, 2020 (Audited)
0–30 days	45	89
31–60 days	18	9
61–90 days	11	5
Over 90 days	18	17
	92	120

Trade receivables mainly consist of casino receivables. Absent special approval, the credit period granted to selected premium and mass market players is typically 7–15 days, while for gaming promoters, the receivable is typically repayable within one month following the granting of the credit, subject to terms of the relevant credit agreement.

10. SHARE CAPITAL

	Ordinary shares of US\$0.01 each	US\$ in millions
Issued and fully paid:		
At January 1, 2020 (audited)	8,088,352,216	81
Shares issued upon exercise of share options	714,900	—
At June 30, 2020 (unaudited)	8,089,067,116	81
At January 1, 2021 (audited)	8,090,118,766	81
Shares issued upon exercise of share options	3,070,100	—
At June 30, 2021 (unaudited)	8,093,188,866	81

4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

		June 30, 2021	December 31, 2020
		US\$ in millions	
	Note	(Unaudited)	(Audited)
Trade payables		34	51
Customer deposits and other deferred revenue ⁽ⁱ⁾		395	412
Construction payables and accruals		183	316
Interest payables		156	156
Outstanding chip liability ⁽ⁱ⁾		133	189
Accrued employee benefit expenses		107	136
Other tax payables		97	118
Loyalty program liability ⁽ⁱ⁾		29	28
Casino liabilities		21	22
Payables to related companies	14(b)	8	3
Other payables and accruals		57	62
		1,220	1,493
Less: non-current portion		(107)	(105)
Current portion		1,113	1,388

- (i) These balances represent the Group's main types of liabilities associated with contracts with customers. With the exception of mall deposits, which typically extend beyond a year based on the terms of the lease, these liabilities are generally expected to be recognized as revenue or redeemed for cash within one year of being purchased, earned or deposited.

The aging analysis of trade payables based on invoice date is as follows:

	June 30, 2021	December 31, 2020
	US\$ in millions	
	(Unaudited)	(Audited)
0–30 days	25	31
31–60 days	6	15
61–90 days	1	3
Over 90 days	2	2
	34	51



4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. BORROWINGS

	June 30, 2021 US\$ in millions (Unaudited)	December 31, 2020 (Audited)
Non-current portion		
Senior Notes	7,000	7,000
Bank loans	504	—
Lease liabilities	125	124
Other borrowings	1	—
	7,630	7,124
Less: deferred financing costs	(77)	(80)
	7,553	7,044
Current portion		
Lease liabilities	19	21
Other borrowings	1	—
	20	21
Total borrowings	7,573	7,065

Senior Notes

Under the Senior Notes indenture, upon the occurrence of any event resulting from any change in Gaming Law (as defined in the indenture) after which none of the Company and its subsidiaries own or manage casino or gaming areas or operate casino games of fortune and chance in Macao in substantially the same manner as they are owning or managing casino or gaming areas or operating casino games as of the issue date of the Senior Notes, for a period of 30 consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, holders of the Senior Notes can require the Company to repurchase all or any part of the Senior Notes at par, plus any accrued and unpaid interest. Refer to Note 1 for further information related to the Macao Subconcession.





4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. BORROWINGS (CONTINUED)

2018 SCL Credit Facility

On January 25, 2021, the Company entered into an agreement with lenders to increase commitments under the 2018 SCL Credit Facility by HK\$3.83 billion (approximately US\$493 million at exchange rates in effect on June 30, 2021). During the six months ended June 30, 2021, the Company drew down US\$48 million and HK\$3.54 billion (approximately US\$456 million at exchange rates in effect on June 30, 2021) under the facility for general corporate purposes.

As at June 30, 2021, the Company had US\$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility comprised of commitments of HK\$14.09 billion (approximately US\$1.81 billion at exchange rates in effect on June 30, 2021) and US\$189 million.

On July 7, 2021, the Company entered into a further waiver extension and amendment request letter (the "Third Waiver Letter") with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend by one year to (and including) January 1, 2023, the waiver period for the requirement for the Company to comply with the requirements that the Company ensures the consolidated leverage ratio does not exceed 4.00x and the consolidated interest coverage ratio is not less than 2.50x as at the last day of the financial quarter; (b) extend the period of time during which the Company may supply the agent with its audited consolidated financial statements for the financial year ending on December 31, 2021 to April 30, 2022; and (c) extend by one year to (and including) January 1, 2023, the period during which the Company's ability to declare or make any dividend payment or similar distribution is restricted if at such time (x) the Total Commitments (as defined in the 2018 SCL Credit Facility) exceed US\$2.0 billion by the Company's exercise of the option to increase the Total Commitments by an aggregate amount of up to US\$1.0 billion; and (y) the consolidated leverage ratio is greater than 4.00x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of the Company is greater than US\$2.0 billion. Pursuant to the Third Waiver Letter, SCL paid a customary fee to the lenders that consented.

Under the 2018 SCL Credit Facility, the events that trigger an Investor Put Option under the Senior Notes (as described above) would be an event of default, which may result in commitments being immediately cancelled, in whole or in part, and the related outstanding balances and accrued interest, if any, may become immediately due and payable. Refer to Note 1 for further information related to the Macao Subconcession.





4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Property and equipment commitments not provided for are as follows:

	June 30, 2021	December 31, 2020
	US\$ in millions	
	(Unaudited)	(Audited)
Contracted but not provided for	222	385

(b) Litigation

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





4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. RELATED PARTY TRANSACTIONS

There has been no significant changes to the arrangements of related party transactions during the six months ended June 30, 2021. Refer to 2020 annual report for details on the arrangements. The Group had the following significant transactions with related parties during the period:

(a) Transactions during the period

(i) Management fee income and expenses

During the six months ended June 30, 2021, management fee income from fellow subsidiaries was US\$2 million (six months ended June 30, 2020: US\$2 million).

During the six months ended June 30, 2021, management fee expenses incurred from services provided by LVS and fellow subsidiaries were US\$7 million and US\$3 million, respectively (six months ended June 30, 2020: US\$7 million and US\$2 million, respectively).

(ii) Key management personnel remuneration

During the six months ended June 30, 2021, the aggregate amount of emoluments paid or payable by the Group to the Directors (being key management personnel of the Company) was US\$7 million (six months ended June 30, 2020: US\$3 million). In addition, Robert Glen Goldstein received compensation (inclusive of share-based compensation) in both periods from LVS in respect of his services to LVS and its subsidiaries (including the Group). During the six months ended June 30, 2021, US\$1 million (six months ended June 30, 2020: US\$1 million) was charged by LVS to the Group in respect of such management and administrative services of Robert Glen Goldstein provided to the Group.

Save as disclosed above, no other transactions have been entered into with the Directors of the Company during the six months ended June 30, 2021 and the six months ended June 30, 2020.

(iii) Royalty fees

During the six months ended June 30, 2021, the Group incurred US\$24 million (six months ended June 30, 2020: US\$11 million) of royalty fees under the agreement with Las Vegas Sands, LLC in November 2009.





4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
US\$ in millions			
Receivables from related companies:			
LVS		—	1
Payables to related companies:			
LVS		4	—
Intermediate holding company		4	3
	11	8	3

The period-end balances between the Group and related companies are unsecured, interest-free and have a credit term of 45 days.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, trade and other payables and bank loans approximate their fair values at each balance sheet date.

The estimated fair value of the Group's Senior Notes as at June 30, 2021 were approximately US\$7.74 billion (as at December 31, 2020: US\$7.77 billion), which was based on level 2 inputs (quoted prices in markets that are not active) (as at December 31, 2020: same).

In August 2018, the Company entered into interest rate swap agreements (the "IR Swaps"), which qualified and were designated as fair value hedges, swapping fixed-rate for variable-rate interest to hedge changes in the fair value of the 2023 Notes, 2025 Notes and 2028 Notes. These IR Swaps had a total notional value of US\$5.50 billion and expired in August 2020. For the six months ended June 30, 2020, the Company recorded a US\$40 million reduction to interest expense related to the realized amount associated with the IR Swaps.





SANDS CHINA LTD.

4.1 INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE SHAREHOLDERS OF SANDS CHINA LTD.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sands China Ltd. (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 117 to 192, which comprise the consolidated balance sheet as at December 31, 2020, and the consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.





4.1 INDEPENDENT AUDITOR'S REPORT

Key audit matter

How our audit addressed the key audit matter

Valuation of Casino Receivables

As disclosed in notes 3(a), 16(a) and 27(a)(ii) to the consolidated financial statements, the Group has trade receivables of US\$120 million at December 31, 2020 which mostly includes credit extended to casino customers and gaming promoters. The Group records an allowance for credit losses based on the amount of expected credit losses. The Group applies expected loss rates to aged account balances, which are grouped based on shared credit risk characteristics and days past due. The expected loss rates are estimated with reference to the historical observed default rates over the expected life of the receivable and are adjusted for forward-looking information.

The Group also specifically analyzes the collectability of each account balance that is individually significant, based upon its aging, the customer's financial condition, the collection history, and any other known information when determining an allowance.

Auditing the valuation of the casino receivables involved a high degree of subjectivity in evaluating management's judgments and estimates related to the collectability of customer and gaming promoter accounts receivable, especially as it relates to the evaluation of the customers' and gaming promoters' ability to repay amounts owed.

Our procedures to assess the reasonableness of the valuation of casino receivables included:

- Obtaining an understanding and testing the operating effectiveness of controls over granting of casino credit, collection processes and management's review controls over the assessment of the collectability of casino receivables and appropriateness of the estimated allowance, including the information used by management in those controls; and
- Developing expectations of current year loss allowance based on repayment history and forward looking information and examining subsequent settlement to assess the reasonableness of the amount of expected credit loss recognized for casino receivables.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





4.1 INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.





SANDS CHINA LTD.

4.1 INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Stephen David Smart.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 12, 2021



4.2 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended December 31,	
		2020	2019
US\$ in millions, except per share data			
Net revenues	4	1,687	8,808
Gaming tax		(625)	(3,421)
Employee benefit expenses	5	(1,050)	(1,292)
Depreciation and amortization	4	(684)	(706)
Inventories consumed		(23)	(97)
Other expenses, gains and losses	6	(544)	(1,017)
Operating (loss)/profit		(1,239)	2,275
Interest income		11	38
Interest expense, net of amounts capitalized	7	(279)	(280)
(Loss)/profit before income tax		(1,507)	2,033
Income tax expense	8	(16)	—
(Loss)/profit for the year attributable to equity holders of the Company		(1,523)	2,033
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
— Basic	9	(US18.82 cents)	US25.14 cents
— Diluted	9	(US18.82 cents)	US25.13 cents

The notes on pages 123 to 192 are an integral part of these consolidated financial statements.



SANDS CHINA LTD.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2020	2019
	US\$ in millions	
(Loss)/profit for the year attributable to equity holders of the Company	(1,523)	2,033
Other comprehensive income		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Currency translation differences	16	16
Total comprehensive (expense)/income for the year attributable to equity holders of the Company	(1,507)	2,049

The notes on pages 123 to 192 are an integral part of these consolidated financial statements.





SANDS CHINA LTD.

4.2 FINANCIAL STATEMENTS CONSOLIDATED BALANCE SHEET

	Notes	December 31, 2020 US\$ in millions	2019
ASSETS			
Non-current assets			
Investment properties, net	11	543	587
Property and equipment, net	12	8,832	8,361
Intangible assets, net	14	41	48
Other assets, net		32	34
Other receivables and prepayments, net	16	18	23
Total non-current assets		9,466	9,053
Current assets			
Inventories		15	16
Other assets		—	35
Trade and other receivables and prepayments, net	16	190	510
Restricted cash and cash equivalents		16	15
Cash and cash equivalents	17	861	2,471
Total current assets		1,082	3,047
Total assets		10,548	12,100





SANDS CHINA LTD.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Notes	December 31, 2020	2019
		US\$ in millions	
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	18	81	81
Reserves	19	1,848	4,365
Total equity		1,929	4,446
LIABILITIES			
Non-current liabilities			
Trade and other payables	20	105	122
Borrowings	21	7,044	5,589
Deferred income tax liabilities	15	56	45
Total non-current liabilities		7,205	5,756
Current liabilities			
Trade and other payables	20	1,388	1,874
Current income tax liabilities		5	5
Borrowings	21	21	19
Total current liabilities		1,414	1,898
Total liabilities		8,619	7,654
Total equity and liabilities		10,548	12,100
Net current (liabilities)/assets		(332)	1,149
Total assets less current liabilities		9,134	10,202

Approved by the Board of Directors on March 12, 2021 and signed on behalf of the Board by

Robert Glen Goldstein
Chairman of the Board and Chief Executive Officer
 Director

Wong Ying Wai
President
 Director

The notes on pages 123 to 192 are an integral part of these consolidated financial statements.



4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve (Note 19(a))	Share premium	Statutory reserve (Note 19(b))	Share-based compensation reserves	Currency translation reserve	Retained earnings	Total
	US\$ in millions							
Balance at January 1, 2019	81	87	1,457	6	92	(28)	2,714	4,409
Profit for the year	—	—	—	—	—	—	2,033	2,033
Other comprehensive income for the year	—	—	—	—	—	16	—	16
Total comprehensive income	—	—	—	—	—	16	2,033	2,049
Exercise of share options	—	—	28	—	—	—	—	28
Transfer to share premium upon exercise of share options	—	—	6	—	(6)	—	—	—
Forfeiture of share options	—	—	—	—	(3)	—	3	—
Share-based compensation of the Company	—	—	—	—	14	—	—	14
Dividends to equity holders of the Company (Note 10)	—	—	—	—	—	—	(2,054)	(2,054)
Balance at December 31, 2019	81	87	1,491	6	97	(12)	2,696	4,446
Loss for the year	—	—	—	—	—	—	(1,523)	(1,523)
Other comprehensive income for the year	—	—	—	—	—	16	—	16
Total comprehensive income/(expense)	—	—	—	—	—	16	(1,523)	(1,507)
Exercise of share options	—	—	6	—	—	—	—	6
Transfer to share premium upon exercise of share options	—	—	1	—	(1)	—	—	—
Forfeiture of share options	—	—	—	—	(8)	—	8	—
Share-based compensation of the Company	—	—	—	—	9	—	—	9
Dividends to equity holders of the Company (Note 10)	—	—	—	—	—	—	(1,025)	(1,025)
Balance at December 31, 2020	81	87	1,498	6	97	4	156	1,929

The notes on pages 123 to 192 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended December 31,	
		2020	2019
		US\$ in millions	
Cash flows from operating activities			
Cash (used in)/generated from operations	23	(811)	2,818
Income tax paid		(5)	(6)
Net cash (used in)/generated from operating activities		(816)	2,812
Cash flows from investing activities			
Increase in restricted cash and cash equivalents		—	(2)
Purchases of property and equipment		(1,019)	(720)
Additions to investment properties		(8)	(16)
Purchases of intangible assets		(11)	(18)
Proceeds from disposal of property and equipment and investment properties		1	1
Interest received		13	40
Net cash used in investing activities		(1,024)	(715)
Cash flows from financing activities			
Proceeds from exercise of share options		6	28
Proceeds from Senior Notes	21	1,496	—
Proceeds from bank loans	21	403	—
Repayments of bank loans	21	(404)	—
Dividends paid	21	(1,030)	(2,051)
Repayments of lease liabilities	21	(11)	(13)
Payments for deferred financing costs	21	(20)	(2)
Interest paid	21	(209)	(274)
Net cash from/(used in) financing activities		231	(2,312)
Net decrease in cash and cash equivalents		(1,609)	(215)
Cash and cash equivalents at beginning of year		2,471	2,676
Effect of exchange rate on cash and cash equivalents		(1)	10
Cash and cash equivalents at end of year	17	861	2,471

The notes on pages 123 to 192 are an integral part of these consolidated financial statements.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Principal activities

The Group is principally engaged in the operation of casino games of chance or games of other forms and the development and operation of destination properties and other ancillary services in Macao. The Group's immediate holding company is Venetian Venture Development Intermediate II. Las Vegas Sands Corp. ("LVS"), a company incorporated in Nevada, U.S.A., indirectly holds 69.93% ownership interest in the Group as at December 31, 2020, and is the Group's ultimate holding company.

The Company was incorporated in the Cayman Islands on July 15, 2009 as an exempted company with limited liability under the Companies Act (as amended) of the Cayman Islands. The address of the Company's registered office in the Cayman Islands is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands. The Company's principal place of business in Hong Kong is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Group owns and operates The Venetian Macao Resort Hotel ("The Venetian Macao"), The Londoner Macao (formerly Sands Cotai Central), The Parisian Macao, The Plaza Macao, and Sands Macao. The Group's properties collectively feature some of the world's largest casinos, luxury suites and hotel rooms, different restaurants and food outlets, spas and theaters for live performances, as well as other integrated resort amenities.

During 2020, the Group had accomplishments in furthering several strategic objectives. The Group continued progress on the key development projects in Macao for the conversion of Sands Cotai Central into The Londoner Macao and opened The Grand Suites at Four Seasons in October 2020, featuring gaming spaces and 289 luxury suites. Construction of The Londoner Court is now complete and the Group expects it to open in 2021. The Londoner Macao project is being delivered in phases, which started in 2020 and will continue throughout 2021.

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

The consolidated financial statements are presented in millions of United States dollars ("US\$ in millions"), unless otherwise stated.

The consolidated financial statements were approved for issue by the Board of Directors on March 12, 2021.

COVID-19 Pandemic

In early January 2020, an outbreak of a respiratory illness caused by a novel coronavirus was identified and the disease has since spread rapidly across the world causing the World Health Organization to declare the outbreak of a pandemic on March 12, 2020 (the "COVID-19 Pandemic"). As a result, people across the globe were advised to avoid non-essential travel. Steps were also taken by various countries, to restrict inbound international travel and implement closures of non-essential operations, including our integrated resorts for certain periods in 2020 to contain the spread of the virus.

Visitation to Macao decreased substantially throughout 2020 as a result of various government policies limiting travel. Travel restrictions and quarantine requirements in Macao have varied in response to changes in circumstances in other countries. Currently, other than people from low risk cities in China able to enter Macao quarantine free subject to them holding the appropriate travel documents, a negative COVID-19 test result and a green health-code, a complete ban on entry, or a need to undergo enhanced quarantine requirements depending on the person's residency and their recent travel history, remains in place.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

COVID-19 Pandemic (continued)

The China Individual Visit Scheme ("China IVS") and tour group visas recommenced for certain regions from August 12, 2020, and were extended to all of mainland China effective September 23, 2020.

Following suspension of all gaming operations on February 5, 2020 by the Macao government, the Company's Macao casino operations resumed on February 20, 2020, except for operations at The Londoner Macao (formerly Sands Cotai Central), which resumed on February 27, 2020. From February 20, 2020, various health safeguards were implemented by the Macao government, such as mandatory mask protection, limitation on the number of seats per table game, slot machine spacing, temperature checks, as well as a requirement to present a negative COVID-19 test certificate prior to entering casinos. On March 3, 2021, the negative COVID-19 test requirement to enter casinos was lifted. Management is currently unable to determine when the remaining measures will be eased or cease to be necessary.

Some of the Company's Macao hotel facilities were also closed during the casino suspension in response to the drop in visitation and, with the exception of the Conrad Hotel, which reopened on June 13, 2020, these hotels were gradually reopened from February 20, 2020. In support of the Macao government's initiatives to fight the COVID-19 Pandemic, the Company provided one tower (approximately 2,000 hotel rooms) at the Sheraton Grand Macao to the Macao government to house individuals who returned to Macao for quarantine purposes. This tower has been utilized for quarantine purposes on several occasions including from March 28 to April 30, 2020; from June 7 to August 14, 2020; from December 20, 2020 to February 6, 2021; and from February 19, 2021 to a current estimated end date of April 18, 2021.

Operating hours at restaurants across the Company's properties are continuously being adjusted in line with movements in guest visitation. The majority of retail outlets in the Company's various shopping malls are open with reduced operating hours. The timing and manner in which these areas will return to full operation are currently unknown.

The Hong Kong government temporarily closed the Hong Kong China Ferry Terminal in Kowloon on January 30, 2020, and the Hong Kong Macau Ferry Terminal in Hong Kong on February 4, 2020. In response, the Company suspended its Macao ferry operations between Macao and Hong Kong. The timing and manner in which the Company's normal ferry operations will be able to resume are currently unknown.

The Company's operations have been significantly impacted by the lack of visitation to Macao. The Macao government announced total visitation from mainland China to Macao decreased 83.0% for 2020, as compared to 2019. The Macao government also announced gross gaming revenue decreased by 79.3% for 2020, as compared to 2019.

The disruptions arising from the COVID-19 Pandemic had a significant adverse impact on the Company's financial condition, operations and cash flows during the year ended December 31, 2020. The duration and intensity of this global health emergency and related disruptions are uncertain. Given the dynamic nature of these circumstances, the impact on the Company's consolidated results of operations, cash flows and financial condition may continue to be material in the future, but cannot be reasonably estimated at this time as it is unknown when the COVID-19 Pandemic will end, when or how quickly the current travel and operational restrictions will be modified or ceased to be necessary and the resulting impact on the Company's business and the willingness of tourism customers to spend on travel and entertainment and business customers to spend on MICE.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

COVID-19 Pandemic (continued)

While each of the Company's properties are currently open and operating at reduced levels due to lower visitation and the implementation of required safety measures, the current economic and regulatory environment on a global basis and in Macao continues to evolve. The Company cannot predict the manner in which governments will react as the global and regional impact of the COVID-19 Pandemic changes over time, which could significantly alter the Company's current operations.

The Company has a strong balance sheet and sufficient liquidity in place, including total cash and cash equivalents balance, excluding restricted cash and cash equivalents, of US\$861 million and access to US\$2.02 billion of available borrowing capacity from the 2018 SCL Revolving Facility as at December 31, 2020. On January 25, 2021, the Company entered into an agreement with lenders to increase the commitments under the 2018 SCL Credit Facility by HK\$3.83 billion (approximately US\$494 million at the exchange rate in effect on the date of this transaction). Subsequently, on January 29, 2021, the Company drew down US\$29 million and HK\$2.13 billion (approximately US\$274 million at the exchange rate in effect on January 29, 2021) under this facility for general corporate purposes, resulting in a remaining available borrowing capacity of US\$2.21 billion. Based on the current forecasts, the Company believes it is able to support continuing operations, complete the major construction projects that are underway and respond to the current COVID-19 Pandemic challenges. The Company has taken various mitigating measures to manage through the current environment, including a cost and capital expenditure reduction program to minimize cash outflow of non-essential items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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

(b) Changes in accounting policies and disclosures

During the year, there have been a number of new amendments to standards in IFRSs that are effective, which the Group has adopted at their respective effective dates. The adoption of these new amendments to standards had no material impact on the results of operations and financial position of the Group.

The Group has not early adopted the new or amendments to standards that have been issued, but are not effective for the year ended December 31, 2020. The Group has commenced the assessment of the impact of the new or amendments to standards to the Group, but is not yet in a position to state whether their adoption would have a significant impact on the results of operations and financial position of the Group.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control listed above.

Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated. Profit and losses resulting from inter-company transactions are also eliminated.

The particulars of the Group's principal subsidiaries as at December 31, 2020 are set out in Note 29.

(d) Foreign currency translation

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Macao patacas ("MOP"). The consolidated financial statements are presented in US\$, which is the presentation currency of LVS.

Companies within the Group that have a functional currency different from the presentation currency translate their results of operations and financial position into the presentation currency based on the following:

- Assets and liabilities are translated at the closing rate at balance sheet date;
- Income and expenses are translated at average exchange rates during the year; and
- Translation adjustments arising from this process are recognized in other comprehensive income/(loss) (currency translation differences) and will not be reclassified subsequently to profit or loss.

Gains or losses from foreign currency remeasurements that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in "other expenses, gains and losses".

(e) Investment properties

Investment properties, principally comprising buildings and building improvements, are held for long-term rental yields or capital appreciation or both, and are not occupied by the Group. Investment properties currently being constructed or developed are classified as investment properties and stated at cost, less accumulated impairment losses, if any. Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives of 3 to 50 years. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate at each balance sheet date. The effects of any revision are included in the consolidated income statement when the changes arise.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property and equipment

Property and equipment, except construction-in-progress, are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Leasehold interests in land are classified as leases and commence amortization from the time when the land interest becomes available for its intended use. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold interests in land classified as leases	50 years
Leasehold improvements	Shorter of lease term or 3 years
Land improvements, buildings and building improvements	10–50 years
Leased buildings and equipment	Lease term
Ferries	20 years
Furniture, fittings and equipment	3–20 years
Vehicles	5–6 years

The estimated useful lives are based on the nature of the assets as well as current operating strategy and legal considerations, such as contractual life, and are periodically reviewed. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which the Company uses certain assets requiring a change in the estimated useful lives of such assets.

Maintenance and repairs that neither materially add to the value of the asset nor appreciably prolong its life are charged to expense as incurred. Gains or losses on disposition of property and equipment are included in the consolidated statements of operations.

Construction-in-progress represents property and equipment under construction and is stated at cost, less accumulated impairment losses, if any. This includes the direct costs of purchase, construction and capitalized borrowing costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for their intended use, at which time they are transferred to the relevant asset category.

The assets' residual values and useful lives are reviewed, and adjusted if applicable, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other expenses, gains and losses" in the consolidated income statement.

(g) Intangible assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful lives of 4 years.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units or "CGU").

(i) Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a. the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- b. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- b. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss.

The Group's financial assets primarily consist of cash and cash equivalents, restricted cash and cash equivalents and trade and other receivables.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("ECL") on trade and other receivables which are subject to impairment under IFRS 9 *Financial Instruments*. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

Impairment of financial assets (continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. Assessments are done based on the Group's historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

a. *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

b. *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence of a financial asset that is credit-impaired includes observable data about the following events:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. A breach of contract, such as a default or past due event;
- iii. The Group, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower a concession the lender would not otherwise consider;
- iv. It becomes probable the borrower will enter bankruptcy or other financial reorganization; or
- v. Observable data indicating there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; or
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

c. *Write-off policy*

The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

Impairment of financial assets (continued)

d. Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is the difference between all contractual cash flows due to the Group in accordance with the contract and the cash flows the Group expects to receive.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on shared credit risk characteristics and days past due.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in profit or loss for trade and other receivables by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset when the consideration was received. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents include cash and short-term deposits with original maturities of three months or less. Restricted cash and cash equivalents are excluded from cash and cash equivalents in the consolidated statement of cash flows. Restricted cash and cash equivalents represent sinking funds set aside to cover the cost of capital expenses, including repairs, renovations, replacements and maintenance of a substantial but infrequent or irregular nature of the Group's shopping malls.

(k) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

(l) Financial liabilities

The Group's financial liabilities consists of primarily borrowings and trade and other payables, are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial liabilities (continued)

Derecognition/substantial modification of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the contractual terms of financial liability are modified such that the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of the financial liability derecognized and the fair value of consideration paid or payable, including any liabilities assumed and derivative components, is recognized in profit or loss.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortized over the remaining term. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

(m) Trade payables

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(n) Borrowings and financing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent it is probable some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence it is probable some or all of the facilities will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Financing costs incurred for the construction of any qualifying asset which takes a substantial period of time to get ready for its intended use, less any investment income on the temporary investment of related borrowings, are capitalized during the period that is required to complete and prepare the asset for its intended use. Other financing costs, net of interest income, are expensed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred income tax and gaming tax

Income tax

Income tax expense is comprised of current and deferred tax.

(i) Current income tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent it is probable future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided for temporary differences arising from investments in subsidiaries, except when the timing of the reversal of the temporary difference can be controlled by the Group and it is probable the temporary difference will not reverse in the foreseeable future.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Gaming tax

According to the gaming Subconcession granted by the Macao government and the relevant legislation, the Group is required to pay 35% gaming tax on gross gaming revenues, which represents net wins from casino operations. The Group is also required to pay an additional 4% of gross gaming revenues as public development and social related contributions. On a monthly basis, the Group also makes certain variable and fixed payments to the Macao government based on the number of slot machines and table games in its possession. These expenses are reported as "Gaming tax" in the consolidated income statement.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(i) Pension obligations

The Group operates the Private Provident Fund Scheme and Non-Mandatory Central Provident Fund Scheme (collectively, the "Schemes") through its subsidiaries in Macao. The Schemes are managed by a fund management entity and are defined contribution plans. The Group has no further payment obligations once the contributions have been paid to the Schemes managed by a fund management entity. The contributions are recognized as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to the contributions being fully vested. Prepaid contributions are recognized as an asset to the extent a cash refund or a reduction in the future payments is available.

(ii) Share-based compensation

Equity-settled share-based payment transactions

Share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized over the employee's requisite service period (generally the vesting period of the equity grant). When the options of the 2009 Equity Award Plan and 2019 Equity Award Plan are exercised, the Company issues new shares. The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs. At the time when the options are exercised, the amount previously recognized in share-based compensation reserve will be transferred to share premium. When the options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based compensation reserve will be transferred to retained earnings.

The Group recognizes the impact of revisions to the original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

Share-based compensation expense arising from the granting of share options by LVS to the employees of the Group, to the extent of services rendered to the Group, is deemed to have been allocated to the Group as an expense with the corresponding increase in the share-based compensation reserves under equity.

Cash-settled share-based payment transactions of the Company

For cash-settled share-based payments, a financial liability is recognized for the employee services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(iii) Annual leave and other paid leave

Employee entitlement to annual leave is recognized when it accrues to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees during the year. Employee entitlements to maternity leave and sick leave are not recognized until the time of leave. Unused compensation leave earned by employee is accrued.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when the Group can no longer withdraw the offer of the termination benefits and when it recognizes any related restructuring costs. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the balance sheet date are discounted to their present value.

(v) Bonus plans

The Group recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so the outflow is probable, it will then be recognized as a provision.

(r) Revenue recognition

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

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

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





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (continued)

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

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

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

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leases/right-of-use below.

(s) Pre-opening expenses

Pre-opening expenses represent personnel and other costs incurred prior to the opening of new properties and are expensed as incurred.

(t) Leases/right-of-use

As the lessee for leases

The Group leases various land, real estate, vehicles, and equipment. The Group determines if a contract is or contains a lease at the inception or modification of a contract. A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Leases/right-of-use (continued)

As the lessee for leases (continued)

The Group's lease arrangements have lease and non-lease components. The Group applies the practical expedient to account for the lease components and any associated non-lease components as a single lease component for all classes of underlying assets.

The Group applies the recognition exemption for leases with an expected term of 12 months or less and leases of low-value assets. These leases are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The lease liability is initially measured at the present value of fixed lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Group's leases, management uses the incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The expected lease terms include options to extend the lease when it is reasonably certain the Group will exercise such extension option or to terminate the lease when it is reasonably certain the Group will not exercise such termination option.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is initially measured at cost comprising the amount of the initial measurement of lease liability with adjustments, if any, at commencement date, any lease payments made at or before the commencement date less any lease incentives received, any initial indirect costs, and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. It is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities.

In the consolidated balance sheet, the Group presents right-of-use assets that do not meet the definition of "investment property" in "property and equipment" and lease liabilities are presented within "borrowings." Right-of-use assets that meet the definition of "investment property" are presented within "investment properties". Right-of-use assets are included within the same category under "property and equipment," which the corresponding underlying assets would be presented if they were owned.

In the consolidated statement of cash flows, lease payments and any associated interest paid are presented under cash flows from financing activities except for leases with an expected term of 12 months or less and leases of low-value assets which are presented under cash flows from operating activities.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Leases/right-of-use (continued)

As the lessor/grantor for leases/right-of-use

The Group leases space at several of its integrated resorts to various third parties as part of its mall operations, as well as retail and office space.

Leases for which the Group is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Leases, in which the Group is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately.

When assets are leased/granted out under an agreement for the right-of-use, the asset is included in the consolidated balance sheet based on the nature of the asset. Lease rental/income from right-of-use (net of any incentives given to tenants or to retailers) is recognized over the terms of the lease/right-of-use on a straight-line basis. Turnover fees arising under operating leases/right-of-use are recognized as income in the period in which they are earned.

When the legal system in which the Group operates contains a legal provision governing the change in circumstances which adversely impacts the performance of the lessee or the lessor due to a force majeure event, or a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the relevant legal provision or the specific clause is accounted for as part of the original lease and not as a lease modification. The Group recognizes such rent reduction or suspension of rent in profit or loss in the period in which the event or condition that triggers those payments to occur.

(u) Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure to be required to settle the present obligation at the reporting date. The pre-tax discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of potentially causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision of expected credit loss for trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses, using a lifetime expected loss allowance for all trade and other receivables. The Group determines the allowance based on specific customer information, historical write-off experience, current industry and economic data, which include the impact of the COVID-19 Pandemic, and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. A provision of expected credit loss for trade receivables is recorded when the Group believes it is probable the recoverable amount of the receivables will be less than their carrying amounts. Account balances are written off against the allowance when the Group considers the receivables to be uncollectible.

During the year ended December 31, 2020, there has been a delay in payments on casino receivables due to the inability of patrons to travel to the Group's properties or to accomplish financial transactions due to the travel restrictions caused by the COVID-19 Pandemic. The collection of casino receivables has also been impacted by liquidity issues faced by certain patrons stemming from the COVID-19 Pandemic. The Group has increased the provision for expected credit losses accordingly to account for the expected credit losses due to the COVID-19 Pandemic. Although the Group believes the provision on the casino receivables is adequate as at December 31, 2020, it is possible the provisions could increase if there are further delays experienced on payments from patrons.

Management believes there are no concentrations of credit risk for which an allowance has not been established. Although management believes the allowance is adequate, it is possible the estimated amount of cash collections with respect to trade receivables could change.

(b) Useful lives of investment properties and property and equipment

The Group depreciates investment properties and property and equipment on a straight-line basis over their estimated useful lives with no residual value assumed. The estimated useful lives are based on the nature of the assets, as well as current operating strategy and legal considerations, such as contractual life. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which the Group uses certain assets and could have an impact on the estimated useful lives of such assets.

(c) Impairment of non-financial assets

The Group follows the guidance of International Accounting Standard ("IAS") 36 *Impairment of Assets* to determine when assets are impaired, which requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational and financing cash flows. When required, the recoverable amount of the CGU would be determined based on value-in-use calculations. These calculations require the use of estimates, including operating results, income and expenses of the business, long-term growth rates, macro-economic factors, regulatory environments, future returns and discount rate.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(c) Impairment of non-financial assets (continued)

Changes in the key assumptions on which the recoverable amount of the assets is based could significantly affect the Group's financial position and results of operations.

During the year ended December 31, 2020, due to the substantial reduction in the cash flows generated from the Group's operating properties and the ongoing travel restrictions due to the COVID-19 Pandemic, the Group determined a triggering event occurred in 2020 and an impairment assessment was warranted for the CGUs within the Group. Fixed assets in the operating properties of the Group were tested for recoverability as at December 31, 2020, resulting in no impairment as the estimated discounted future cash flows exceeded their carrying values. The Group has made reasonable estimates and judgements in performing the analysis in light of the uncertainties surrounding the COVID-19 Pandemic; however, should the effects of the COVID-19 persist for a prolonged duration and projected operating results further decline in future periods, the Group could be required to recognize an impairment loss.

During the year ended December 31, 2019, the Group's ferry operations experienced a decline in passenger volume primarily due to the opening of the Hong Kong-Zhuhai-Macau Bridge, which opened in October 2018. The continuing decline in passenger volume resulted in the Group taking two ferries out of service and implementing other cost cutting measures to maintain the overall efficiency of the ferry operations. The Group determined the projected discounted cash flows were not anticipated to recover the ferry assets' carrying value. An impairment charge of US\$65 million was recorded for the excess of the carrying value over the recoverable value of US\$51 million, which was determined to be the fair value less cost of disposal of the ferries in the ferry operations. The estimated fair value of the ferries was determined using level 3 inputs based on recent offers received for the two ferries currently not in service.

(d) Litigation provisions

The Group is subject to various claims and legal actions. The accruals for these claims and legal actions are estimated in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Based on consultations with legal counsel, management estimated no significant loss would be incurred beyond the amounts provided. Actual results could differ from these estimates.

4. SEGMENT INFORMATION

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

The Group's principal operating and developmental activities occur in Macao, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its key operating segments, which are also the reportable segments: The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao. The Group also reviews construction and development activities for each of its primary projects currently under development, in addition to its reportable segments noted above, which include the renovation, expansion and rebranding of Sands Cotai Central to The Londoner Macao and The Londoner Court. The Group has included Ferry and other operations (comprised primarily of the Group's ferry operations and various other operations that are ancillary to its properties) to reconcile to consolidated results of operations and financial condition.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao derive their revenues primarily from casino wagers, room sales, rental income from the Group's mall tenants, food and beverage transactions, convention sales and entertainment. Ferry and other operations mainly derive their revenues from the sale of ferry tickets for transportation between Hong Kong and Macao.

Revenue disaggregated by type of revenue and property is as follows:

	Casino	Rooms	Mall ^{(i),(ii)}	Food and beverage	Convention, ferry, retail and other	Net revenues
	US\$ in millions					
Year ended December 31, 2020						
The Venetian Macao	531	46	126	14	21	738
The Londoner Macao	192	42	38	17	8	297
The Parisian Macao	180	33	27	14	5	259
The Plaza Macao	159	17	79	9	1	265
Sands Macao	107	6	1	5	1	120
Ferry and other operations	—	—	—	—	21	21
Inter-segment revenues ⁽ⁱ⁾	—	—	(2)	—	(11)	(13)
	1,169	144	269	59	46	1,687
Year ended December 31, 2019						
The Venetian Macao	2,875	222	254	73	86	3,510
The Londoner Macao	1,541	320	71	97	23	2,052
The Parisian Macao	1,376	130	53	70	21	1,650
The Plaza Macao	650	41	151	31	4	877
Sands Macao	576	18	3	27	4	628
Ferry and other operations	—	—	—	—	106	106
Inter-segment revenues ⁽ⁱ⁾	—	—	(1)	—	(14)	(15)
	7,018	731	531	298	230	8,808

- (i) Inter-segment revenues are charged at prevailing market rates.
- (ii) Of this amount, US\$199 million and US\$70 million (2019: US\$456 million and US\$75 million) are related to income from right-of-use and management fee and other, respectively. Income from right-of-use is recognized in accordance with IFRS 16 *Leases* and all other revenues are recognized in accordance with IFRS 15 *Revenue from contracts with customers*.
- (iii) For the year ended December 31, 2020, rent concessions of US\$215 million were provided to tenants as a result of the COVID-19 Pandemic and the impact on mall operations.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

The following is a reconciliation of adjusted property EBITDA to (loss)/profit for the year attributable to equity holders of the Company:

	Notes	Year ended December 31,	
		2020	2019
		US\$ in millions	
Adjusted property EBITDA (Unaudited)⁽ⁱ⁾			
The Venetian Macao		(53)	1,407
The Londoner Macao		(184)	726
The Parisian Macao		(131)	544
The Plaza Macao		33	345
Sands Macao		(76)	175
Ferry and other operations		(17)	(4)
Total adjusted property EBITDA		(428)	3,193
Share-based compensation, net of amount capitalized ⁽ⁱⁱ⁾		(15)	(14)
Corporate expense ⁽ⁱⁱⁱ⁾	4(a)	(45)	(129)
Pre-opening expense	4(b)	(11)	(23)
Depreciation and amortization		(684)	(706)
Net foreign exchange gains	6	17	35
Impairment loss on property and equipment	3(c)	—	(65)
Loss on disposal of property and equipment and investment properties	6	(73)	(16)
Operating (loss)/profit		(1,239)	2,275
Interest income		11	38
Interest expense, net of amounts capitalized		(279)	(280)
(Loss)/profit before income tax		(1,507)	2,033
Income tax expense		(16)	—
(Loss)/profit for the year attributable to equity holders of the Company		(1,523)	2,033

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

(ii) The amount comprises of US\$9 million equity-settled share-based payment expense, net of amounts capitalized and US\$6 million cash-settled share-based payment expense, net of amounts capitalized (2019: US\$13 million and US\$1 million).

(iii) The amount excludes share-based payment expense of US\$2 million (2019: nil).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

(a) Corporate expense

	Notes	Year ended December 31,	
		2020	2019
		US\$ in millions	
Royalty fees	25(a)(v)	22	110
Management fees		4	5
Employee benefit expenses		10	7
Other support services		3	4
Other expenses		6	3
		45	129

(b) Pre-opening expense

	Year ended December 31,	
	2020	2019
		US\$ in millions
Employee benefit expenses	4	9
Advertising and promotions	2	9
Contract labor and services	2	3
Utilities and operating supplies	2	—
Other support services	—	1
Other expenses	1	1
	11	23



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

	Year ended December 31,	
	2020	2019
	US\$ in millions	
Depreciation and amortization		
The Venetian Macao	181	159
The Londoner Macao	230	299
The Parisian Macao	163	161
The Plaza Macao	71	40
Sands Macao	27	27
Ferry and other operations	12	20
	684	706

	Year ended December 31,	
	2020	2019
	US\$ in millions	
Capital expenditures		
The Venetian Macao	140	131
The Londoner Macao	721	276
The Parisian Macao	11	32
The Plaza Macao	156	296
Sands Macao	8	16
Ferry and other operations	2	3
	1,038	754

	December 31,	
	2020	2019
	US\$ in millions	
Total assets		
The Venetian Macao	2,438	3,236
The Londoner Macao	4,324	4,531
The Parisian Macao	2,138	2,372
The Plaza Macao	1,219	1,255
Sands Macao	319	323
Ferry and other operations	110	383
	10,548	12,100

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

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended December 31,	
	2020	2019
	US\$ in millions	
Wages, salaries, bonus and termination costs	919	1,145
Staff meals	46	57
Pension costs — defined contribution plan	35	40
Share-based compensation, net of amount capitalized ⁽ⁱ⁾	15	14
Other employee benefit expenses	35	36
	1,050	1,292

(i) Share-based compensation of US\$1 million was capitalized during the year ended December 31, 2020 (2019: US\$1 million). For further information related to the Company's equity award plan and LVS' equity award plan, see Note 26 to the consolidated financial statements.

(a) Pension costs — defined contribution plan

Contributions totaling US\$6 million (2019: US\$8 million) remained payable to the provident fund as at December 31, 2020. Forfeited contributions totaling US\$4 million (2019: US\$4 million) were utilized during the year leaving US\$1 million (2019: US\$1 million) available at year end to reduce future contributions.

(b) Directors' emoluments

Year ended December 31, 2020	Fees	Salaries	Discretionary bonuses ⁽ⁱ⁾	Pension costs	Estimated monetary value of	Total
					other benefits ⁽ⁱⁱ⁾	
	US\$ in thousands					
Executive Directors						
Sheldon Gary Adelson ⁽ⁱⁱⁱ⁾	—	—	—	—	—	—
Wong Ying Wai	—	2,724	—	136	2,832	5,692
Non-Executive Directors						
Robert Glen Goldstein ^(iv)	—	—	—	—	—	—
Charles Daniel Forman	200	—	—	—	—	200
Independent Non-Executive Directors						
Chiang Yun	200	—	—	—	—	200
Victor Patrick Hoog Antink	230	—	—	—	—	230
Steven Zygmunt Strasser	230	—	—	—	—	230
Kenneth Patrick Chung	200	—	—	—	—	200
	1,060	2,724	—	136	2,832	6,752



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)
(CONTINUED)

(b) Directors' emoluments (continued)

	Fees	Salaries	Discretionary bonuses ⁽ⁱ⁾	Pension costs	Estimated monetary value of other benefits ⁽ⁱⁱ⁾	Total
	US\$ in thousands					
Year ended December 31, 2019						
Executive Directors						
Sheldon Gary Adelson ⁽ⁱⁱⁱ⁾	—	—	—	—	—	—
Wong Ying Wai	—	2,350	1,502	117	618	4,587
Non-Executive Directors						
Robert Glen Goldstein ^(iv)	—	—	—	—	—	—
Charles Daniel Forman	150	—	—	—	—	150
Independent Non-Executive Directors						
Chiang Yun	150	—	—	—	—	150
Victor Patrick Hoog Antink	180	—	—	—	—	180
Steven Zygmunt Strasser	180	—	—	—	—	180
Kenneth Patrick Chung	150	—	—	—	—	150
	810	2,350	1,502	117	618	5,397

- (i) The discretionary bonuses are determined by reference to the individual performance of the Directors and the Chief Executives and the Group's performance, and approved by the Remuneration Committee.
- (ii) Other benefits mainly include the share options and restricted share units under the Equity Award Plan, accommodation, meals, home visit travel costs and medical insurance. The value of the share options and restricted share units granted to the Directors represents the amount recognized as an expense during the year in accordance with IFRS 2 *Share-based payment*.
- (iii) Sheldon Gary Adelson took a medical leave of absence from his positions as the Chairman, Chief Executive Officer and the Chairman of the Nomination Committee of the Company and was re-designated as a Non-Executive Director of the Company, in each case, with effect from January 7, 2021. Mr. Adelson passed away in the United States on January 11, 2021.
- (iv) Robert Glen Goldstein was appointed as the Acting Chairman, Acting Chief Executive Officer, the Acting Chairman of the Nomination Committee, and was re-designated as an Executive Director of the Company, in each case, with effect from January 7, 2021. Subsequently he was appointed as the Chairman of the Board, the Chief Executive Officer and the Chairman of the Nomination Committee of the Company, in each case, with effect from January 27, 2021.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Directors' emoluments (continued)

The Executive Directors' emoluments were for their services in connection with the management of the affairs of the Group. The Non-Executive Directors' and Independent Non-Executive Directors' emoluments were for their services as directors of the Company.

In addition to the Directors' emoluments disclosed above, Sheldon Gary Adelson and Robert Glen Goldstein received compensation (inclusive of share-based compensation) from LVS in respect of their services to LVS and its subsidiaries (including the Group). An amount of US\$1 million (2019: US\$4 million) was charged by LVS to the Group in respect of such management and administrative services of Robert Glen Goldstein provided to the Group for the year ended December 31, 2020.

No emoluments were paid to any Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2019: nil).

With the exception of the continuing connected transactions disclosed in the 2020 Annual Report of the Company, none of the Directors has any material interests in transactions, arrangements or contracts entered into by the Company or the LVS Group.

None of the Directors waived or has agreed to waive any emoluments during the year (2019: nil).

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one Director (2019: one) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four individuals (2019: four) during the year are as follows:

	Year ended December 31,	
	2020	2019
	US\$ in thousands	
Basic salaries, allowances and benefits in kind	6,530	4,720
Discretionary bonus	—	3,858
Share-based compensation ⁽ⁱ⁾	2,846	781
Pension costs	206	219
	9,582	9,578

(i) The value of the share options and restricted share units granted to the individuals represents the amount recognized as an expense during the year in accordance with IFRS 2 *Share-based payment*.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(c) Five highest paid individuals (continued)

The emoluments of the above mentioned individuals fall within the following bands:

Range in HK\$	Range in US\$ equivalent	Year ended December 31,	
		2020	2019
		Number of individuals	
10,500,001–11,000,000	1,354,000–1,419,000	1	—
13,500,001–14,000,000	1,741,000–1,806,000	1	—
16,000,001–16,500,000	2,064,000–2,128,000	—	2
17,500,001–18,000,000	2,257,000–2,322,000	1	1
24,500,001–25,000,000	3,160,000–3,225,000	—	1
32,000,001–32,500,000	4,128,000–4,192,000	1	—
		4	4

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended December 31, 2020 (2019: nil).





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OTHER EXPENSES, GAINS AND LOSSES

	Notes	Year ended December 31,	
		2020	2019
		US\$ in millions	
Utilities and operating supplies		116	195
Contract labor and services		65	152
Repairs and maintenance		65	85
Provision for expected credit losses, net		52	24
Advertising and promotions		27	129
Royalty fees	25(a)(v)	22	113
Management fees ⁽ⁱ⁾		16	47
Lease payments for which the recognition exemption is applied and variable lease payments not included in lease liabilities	13(c)	3	8
Auditor's remuneration		2	2
Loss on disposal of property and equipment and investment properties ⁽ⁱⁱ⁾		73	16
Impairment loss on property and equipment ⁽ⁱⁱⁱ⁾	3(c)	—	65
Net foreign exchange gains		(17)	(35)
Other support services		58	101
Other operating expenses		62	115
		544	1,017

- (i) Total management fees for the year ended December 31, 2020 includes US\$3 million charged by third parties and US\$13 million charged by related parties, net of amounts capitalized (2019: US\$24 million and US\$23 million respectively).
- (ii) Loss on disposal of property and equipment and investment properties for the year ended December 31, 2020 includes demolition cost of US\$34 million primarily related to The Londoner Macao project.
- (iii) The impairment loss for the year ended December 31, 2019 resulted from the decrease in volume of passengers in our ferry operations. For details refer to Note 3(c).

7. INTEREST EXPENSE, NET OF AMOUNTS CAPITALIZED

	Year ended December 31,	
	2020	2019
		US\$ in millions
Senior Notes	260	253
Amortization of deferred financing costs	17	15
Lease liabilities	8	8
Bank borrowings	2	—
Standby fee and other financing costs	13	13
	300	289
Less: interest capitalized	(21)	(9)
	279	280

A capitalization rate of 3.2% to 5.1% (2019: 4.4% to 5.3%) was used, representing the effective finance costs of the loans to finance the assets under construction.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

	Year ended December 31,	
	2020	2019
	US\$ in millions	
Current income tax		
Lump sum in lieu of Macao complementary tax on dividends	5	5
Deferred income tax expense/(benefit)	11	(5)
Income tax expense	16	—

Deferred income tax expense was US\$11 million for the year ended December 31, 2020, compared to deferred income tax benefit of US\$5 million for the year ended December 31, 2019. The deferred income tax expense in 2020 was primarily due to the reversal of deferred tax assets related to accelerated book depreciation of fixed assets disposed in 2020 not deductible for tax purposes while the deferred income tax benefit in 2019 was primarily due to the reversal of deferred tax liabilities related to accelerated tax depreciation allowance.

(a) Macao complementary tax

Macao complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 (equivalent to US\$4,000) but below MOP300,000 (equivalent to US\$37,500), and thereafter at a fixed rate of 12%. For the year ended December 31, 2020, a special complementary tax incentive was provided to the effect that the tax free income threshold was increased from MOP32,000 to MOP600,000 (equivalent to US\$4,000 to US\$75,000) with the profit above MOP600,000 (equivalent to US\$75,000) being taxed at a fixed rate of 12% (2019: same). Additionally, for the year ended December 31, 2019, a special complementary tax incentive was provided to reduce complementary tax payable by a maximum of MOP300,000 (equivalent to US\$37,500).

Pursuant to the Dispatch No. 320/2013 issued by the Chief Executive of Macao on October 3, 2013, VML was granted an extension of the tax exemption regarding Macao complementary tax on its gaming activities for an additional five years, effective from the tax year 2014 to the tax year 2018. Pursuant to the Dispatch No. 194/2018 issued by the Chief Executive of Macao on August 20, 2018, VML was granted an extension of the tax exemption through June 26, 2022, the date VML's Subconcession Contract expires. Regarding the other subsidiaries, during the year ended December 31, 2020, Macao complementary tax is calculated progressively at a maximum of 12% of the estimated assessable profit (2019: same).

(b) Lump sum in lieu of Macao complementary tax on dividends

VML entered into Shareholder Dividend Tax Agreements with the Macao government. The agreements provided for an annual payment in lieu of Macao complementary tax otherwise due by VML's shareholders on dividend distributions to them from gaming profits, effective through the end of 2018. In April 2019, VML entered into another Shareholder Dividend Tax Agreement with the Macao government for an extension of the agreement through June 26, 2022, to correspond to the Macao complementary tax exemption on its gaming activities (see also Note 8(a)).



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE (CONTINUED)

(c) Hong Kong profits tax

The Company's subsidiaries that carry on business in Hong Kong are subject to the Hong Kong profits tax at the maximum rate of 16.5% for the year ended December 31, 2020 (2019: same).

(d) Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to the consolidated entities in the respective jurisdictions as follows:

	Year ended December 31,	
	2020	2019
	US\$ in millions	
(Loss)/profit before income tax	(1,507)	2,033
Tax calculated at domestic rates applicable in the respective jurisdictions	(174)	261
Tax effects of :		
Income not subject to tax ⁽ⁱ⁾	(247)	(966)
Expenses not deductible for tax purposes ^{(i), (ii)}	271	603
Amortization of pre-opening expenses previously not recognized	(2)	(1)
Origination and reversal of temporary difference, net	5	4
Tax losses for which no deferred income tax assets were recognized	158	95
Lump sum in lieu of Macao complementary tax of dividends	5	5
Other	—	(1)
Income tax expense	16	—

- (i) During the year ended December 31, 2020, VML was exempt from Macao complementary tax on its gaming activities (see also Note 8(a)). In addition, lease/right-of-use income recorded in VML, Venetian Cotai Limited ("VCL") and Venetian Orient Limited ("VOL") were subject to property tax (Note (ii)), and should, therefore, also be excluded from Macao complementary tax calculations. Accordingly, casino revenues and lease/right-of-use income and their corresponding expenses incurred were presented as "Income not subject to tax" and "Expenses not deductible for tax purposes", respectively, in the calculations above (2019: same).

Additionally, for the year ended December 31, 2020, the Company received dividend income from a subsidiary. The dividend income is not subject to Hong Kong profits tax (2019: same).

- (ii) Lease/right-of-use income recorded in VML, VCL and VOL are exempt from property tax for the first four and six years for the newly constructed buildings in Macao and on Cotai, respectively, pursuant to Article 9(1)(a) of Lei no. 19/78/M. If the buildings in Macao and on Cotai also qualify for Tourism Utility Status, the property tax exemption can be extended by another four and six years, respectively, pursuant to Article 15(a) of Lei no. 81/89/M. The exemption for the Sands Macao expired in August 2012, for The Venetian Macao in August 2019, with exception of its casino area which expired in August 2013, and for The Plaza Macao in August 2020. The exemptions for The Londoner Macao and The Parisian Macao will be expiring in December 2027 and September 2028, respectively. Regarding The Grand Suites at Four Seasons, under the initial exemption, it has an exemption with expiration date of April 2019. The Group is currently working on obtaining the second exemption for The Grand Suites at Four Seasons.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. (LOSS)/EARNINGS PER SHARE

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended December 31, 2020, the Company had outstanding share options that would potentially dilute the ordinary shares (2019: same).

The calculation of basic and diluted (loss)/earnings per share is based on the following:

	Year ended December 31,	
	2020	2019
(Loss)/profit for the year attributable to equity holders of the Company (US\$ in millions)	(1,523)	2,033
Weighted average number of shares for basic (loss)/earnings per share (thousand shares)	8,089,202	8,085,149
Adjustment for share options (thousand shares) ⁽ⁱ⁾	—	5,057
Weighted average number of shares for diluted (loss)/earnings per share (thousand shares)	8,089,202	8,090,206
(Loss)/earnings per share, basic	(US18.82 cents)	US25.14 cents
(Loss)/earnings per share, basic ⁽ⁱⁱ⁾	(HK145.90 cents)	HK195.79 cents
(Loss)/earnings per share, diluted	(US18.82 cents)	US25.13 cents
(Loss)/earnings per share, diluted ⁽ⁱⁱ⁾	(HK145.90 cents)	HK195.71 cents

(i) The computation of the diluted loss per share for the year ended December 31, 2020 did not assume the exercise of the Company's share options because the exercise would result in a decrease in loss per share.

(ii) The translation of US\$ amounts into HK\$ amounts has been made at the exchange rate on December 31, 2020 of US\$1.00 to HK\$7.7526 (2019: US\$1.00 to HK\$7.7879).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. DIVIDENDS

Dividend payments made during the year were as follows:

	Year ended December 31,	
	2020	2019
	US\$ in millions	
2019 interim dividend of HK\$0.99 (equivalent to US\$0.127) per ordinary share declared on January 17, 2020 and paid ⁽ⁱ⁾	1,025	—
2018 interim dividend of HK\$0.99 (equivalent to US\$0.127) per ordinary share declared on January 18, 2019 and paid ⁽ⁱ⁾	—	1,023
2018 final dividend of HK\$1.00 (equivalent to US\$0.127) per ordinary share declared on May 24, 2019 and paid ⁽ⁱ⁾	—	1,031
	1,025	2,054

- (i) The 2019 interim dividend and the 2018 interim and final dividend were not recognized as a liability as at December 31, 2019 and 2018, respectively. They were reflected as appropriation of reserves during 2020 and 2019, respectively.

On January 17, 2020, the Board declared an interim dividend of HK\$0.99 (equivalent to US\$0.127) per share in respect of the year ended December 31, 2019, payable to Shareholders of the Company whose names appeared on the register of members of the Company on February 5, 2020. The interim dividend, amounting in aggregate to HK\$8.01 billion (equivalent to US\$1.03 billion), was paid on February 21, 2020.

On April 17, 2020, the Board resolved not to recommend the payment of a final dividend in respect of the year ended December 31, 2019.

The Board does not recommend the payment of a final dividend in respect of the year ended December 31, 2020.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES, NET

	2020	2019
	US\$ in millions	
At January 1		
Cost	1,004	988
Accumulated depreciation	(417)	(359)
At January 1	587	629
Year ended December 31		
Opening net book amount	587	629
Additions	7	6
Adjustments to project costs	(3)	—
Transfers	2	6
Depreciation	(52)	(57)
Exchange difference	2	3
Closing net book amount	543	587
At December 31		
Cost	990	1,004
Accumulated depreciation	(447)	(417)
At December 31	543	587

(a) Measuring investment property at fair value

The Group engaged an independent professional valuer, Knight Frank Petty Limited, to perform the valuation of the Group's investment properties, which are located in Macao, on an annual basis. Knight Frank Petty Limited is a professionally qualified independent external valuer, and had appropriate recent experience in the relevant location and category of the properties being valued. In determining the fair value of the investment properties, the valuer uses assumptions and estimates that reflect, amongst other factors, comparable market transactions in an active market, lease/right-of-use income from current leases/right-of-use and assumptions about lease/right-of-use income from future leases/rights-of-use in light of current market conditions, capitalization rates, terminal yield and reversionary income potential. Valuations were based on income and an open market value approach for all completed properties as follows:

	December 31, 2020	2019
	US\$ in millions	
Fair value of the investment properties	7,686	8,354

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value estimate of the Group's investment properties is a Level 3 input.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES, NET (CONTINUED)

(b) Amounts recognized in profit or loss for investment properties

	Year ended December 31,	
	2020	2019
	US\$ in millions	
Mall income	269	531
Direct operating expenses arising from investment properties that generate right-of-use income	37	50
Direct operating expenses that did not generate right-of-use income	6	5

During the year December 31, 2020, mall income in the table above included turnover fees, representing variable lease income, of US\$29 million (2019: US\$74 million), and rent concessions of US\$215 million granted to mall tenants (2019: nil) as a result of the COVID-19 Pandemic.

(c) Leasing arrangements

The investment properties are leased to mall tenants under operating leases with rentals payable on a monthly basis. Lease payments in the mall leasing contracts include variable lease payments that depend on turnover of the retail store. Where necessary to reduce credit risk, the Group may obtain bank guarantees for the term of a lease or cash security deposit at the commencement of a lease. There is no residual value guarantee for our current mall leases.

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

	December 31,	
	2020	2019
	US\$ in millions	
No later than 1 year	334	361
1 to 2 years	244	289
2 to 3 years	178	205
3 to 4 years	140	67
4 to 5 years	113	42
Later than 5 years	407	47
	1,416	1,011



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the year are as follows:

	Leasehold interests in land	Land improvements	Buildings and building improvements	Leasehold improvements	Vehicles	Ferries	Furniture, fittings & equipment	Construction- in-progress	Total
	US\$ in millions								
At January 1, 2019									
Cost	675	389	9,161	7	43	251	1,904	159	12,589
Accumulated depreciation	(123)	(146)	(2,696)	(6)	(36)	(129)	(1,319)	—	(4,455)
At January 1, 2019	552	243	6,465	1	7	122	585	159	8,134
Year ended December 31, 2019									
Opening net book amount	552	243	6,465	1	7	122	585	159	8,134
IFRS 16 transition adjustment	—	—	6	—	—	—	—	—	6
Restated balance, beginning of year	552	243	6,471	1	7	122	585	159	8,140
Additions	—	3	7	1	35	—	89	768	903
Adjustments to project costs	—	—	—	—	—	—	1	(13)	(12)
Disposals	—	—	(1)	—	—	—	(3)	(4)	(8)
Transfers	—	5	265	—	—	—	143	(419)	(6)
Impairment	—	—	—	—	—	(65)	—	—	(65)
Depreciation	(12)	(9)	(442)	(1)	(6)	(12)	(151)	—	(633)
Exchange difference	—	1	35	—	—	—	3	3	42
Closing net book amount	540	243	6,335	1	36	45	667	494	8,361
At December 31, 2019									
Cost	675	399	9,377	7	63	252	2,082	494	13,349
Accumulated depreciation	(135)	(156)	(3,042)	(6)	(27)	(207)	(1,415)	—	(4,988)
At December 31, 2019	540	243	6,335	1	36	45	667	494	8,361
Year ended December 31, 2020									
Opening net book amount	540	243	6,335	1	36	45	667	494	8,361
Additions	1	—	9	2	29	—	47	1,024	1,112
Adjustments to project costs	(2)	(7)	4	—	—	—	(2)	—	(7)
Disposals	—	(2)	(32)	—	(14)	—	(3)	(2)	(53)
Transfers	—	2	583	—	—	—	156	(743)	(2)
Depreciation	(13)	(6)	(404)	(1)	(11)	(5)	(174)	—	(614)
Exchange difference	—	1	30	—	—	—	3	1	35
Closing net book amount	526	231	6,525	2	40	40	694	774	8,832
At December 31, 2020									
Cost	674	372	9,890	7	66	252	2,235	774	14,270
Accumulated depreciation	(148)	(141)	(3,365)	(5)	(26)	(212)	(1,541)	—	(5,438)
At December 31, 2020	526	231	6,525	2	40	40	694	774	8,832

Interest expense of US\$21 million in Note 7 (2019: US\$9 million) and other direct costs of US\$24 million (2019: US\$26 million) have been capitalized for the year ended December 31, 2020.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. PROPERTY AND EQUIPMENT, NET (CONTINUED)

The Group received land concessions from the Macao government to build on the sites on which Sands Macao, The Venetian Macao, The Plaza Macao, The Londoner Macao and The Parisian Macao are located. The Group does not own these land sites; however, the land concessions, which have an initial term of 25 years and are renewable at the Group's option, in accordance with Macao laws, grant the Group exclusive use of the land. As specified in the land concessions, the Group is required to pay premiums for each parcel as well as annual rent for the term of the land concessions, which may be revised every five years by the Macao government. The initial land lease premiums for all parcels have been fully paid for. The Group anticipates a useful life of 50 years related to these land concessions.

As at December 31, 2020, the Group's property and equipment were not pledged as securities for any liabilities (2019: same).



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. LEASES

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 11(b) and 11(c).

(a) Right-of-use assets

The movements of right-of-use assets included within “Property and equipment, net” and “Investment properties, net” for the year are as follows:

	Property and equipment, net — Leasehold interests in land	Property and equipment, net — Other	Investment properties, net — Leasehold interests in land	Total Right-of-use assets
	US\$ millions			
At January 1, 2019				
Cost	675	14	56	745
Accumulated depreciation	(123)	(10)	(12)	(145)
At January 1, 2019	552	4	44	600
Year ended December 31, 2019				
Opening net book amount	552	4	44	600
IFRS 16 transition adjustment	—	6	—	6
Restated balance, beginning of period	552	10	44	606
Additions	—	20	—	20
Depreciation	(12)	(9)	(1)	(22)
Closing net book amount	540	21	43	604
At December 31, 2019				
Cost	675	32	56	763
Accumulated depreciation	(135)	(11)	(13)	(159)
At December 31, 2019	540	21	43	604
Year ended December 31, 2020				
Opening net book amount	540	21	43	604
Additions	1	25	—	26
Disposals	—	(14)	—	(14)
Adjustments to costs	(2)	—	—	(2)
Depreciation	(13)	(13)	(1)	(27)
Closing net book amount	526	19	42	587
At December 31, 2020				
Cost	674	40	56	770
Accumulated depreciation	(148)	(21)	(14)	(183)
At December 31, 2020	526	19	42	587

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. LEASES (CONTINUED)

(b) Lease liabilities

The lease liabilities included within borrowings are as follows:

	December 31, 2020	2019
	US\$ in millions	
Current liabilities — Borrowings	21	19
Non-current liabilities — Borrowings	124	128
Total Lease liabilities	145	147

The weighted average effective interest rate of lease liabilities as at December 31, 2020 is 4.9% (2019: 4.9%). The maturity analysis of the lease liabilities are presented in Note 27(a)(iii).

(c) Amounts recognized in the consolidated income statement

	Year ended December 31,	
	2020	2019
	US\$ in millions	
Depreciation charge of right-of-use assets:		
Property and equipment, net — Leasehold interests in land	13	12
Property and equipment, net — other	13	9
Investment properties, net — Leasehold interests in land	1	1
	27	22
Interest expense on lease liabilities	8	8
Expense relating to short-term leases for which the recognition exemption is applied	1	2
Expense relating to low-value items for which the recognition exemption is applied	1	1
Expense relating to variable lease payments not included in lease liabilities	1	5
	38	38

The total cash outflow for leases including interest payments for the year ended December 31, 2020 is US\$15 million (2019: US\$30 million), which includes variable lease payments, low-value lease payments and short-term lease payments of US\$3 million in total (2019: US\$8 million).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. LEASES (CONTINUED)

(d) Extension and termination options and residual value guarantee

The Group has leases for various real estate (including leasehold interest in land), vehicles and equipment. The Group's leases include options to extend the lease term by one month to 10 years. Land concessions in Macao generally have an initial term of 25 years with automatic extensions of 10 years thereafter in accordance with Macao law. The Group anticipates a useful life of 50 years related to the land concessions in Macao. Termination options are included in property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of the termination options held are exercisable only by the Group and not by the respective lessor.

The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

14. INTANGIBLE ASSETS, NET

	Computer software	
	2020	2019
	US\$ in millions	
At January 1		
Cost	130	112
Accumulated amortization	(82)	(66)
At January 1	48	46
Year ended December 31		
Opening net book amount	48	46
Additions	11	18
Amortization	(18)	(16)
Closing net book amount	41	48
At December 31		
Cost	141	130
Accumulated amortization	(100)	(82)
At December 31	41	48

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. DEFERRED INCOME TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movements of the deferred tax liabilities are as follows:

	Accelerated depreciation allowance
	US\$ in millions
At January 1, 2019	(50)
Credit for the year	5
At December 31, 2019	(45)
Charge for the year	(11)
At December 31, 2020	(56)

Deferred tax assets are recognized for tax loss carryforwards to the extent realization of the related tax benefit through future taxable profits is probable. The unrecognized deferred income tax assets in respect of losses that can be carried forward against future taxable income and pre-opening expenses are as follows:

	December 31, 2020	2019
	US\$ in millions	
Arising from unused tax losses	346	283
Arising from pre-opening expenses	3	4
	349	287

As at December 31, 2020, subject to the agreement by tax authorities, out of the total unrecognized tax losses of approximately US\$2,835 million (2019: US\$2,311 million), an amount of approximately US\$133 million (2019: US\$120 million) can be carried forward indefinitely. The remaining amount of approximately US\$2,702 million (2019: US\$2,191 million), will expire in one to three years (2019: same).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET

	Notes	December 31, 2020	2019
		US\$ in millions	
Trade receivables		257	506
Less: provision for expected credit losses		(137)	(106)
Trade receivables, net	16(a)	120	400
Other receivables		11	56
Prepayments		52	49
Deferred rent		69	81
Less: amortization of deferred rent		(42)	(50)
provision for doubtful deferred rent		(2)	(3)
Prepayments, net		77	77
Trade and other receivables and prepayments, net		208	533
Less: non-current portion:			
prepayments		(5)	(6)
deferred rent		(13)	(17)
		(18)	(23)
Current portion		190	510



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net

The aging analysis of trade receivables, net of provision for expected credit losses, is as follows:

	December 31, 2020	2019
	US\$ in millions	
0–30 days	89	259
31–60 days	9	42
61–90 days	5	26
Over 90 days	17	73
	120	400

Trade receivables are measured at amortized costs and the carrying values approximate their fair values at each balance sheet date. The maximum exposure to credit risk is the fair values of trade receivables at each balance sheet date.

Trade receivables are comprised of casino, mall and hotel receivables. The Group extends credit to approved customers and gaming promoters following background checks and investigations of creditworthiness. Business or economic conditions, the legal enforceability of gaming debts, or other significant events in foreign countries could affect the collectability of receivables from customers and gaming promoters residing in these countries.

Trade receivables mainly consist of casino receivables. Credit is granted to certain gaming promoters on a revolving basis. All gaming promoter credit lines are generally subject to monthly review and regular settlement procedures to evaluate the current status of liquidity and financial health of these gaming promoters. Credit is granted based on the performance and financial background of the gaming promoter and, if applicable, the gaming promoter's guarantor(s). Absent special approval, the credit period granted to selected premium and mass market players is typically 7–15 days, while for gaming promoters, the receivable is typically repayable within one month following the granting of the credit, subject to terms of the relevant credit agreement. The Group generally does not charge interest for credit granted, but requires a personal check or other acceptable forms of security.

There is a concentration of credit risk related to net casino receivables as 67.6% (2019: 41.9%) of the casino receivables as at December 31, 2020 were from the top five customers. Other than casino receivables, there are no other concentrations of credit risk with respect to trade receivables. The Group believes the concentration of its credit risk in casino receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures, and also believes that there are no concentrations of credit risk for which a provision has not been established as at December 31, 2020 and 2019.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net (continued)

The Group maintains a provision for expected credit losses on casino, mall and hotel receivables and regularly evaluates the balances. The Group specifically analyzes the collectability of each account with a significant balance, based upon the aging of the account, the customer's financial condition, collection history and any other known information, and the Group makes an allowance for trade receivables. The Group also monitors regional and global economic conditions and forecasts in its evaluation of the adequacy of the recorded provisions. Table games play is primarily cash play, as credit play represented approximately 24.0% of total table games play for the year ended December 31, 2020 (2019: 14.7%). The credit extended to gaming promoters and premium players can be offset by the commissions payable to and front money deposited by these gaming promoters, which is considered in the establishment of the provision for expected credit losses.

As at December 31, 2020, a gross amount of casino receivables of US\$247 million (2019: US\$475 million), was offset by commissions payable and front money deposits in an aggregate amount of US\$39 million (2019: US\$78 million), resulting in net amounts of casino receivables before provision for expected credit losses of US\$208 million (2019: US\$397 million).

As at December 31, 2020, included in the Group's trade receivables balance were debtors with aggregate carrying amount of US\$181 million (2019: US\$288 million) which were past due as at the reporting date, of which US\$158 million (2019: US\$243 million) related to casino receivables.

During the year ended December 31, 2020, the collection of casino receivables has been impacted by liquidity issues faced by certain patrons stemming from the COVID-19 Pandemic. The Group has increased the provision for expected credit losses accordingly to account for the expected credit losses due to the COVID-19 Pandemic, refer to Note 3(a) for further information.

As at December 31, 2020, except for credit impaired balances and outstanding significant balances with gross amount of US\$130 million (2019: US\$120 million) that have been assessed individually, as part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these remaining customers consist of a large number of small customers with common risk characteristics representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at December 31, 2020 and 2019 within lifetime ECL.

Provision matrix — debtors' aging	Expected loss rate	December 31,	
		2020	2019
		US\$ in millions	
Current (not past due)	—	53	169
1–90 days past due	2%–10%	16	97
91–360 days past due	15%–25%	6	62
More than 360 days past due	50%–100%	52	58
		127	386

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net (continued)

The expected loss rates are estimated based on historical observed default rates over the expected life of the receivable balance and are adjusted for forward-looking information available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach.

	December 31, 2020	2019
	US\$ in millions	
At beginning of year	106	94
Provision for expected credit losses, net	50	24
Amounts written-off	(19)	(13)
Exchange difference	—	1
At end of year	137	106

(b) Other receivables and deferred rent

Other receivables are measured at amortized costs and the carrying values approximate their fair values at each balance sheet date, which also represent the Group's maximum exposure to credit risk as at December 31, 2020. The Group holds security deposits, bank guarantees and letters of credit for certain other receivables and deferred rent. Impairment charges of US\$2 million (2019: nil) related to deferred rent were recorded for the year ended December 31, 2020, and included in "Other expenses, gains and losses" in the consolidated income statement. Amounts are charged to the provision account and generally written off when the recoverability is remote.

17. CASH AND CASH EQUIVALENTS

	December 31, 2020	2019
	US\$ in millions	
Cash at bank and on hand	532	585
Short-term bank deposits	329	1,886
	861	2,471

As at December 31, 2020, the effective interest rates on short-term bank deposits ranged from 0.1% to 1.0% (2019: 2.3% to 2.9%) per annum. These deposits have maturities ranging from 5 to 19 days (2019: 12 to 61 days).

Cash and cash equivalents are measured at amortized costs and the carrying values of cash equivalents are their fair values as at December 31, 2020 (2019: same). The estimated fair value of the Group's cash and cash equivalents is based on level 1 inputs (quoted market prices in active markets) (2019: same). The maximum credit exposure of cash and cash equivalents of the Group as at December 31, 2020 amounted to US\$747 million (2019: US\$2,277 million).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. SHARE CAPITAL

	Ordinary shares of US\$0.01 each	US\$ in millions
Authorized		
At January 1, 2019, December 31, 2019 and December 31, 2020	16,000,000,000	160
Issued and fully paid:		
At January 1, 2019	8,080,603,691	81
Shares issued upon exercise of share options	7,748,525	—
At December 31, 2019	8,088,352,216	81
At January 1, 2020	8,088,352,216	81
Shares issued upon exercise of share options	1,766,550	—
At December 31, 2020	8,090,118,766	81

19. RESERVES

The amount of the Group's reserves and the movements therein for the current and prior years are set out in the consolidated statement of changes in equity.

(a) Capital reserve

The capital reserve represents the combined share premium of Venetian Venture Development Intermediate Limited ("VVDIL") and Cotai Services (HK) Limited.

(b) Statutory reserve

The statutory reserve represents amounts set aside from the income statement that are not distributable to Shareholders/quotaholders of the group companies incorporated.

The Macao Commercial Code #432 requires that companies incorporated in Macao that are limited by shares should set aside a minimum of 10% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 25% of the company's capital.

For companies incorporated in Macao that are limited by quotas, the Macao Commercial Code #377 requires that a company should set aside a minimum of 25% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 50% of the company's capital.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. TRADE AND OTHER PAYABLES

	Notes	December 31, 2020	2019
		US\$ in millions	
Trade payables	20(a)	51	47
Customer deposits and other deferred revenue	20(b)	412	395
Construction payables and accruals		316	278
Outstanding chip liability	20(b)	189	485
Interest payables		156	130
Accrued employee benefit expenses		136	174
Other tax payables		118	302
Loyalty program liability	20(b)	28	31
Casino liabilities		22	41
Payables to related companies	25(b)	3	9
Other payables and accruals		62	104
		1,493	1,996
Less: non-current portion		(105)	(122)
Current portion		1,388	1,874

Trade and other payables are measured at amortized cost and the carrying amount approximate their fair values at each balance sheet date.

(a) Trade payables

The aging analysis of trade payables based on invoice date is as follows:

	December 31, 2020	2019
		US\$ in millions
0–30 days	31	33
31–60 days	15	6
61–90 days	3	6
Over 90 days	2	2
	51	47

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Contract and contract related liabilities

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

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

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

	Outstanding chip liability		Loyalty program liability		Customer deposits and other deferred revenue ⁽ⁱ⁾	
	2020	2019	2020	2019	2020	2019
	US\$ in millions					
Balance at January 1	485	514	31	33	395	497
Balance at December 31	189	485	28	31	412	395
(Decrease)/increase	(296)	(29)	(3)	(2)	17	(102)

(i) Of this amount, US\$125 million, US\$129 million and US\$127 million as at December 31, 2020, December 31, 2019, and January 1, 2019, respectively, relates to mall deposits that are accounted for based on lease terms usually greater than one year.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. BORROWINGS

	December 31, 2020	2019
	US\$ in millions	
Non-current portion		
Senior Notes, unsecured	7,000	5,535
Lease liabilities	124	128
	7,124	5,663
Less: deferred financing costs	(80)	(74)
	7,044	5,589
Current portion		
Lease liabilities	21	19
Total borrowings	7,065	5,608

Borrowings are measured at amortized cost and the estimated fair value of the Group's Senior Notes as at December 31, 2020 was approximately US\$7.77 billion (2019: US\$5.53 billion). The estimated fair value of the Group's Senior Notes is based on recent trades, if available, and indicative pricing from market information (level 2 inputs) (2019: same).

Senior Notes

On August 9, 2018, the Company issued, in a private offering, three series of senior unsecured notes in an aggregate principal amount of US\$5.50 billion, consisting of US\$1.80 billion of 4.600% Senior Notes due August 8, 2023 (the "2023 Notes"), US\$1.80 billion of 5.125% Senior Notes due August 8, 2025 (the "2025 Notes") and US\$1.90 billion of 5.400% Senior Notes due August 8, 2028 (the "2028 Notes"). A portion of the net proceeds from the offering was used to repay in full the outstanding borrowings under the 2016 VML Credit Facility. There are no interim principal payments on the 2023 Notes, 2025 Notes or 2028 Notes and interest is payable semi-annually in arrears on each February 8 and August 8, commencing on February 8, 2019. In connection with the US\$5.50 billion Senior Notes, the Company entered into fixed-to-variable interest rate swap contracts (see Note 22).

On June 4, 2020, the Company issued, in a private offering, two series of senior unsecured notes in an aggregate principal amount of US\$1.50 billion, consisting of US\$800 million of 3.800% Senior Notes due January 8, 2026 (the "2026 Notes") and US\$700 million of 4.375% Senior Notes due June 18, 2030 (the "2030 Notes", and together with the 2023 Notes, 2025 Notes, 2026 Notes and 2028 Notes, the "Senior Notes"). The net proceeds from the offering were used for incremental liquidity and general corporate purposes. There are no interim principal payments on the 2026 Notes or 2030 Notes and interest is payable semi-annually in arrears on each January 8 and July 8, commencing on January 8, 2021, with respect to the 2026 Notes, and on June 18 and December 18, commencing on December 18, 2020, with respect to the 2030 Notes.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. BORROWINGS (CONTINUED)

Senior Notes (continued)

The Senior Notes are senior unsecured obligations of the Company. Each series of notes rank equally in right of payment with all of the Company's existing and future senior unsecured debt and will rank senior in right of payment to all of the Company's future subordinated debt, if any. The Senior Notes will be effectively subordinated in right of payment to all of the Company's future secured debt (to the extent of the value of the collateral securing such debt), and will be structurally subordinated to all of the liabilities of the Company's subsidiaries. None of the Company's subsidiaries guarantee the Senior Notes.

The 2023 Notes, 2025 Notes and 2028 Notes were issued pursuant to an indenture, dated August 9, 2018 and the 2026 Notes and 2030 Notes were issued pursuant to an indenture, dated June 4, 2020, between the Company and U.S. Bank National Association, as trustee. Upon the occurrence of certain events described in these indentures, the interest rate on the Senior Notes may be adjusted. Both indentures contain covenants, subject to customary exceptions and qualifications, that limit the ability of the Company and its subsidiaries to, among other things, incur liens, enter into sale and leaseback transactions and consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets on a consolidated basis. The indentures also provide for customary events of default.

2018 SCL Credit Facility

On November 20, 2018, the Company as borrower, entered into a facility agreement with the arrangers and lenders named therein and Bank of China Limited, Macau Branch, as agent for the lenders, (the "2018 SCL Credit Facility") pursuant to which the lenders made available a US\$2.0 billion revolving unsecured credit facility to the Company (the "2018 SCL Revolving Facility"). The facility is available until July 31, 2023, and the Company may draw loans under the facility, which may consist of general revolving loans (consisting of a United States dollar component and a Hong Kong dollar component) or loans drawn under a swing-line loan sub-facility (denominated in either United States dollars or Hong Kong dollars). The Company may utilize the loans for general corporate purposes and working capital requirements of the Company and its subsidiaries.

Loans under the 2018 SCL Revolving Facility bear interest calculated by reference to (1) in the case of general revolving loans denominated in United States dollars, the London Interbank Offered Rate ("LIBOR"), (2) in the case of loans denominated in United States dollars drawn under the swing-line loan sub-facility, a United States dollar alternate base rate (determined by reference to, among other things, the United States dollar prime lending rate and the Federal Funds Effective Rate), (3) in the case of general revolving loans denominated in Hong Kong dollars, the Hong Kong Interbank Offered Rate ("HIBOR") or (4) in the case of loans denominated in Hong Kong dollars drawn under the swing-line loan sub-facility, a Hong Kong dollar alternate base rate (determined by reference to, among other things, the Hong Kong dollar prime lending rate), in each case, plus a margin determined by reference to the consolidated leverage ratio. The initial margin for general revolving loans is 2.0% per annum and the initial margin for loans drawn under the swing-line loan sub-facility is 1.0% per annum. The Company is also required to pay a commitment fee of 0.60% per annum on the undrawn amounts under the 2018 SCL Revolving Facility.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. BORROWINGS (CONTINUED)

2018 SCL Credit Facility (continued)

The 2018 SCL Credit Facility contains affirmative and negative covenants customary for similar unsecured financings, including, but not limited to, limitations on indebtedness secured by liens on principal properties and sale and leaseback transactions. The 2018 SCL Credit Facility also requires the Company to maintain a maximum ratio of total indebtedness to trailing twelve-month adjusted earnings before interest, income taxes, depreciation and amortization, as defined in the 2018 SCL Credit Facility (the "SCL Credit Facility Adjusted EBITDA") of 4.00x throughout the life of the facility, and a minimum ratio of the SCL Credit Facility Adjusted EBITDA to net interest expense (including capitalized interest) of 2.50x throughout the life of the facility.

On March 27, 2020, the Company entered into a waiver and amendment request letter (the "Waiver Letter") with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders (a) waived the requirements for the Company to ensure the maximum consolidated leverage ratio does not exceed 4.00x and minimum consolidated interest coverage ratio of 2.50x for any quarterly period ending during the period beginning on, and including, January 1, 2020 and ending on, and including, July 1, 2021 (the "SCL Relevant Period") (other than with respect to the financial year ended on December 31, 2019); (b) waived any default that may arise as a result of any breach of said requirements during the SCL Relevant Period (other than with respect to the financial year ended on December 31, 2019); and (c) extended the period of time during which the Company may supply the agent with (i) its audited consolidated financial statements for the financial year ended on December 31, 2019, to April 30, 2020; and (ii) its audited consolidated financial statements for the financial year ending on December 31, 2020, to April 30, 2021. Pursuant to the Waiver Letter, the Company agreed to pay a customary fee to the lenders that consented.

On September 11, 2020, the Company entered into a waiver extension and amendment request letter (the "Waiver Extension Letter") with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend the SCL Relevant Period such that it ends on, and includes, January 1, 2022 instead of July 1, 2021; and (b) amend and restate the 2018 SCL Credit Facility in the form attached to the Waiver Extension Letter, which contains the following amendments: (1) it provides the Company with the option to increase the total borrowing capacity by an aggregate amount of up to US\$1.0 billion; and (2) it imposes a restriction on the ability of the Company to declare or make any dividend payment or similar distribution at any time during the period from (and including) July 1, 2020 to (and including) January 1, 2022, if at such time (x) the total borrowing capacity exceeds US\$2.0 billion by operation of the increase referred to above; and (y) the maximum consolidated leverage ratio is greater than 4.00x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of the Company is greater than US\$2.0 billion. Pursuant to the Waiver Extension Letter, the Company agreed to pay a customary fee to the lenders that consented.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. BORROWINGS (CONTINUED)

2018 SCL Credit Facility (continued)

The 2018 SCL Credit Facility also contains certain events of default (some of which are subject to grace and remedy periods and materiality qualifiers), including, but not limited to, events relating to the Company's gaming operations and the loss or termination of certain land concession contracts.

As at December 31, 2020, the Group had US\$2.02 billion of available borrowing capacity under the 2018 SCL Credit Facility (2019: US\$2.0 billion).

On January 25, 2021, the Company entered into an agreement with lenders to increase commitments under the 2018 SCL Credit Facility by HK\$3.83 billion (approximately US\$494 million at the exchange rate in effect on the date of this transaction). Subsequently, on January 29, 2021, the Company drew down US\$29 million and HK\$2.13 billion (approximately US\$274 million at the exchange rate in effect on January 29, 2021) under this facility for general corporate purposes, resulting in a remaining available borrowing capacity of US\$2.21 billion.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Senior Notes	Bank loans ^(a)	Lease liabilities	Deferred financing costs	Net interest payables ^(a)	Dividend payables	Total
	US\$ in millions						
Balance as at January 1, 2020	5,535	—	147	(74)	83	—	5,691
Financing cash flows	1,496	(1)	(11)	(20)	(209)	(1,030)	225
Non-cash changes:							
Original issue discount	4	—	—	(4)	—	—	—
Accruals	—	—	9	—	282	1,025	1,316
Amortization	—	—	—	17	—	—	17
Foreign exchange movement	—	1	—	1	—	5	7
Fair value adjustment of the interest rate swaps	(35)	—	—	—	—	—	(35)
Balance as at December 31, 2020	7,000	—	145	(80)	156	—	7,221

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities (continued)

	Senior Notes	Lease liabilities	Deferred financing costs	Net interest payables ⁽ⁱ⁾	Dividend payables	Total
	US\$ in millions					
Balance as at January 1, 2019	5,515	135	(88)	83	—	5,645
Adjustments arising from adoption of IFRS 16	—	6	—	—	—	6
Restated opening balance	5,515	141	(88)	83	—	5,651
Financing cash flows	—	(13)	(2)	(274)	(2,051)	(2,340)
Non-cash changes:						
Accruals	—	19	1	274	2,054	2,348
Amortization	—	—	15	—	—	15
Foreign exchange movement	—	—	—	—	(3)	(3)
Fair value adjustment of the interest rate swaps	20	—	—	—	—	20
Balance as at December 31, 2019	5,535	147	(74)	83	—	5,691

- (i) The cash flows from bank loans make up the net amount of proceeds from bank loans and repayments of bank loans in the statement of cash flows.
- (ii) The balance of net interest payables in this table represents the net balance of interest payables and interest rate swap receivables and the cash flows from net interest payables represent the net amount of interest income received from interest rate swaps and interest payment made.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group recognizes all derivatives as financial instruments measured at fair value through profit or loss on the balance sheet. If specific conditions are met, a derivative may be designated as a hedge of specific financial exposures. The accounting for changes in fair value of a derivative depends on the intended use of the derivative and, if used in hedging activities, on its effectiveness as a hedge. In order to qualify for hedge accounting, the underlying hedged item must expose the Group to risks associated with market fluctuations and the financial instrument used must be designated as a hedge and reduce the Group's exposure to market fluctuation throughout the hedge period.

In August 2018, the Group entered into interest rate swap agreements (the "IR Swaps"), which were qualified and designated as fair value hedges, swapping fixed-rate for variable-rate interest to hedge changes in the fair value of the 2023 Notes, 2025 Notes and 2028 Notes. These IR Swaps had a total notional value of US\$5.50 billion and expired in August 2020.

For the year ended December 31, 2020, the Group recorded US\$53 million as a reduction to interest expense related to the realized amount associated with the IR Swaps (2019: US\$23 million).

As at December 31, 2019, the total fair value of the IR Swaps was US\$82 million. US\$35 million was recorded as an asset in "Other assets, net" current with an equal corresponding adjustment recorded against the carrying value of the Senior Notes. The realized portion of IR Swaps of US\$47 million was recorded as interest receivables in "Trade and other receivables and prepayments, net". The fair value of the IR Swaps was estimated using level 2 inputs from recently reported market forecasts of interest rates. Gains and losses due to changes in fair value of the IR Swaps completely offset changes in the fair value of the hedged portion of the underlying debt; therefore, no gain or loss has been recognized due to hedge ineffectiveness.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Cash (used in)/generated from operations is as follows:

	Year ended December 31,	
	2020	2019
	US\$ in millions	
(Loss)/profit before income tax	(1,507)	2,033
Adjustments for:		
Interest income	(11)	(38)
Interest and other finance costs	261	265
Depreciation and amortization	684	706
Amortization of deferred financing costs	17	15
Amortization of deferred rent	9	13
Amortization of other assets	3	3
Loss on disposal of property and equipment and investment properties	39	16
Impairment loss on property and equipment	—	65
Provision for expected credit losses, net	52	24
Equity-settled share-based compensation expense, net of amounts capitalized	9	13
Net foreign exchange gains	(18)	(34)
Changes in working capital:		
Other assets	—	(5)
Inventories	2	(2)
Trade and other receivables and prepayments	216	(65)
Trade and other payables	(567)	(191)
Cash (used in)/generated from operations	(811)	2,818





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Significant capital expenditure on property and equipment contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	December 31, 2020	2019
	US\$ in millions	
Contracted but not provided for	385	1,001

(b) Litigation

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

(c) Concession and Subconcession

On June 26, 2002, the Macao government granted a concession to operate casinos in Macao through June 26, 2022, subject to certain qualifications, to Galaxy, a consortium of Macao and Hong Kong-based investors. During December 2002, VML and Galaxy entered into a Subconcession Contract that was recognized and approved by the Macao government and allows VML to develop and operate casino projects, including The Venetian Macao, The Londoner Macao (formerly Sands Cotai Central), The Parisian Macao, The Plaza Macao and Sands Macao, separately from Galaxy. Beginning on December 26, 2017, the Macao government may redeem the Subconcession Contract by providing the Group at least one year's prior notice. The Subconcession of VML will expire on June 26, 2022.

Under the Subconcession, the Group is obligated to pay to the Macao government an annual premium with a fixed portion and a variable portion based on the number and type of gaming tables it employs and gaming machines it operates. The fixed portion of the premium is equal to MOP30 million (approximately US\$4 million at the exchange rate in effect on December 31, 2020). The variable portion is equal to MOP300,000 per gaming table reserved exclusively for certain kinds of games or players, MOP150,000 per gaming table not so reserved and MOP1,000 per electrical or mechanical gaming machine, including slot machines (approximately US\$37,570, US\$18,785 and US\$125, respectively, at the exchange rate in effect on December 31, 2020), subject to a minimum of MOP45 million (approximately US\$6 million at the exchange rate in effect on December 31, 2020). The Group is also obligated to pay a special gaming tax of 35% of gross gaming revenues and applicable withholding taxes. The Group must also contribute 4% of its gross gaming revenue to utilities designated by the Macao government, a portion of which must be used for promotion of tourism in Macao. Based on the number and types of gaming tables employed and gaming machines in operation as at December 31, 2020, the Group was obligated under its Subconcession to make minimum future payments of approximately US\$41 million during the year ending December 31, 2021, and approximately US\$21 million during the year ending December 31, 2022.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(d) Construction labor

In recent years, the Group has utilized an imported construction labor quota granted by the Labour Affairs Bureau of the Macao government for purposes of completing outstanding areas within The Londoner Macao (formerly Sands Cotai Central) and The Parisian Macao project and for additions and alterations works in The Venetian Macao, The Plaza Macao and The Londoner Macao (the "Group Quota"). The Group Quota has been renewed and the import quota increased over the years, but is expected to decrease in 2021 as renovation and refurbishment works at The Londoner Macao are gradually completed. The Group Quota alone has historically not provided for sufficient numbers of staff and labor to complete construction works. The shortfall is covered by separate labor quotas applied by and awarded directly to the contractors by the Labour Affairs Bureau of the Macao government (the "Contractor Quota").

Since 2018, BCA (Macao) Limited has been retained to manage the Group Quota on behalf and at the direction of the Group. However, in accordance with Macao labor law, the Group remains primarily liable for the fulfillment of all employer legal obligations and for the costs associated with persons employed under the Group Quota, including where such persons are seconded to contractors. Contractors utilizing seconded labor under the Group Quota are contractually obligated to reimburse and indemnify the Group for any and all costs incurred as a result of the secondment arrangement. In addition, the Group has the right to recover such costs against any amounts due to the contractors. Although the Group is not directly liable, it may be held vicariously liable for payments under the Contractor Quota if contractors working on the Company's development projects fail to pay wages. The Group maintains a contingency in case it is unable to fully recover amounts owed to construction labor from contractors in such circumstances.

25. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant Shareholders and/or their close family members) or other entities, and include entities which are under the significant influence of related parties of the Group where those parties are individuals. The Group's immediate holding company is VVDI (II). LVS is the Group's ultimate holding company. Related companies represent the group companies of the LVS Group.

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

(a) Transactions during the year

(i) Management fee income

	Year ended December 31,	
	2020	2019
	US\$ in millions	
Fellow subsidiaries	4	5





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions during the year (continued)

(i) Management fee income (continued)

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

(ii) Management fee expense

	Year ended December 31,	
	2020	2019
	US\$ in millions	
LVS	10	19
Fellow subsidiaries	3	7
	13	26

LVS Group companies provide management services to the Group. These services include, but are not limited to, human resources support, accounting services, sourcing of goods and services, sourcing of tenants for the malls, transportation services, other various types of marketing and promotion activities for the Group, and design, development and construction consultancy services. Management fees are charged at actual costs incurred or on a cost-plus basis.

(iii) Expenses billed to/paid by other LVS group companies

During the year, the Group incurred certain expenses on behalf of other LVS group companies, or vice versa. The Group charged/reimbursed other LVS group companies for these expenses at cost.

(iv) Key management personnel remuneration

No transactions have been entered into with the Directors of the Company (being the key management personnel) during the year ended December 31, 2020 other than the emoluments paid to them (being the key management personnel remuneration) as disclosed in Note 5 (2019: same).





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions during the year (continued)

(v) Royalty fees

In November 2009, the Group entered into an agreement with Las Vegas Sands, LLC (“LVS LLC”), an intermediate holding company incorporated in the United States of America, for the use of the trademarks and other intellectual property rights as defined in the agreement. For each of the full fiscal years through the full fiscal year ended December 31, 2012, the Group was required to pay LVS LLC an annual royalty in the amount of 1.5% of non-gaming revenue and Paiza-related gaming revenue of the Sands Macao, 1.5% of all revenue of The Venetian Macao, and 1.5% of all gaming revenue of the Plaza Casino at The Plaza Macao (the “Relevant Royalty”), provided that the total royalty payable in connection with these three properties in each fiscal year was capped at US\$20 million per full fiscal year. For each of the subsequent full fiscal years through the full fiscal year ending December 31, 2022, the Group is required to pay an annual royalty being the lesser of the Relevant Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. Each subsequent Casino Gaming property the Group operates which utilizes any of the licensed marks in connection with generating the relevant revenue will pay for each of the first three fiscal calendar years after commencement of operations of each subsequent property, a royalty fee of 1.5% of the respective gross revenues of the operations in connection with which such licensed marks are used (each, the “Subsequent Casino Gaming Property Royalty”), subject to a US\$20 million cap per fiscal year. For the fiscal calendar years thereafter until expiration of the initial term, the Group will pay LVS LLC an annual royalty being the lesser of the Subsequent Casino Gaming Property Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. After the commencement of the operation of The Londoner Macao (formerly Sands Cotai Central) and The Parisian Macao in April 2012 and September 2016 respectively, the Group is required to pay royalty fees in connection with these properties. During the year ended December 31, 2020, the Group incurred US\$22 million (2019: US\$110 million) of royalty fees.

(vi) Share-based compensation

The Group participates in the share-based compensation plan of LVS (Notes 5 and 26).





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	December 31, 2020	2019
	US\$ in millions	
Receivables from related companies:		
LVS	1	—
Fellow subsidiaries	—	2
	1	2

The receivables from related companies are unsecured, interest free and have a credit term of 45 days (2019: same).

	December 31, 2020	2019
	US\$ in millions	
Notes		
Payables to related companies:		
LVS	—	3
Intermediate holding company	3	5
Fellow subsidiaries	—	1
20	3	9

The payables to related companies are unsecured, interest free and have a credit term of 45 days (2019: same).

26. SHARE-BASED COMPENSATION

(a) Share options of the Company

Equity Award Plan

The 2009 Equity Award Plan and 2019 Equity Award Plan (collectively, the "Equity Award Plan") gives the Company a competitive edge in attracting, retaining and motivating employees, directors and consultants and to provide the Company with an equity award plan providing incentives directly related to increases in its shareholder value. Subject to certain criteria as defined in the Equity Award Plan, the Company's subsidiaries' or affiliates' employees, directors or officers and many of its consultants are eligible for awards under the Equity Award Plan.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options of the Company (continued)

Equity Award Plan (continued)

The 2009 Equity Award Plan provided for an aggregate of 804,786,508 Shares to be available for awards. The 2009 Equity Award Plan had a term of ten years, which expired on November 30, 2019, no further awards may be granted after the expiration of the term. All existing awards previously granted under the 2009 Equity Award Plan, but which are unexercised or unvested, will remain valid and (where applicable) exercisable in accordance with their respective terms of grant despite the expiry of the 2009 Equity Award Plan. The Company's Remuneration Committee might, from time to time, grant awards of share options, share appreciation rights, restricted shares, restricted share units, share bonuses ("Share-based Awards"), performance compensation awards or any combination of the foregoing pursuant to the 2009 Equity Award Plan. Effective December 1, 2019, the 2019 Equity Award Plan was approved by Shareholders, with materially the same terms of the 2009 Equity Award Plan. As at December 31, 2020, there were 808,619,139 shares available for grant under the 2019 Equity Award Plan and no share options or any other Share-based Awards (under which new Shares will be issued) were granted during the year under the 2019 Equity Award Plan.

Share options under the Equity Award Plan were granted with an exercise price not less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day, (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant and (iii) the nominal value of a Share. The outstanding share options generally vest over four years and have ten-year contractual terms. Compensation cost for all share option grants, which all have graded vesting, is net of estimated forfeitures and is recognized on an accelerated granted attribution approach over the awards' respective requisite service periods.

The Company estimates the fair value of share options using the Black-Scholes option-pricing model. Expected volatilities are based on the Company's historical volatility for a period equal to the expected life of the share options. The expected option life is based on the contractual term of the option as well as historical exercise and forfeiture behavior. The risk-free interest rate for periods equal to the expected term of the share option is based on the Hong Kong Government Bond rate in effect at the time of the grant for share options granted. The expected dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options of the Company (continued)

Equity Award Plan (continued)

A summary of the share option activity for the Company's 2009 Equity Award Plan is presented below:

	Year Ended December 31,			
	2020		2019	
	Number of options '000	Weighted average exercise price US\$	Number of options '000	Weighted average exercise price US\$
Outstanding at January 1	64,874	4.99	57,382	4.81
Granted	—	—	19,410	5.08
Exercised	(1,766)	3.41	(7,749)	3.65
Forfeited	(8,690)	5.51	(4,169)	5.35
Outstanding at December 31	54,418	4.96	64,874	4.99
Exercisable at December 31	32,903	4.85	22,214	5.10

The weighted average share price at the date of exercise for share options exercised during the year was US\$4.41 (2019: US\$5.26).

The range of exercise prices and the weighted average remaining contractual life of the above share options outstanding as at the dates indicated are as follows:

Range of exercise prices US\$	December 31,			
	2020		2019	
	Number of options outstanding '000	Weighted average remaining contractual life (years)	Number of options outstanding '000	Weighted average remaining contractual life (years)
1.01–2.00	—	—	210	0.42
2.01–3.00	76	0.85	76	1.86
3.01–4.00	9,783	4.85	11,045	5.88
4.01–5.00	13,394	6.34	16,092	7.41
5.01–6.00	26,587	7.68	31,292	8.65
6.01–7.00	1,851	5.24	2,023	6.42
7.01–8.00	1,288	3.27	2,098	4.32
8.01–9.00	1,439	3.21	2,038	4.21
	54,418	6.53	64,874	7.49



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options of the Company (continued)

Fair value estimates of the share options under 2009 Equity Award Plan

The fair value of each option grant was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year ended December 31,	
	2020	2019
Expected volatility	—	36.9%
Expected life (years)	—	4.8
Risk-free annual interest rate	—	1.7%
Expected dividends	—	5.0%
Weighted average share price at the date of grant (US\$)	—	5.06
Weighted average exercise price (US\$)	—	5.08
Weighted average fair value of each share option granted by the Company (US\$)	—	1.03

(b) Restricted share units of the Company

Under the 2009 Equity Award Plan and the 2019 Equity Award Plan, the Company granted certain restricted share units (under which no new Shares will be issued) to eligible participants. Such restricted share units will vest over three to four years. Grantees are entitled to a future cash payment from our Group that is equivalent to the fair value of the vested restricted share units and any accumulated dividends in cash upon vesting.

A summary of the restricted share units under the 2009 Equity Award Plan and the 2019 Equity Award Plan is presented below:

	Year ended December 31,			
	2020		2019	
	Number of restricted share units '000	Weighted average grant date fair value US\$	Number of restricted share units '000	Weighted average grant date fair value US\$
Unvested at January 1	1,407	4.99	—	—
Granted	2,337	4.11	1,412	4.99
Vested	(244)	4.09	—	—
Forfeited	(137)	4.97	(5)	4.99
Unvested at December 31	3,363	4.44	1,407	4.99



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. SHARE-BASED COMPENSATION (CONTINUED)

(b) Restricted share units of the Company (continued)

The fair value of each restricted share unit on its grant date is the closing price of the Shares on its grant date. The fair value of each restricted share unit is re-measured at the end of each reporting period until its vesting date. Upon vesting of each restricted share unit, the Group will pay the grantees an amount in cash calculated based on the higher of (i) the closing price of the Company's shares on the vesting date, and (ii) the average closing price of the Company's shares for the five trading days immediately preceding the vesting date, in addition to any accumulated cash and dividends equivalents paid by the Company in respect of one Share. If the vesting date is not a trading day, the trading day immediately preceding the vesting date shall be considered as the vesting date. Compensation cost for all restricted share units, which all have graded vesting, is recognized on an accelerated granted attribution approach over the restricted share units' respective requisite service periods. As at December 31, 2020, the accrued liability associated with these cash-settled restricted share units was US\$7 million (2019: US\$1 million). For the year ended December 31, 2020, the gain on re-measurement of the liability was less than US\$1 million. For the year ended December 31, 2019, the loss on re-measurement of the liability was less than US\$1 million.

(c) Share options of LVS

The Group participates in the equity-settled share-based compensation plan of LVS which provides for the granting of share options to purchase LVS common stock (the "2004 Plan").

The 2004 Plan had an original term of ten years and was subsequently extended to December 2019. This was further extended to December 2024 and the number of shares of common stock available for grants was increased by 10,000,000 shares from 26,344,000 (the "Amended 2004 Plan"). Share option awards are granted with an exercise price equal to the fair market value (as defined in the Amended 2004 Plan) of LVS' share on the date of grant. The outstanding share options generally vest over three to four years and have ten-year contractual terms. As at December 31, 2020, there were 8,998,486 shares available for grant under the Amended 2004 Plan.

For the purpose of financial reporting of the Group, share-based compensation expense arising from the granting of share options by LVS to the Directors and employees of the Group, to the extent of services rendered to the Group, is deemed to have been allocated to the Group as its expense with the corresponding increase in the share option reserve under equity in the relevant companies comprising the Group.

During the year ended December 31, 2020, 33,768 share options (2019: 41,546 share options) were granted at a weighted average exercise price of US\$70.06 (2019: US\$57.05), no share options were exercised (2019: same) and no share options expired (2019: same). As at December 31, 2020, there were 132,525 share options outstanding with a weighted average exercise price of US\$65.53 (2019: 98,757 share options, US\$63.97), and 63,233 share options were exercisable at a weighted average exercise price of US\$65.34 (2019: 30,314 share options, US\$66.82).

The expense allocated to the Group in relation to the Amended 2004 Plan during the year ended December 31, 2020 was US\$0.3 million (2019: US\$0.3 million).





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall financial risk management program, mainly carried out by a central treasury department and approved by the Board of Directors, focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's primary exposures to market risk are interest rate risk associated with long-term borrowings and foreign currency exchange rate risk associated with the Group's operations. The Group has a policy aimed at managing interest rate risk associated with its current and anticipated future borrowings and foreign currency exchange rate risk associated with operations of its foreign subsidiaries. This policy enables the Group to use any combination of interest rate swaps, futures, options, caps, forward contracts and similar instruments. The Group does not hold or issue financial instruments for trading purposes and does not enter into derivative transactions that would be considered speculative positions.

(i) Market risk

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

Interest rate risk

The Group's primary exposure to market risk is interest rate risk associated with its fixed rate long-term borrowings and interest rate swap contracts for the year ended December 31, 2020 and year ended December 31, 2019. Management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise. During the years ended December 31, 2020 and 2019, the Group held derivative financial instruments which consisted of interest rate swap contracts on the fixed rate 2023 Notes, 2025 Notes and 2028 Notes, which were designated as hedging instruments for accounting purposes. The Group's borrowings at fixed rates were denominated in US\$ during the years ended December 31, 2020 and December 31, 2019.

As at December 31, 2020, the estimated fair value of fixed rate long-term borrowings was approximately US\$7.77 billion, compared to its carrying value of US\$7.00 billion (2019: US\$5.53 billion, US\$5.50 billion respectively). The estimated fair value of fixed rate long-term borrowings is based on level 2 inputs (quoted prices in markets that are not active). A change in interest rates on fixed rate long-term borrowings impacts its fair value. A hypothetical 100 basis points change in market rates would cause the fair value of the fixed rate long-term borrowings to change by US\$362 million (2019: US\$303 million inclusive of the impact from the interest rate swaps).

The fixed-to-variable interest rate swaps expired in August 2020. As at December 31, 2019, the total notional amount of our fixed-to-variable interest rate swaps was US\$5.50 billion and the fair value of the interest rate swaps, on a stand-alone basis, was an asset of US\$82 million. As at December 31, 2019, a hypothetical 100 basis points change in LIBOR would cause the fair value of the interest rate swaps to change by approximately US\$34 million.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Foreign exchange risk

The Group's financial assets and financial liabilities are denominated in the following currencies:

	HK\$	US\$	MOP	RMB	Other currencies	Total
	In US\$ millions					
At December 31, 2020						
Financial assets						
Amortized costs:						
Trade and other receivables, net	118	4	9	—	—	131
Restricted cash and cash equivalents	—	—	16	—	—	16
Cash and cash equivalents	438	280	130	11	2	861
Deposits	1	—	1	—	—	2
	557	284	156	11	2	1,010
Financial liabilities						
Amortized costs:						
Trade and other payables	513	143	505	3	1	1,165
Borrowings	4	6,920	139	2	—	7,065
	517	7,063	644	5	1	8,230
At December 31, 2019						
Financial assets						
Amortized costs:						
Trade and other receivables, net	386	52	18	—	—	456
Restricted cash and cash equivalents	—	—	15	—	—	15
Cash and cash equivalents	1,712	639	82	9	29	2,471
Deposits	2	—	1	—	—	3
	2,100	691	116	9	29	2,945
Fair value through profit or loss:						
Derivative financial instruments	—	35	—	—	—	35
Financial liabilities						
Amortized costs:						
Trade and other payables	832	137	475	11	4	1,459
Borrowings	17	5,461	130	—	—	5,608
	849	5,598	605	11	4	7,067



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognizes assets and liabilities denominated in a currency other than MOP, which is the functional currency of the major operating companies within the Group. The Group's foreign currency transactions are mainly denominated in US\$. For companies with MOP as their functional currency, as at December 31, 2020, a hypothetical 1% weakening of the US\$/MOP exchange rate would cause a foreign currency transaction loss of approximately US\$67 million (2019: US\$49 million), mainly as a result of the translation of US\$ denominated debt held by SCL (2019: same). The HK\$ is pegged to the US\$ within a narrow range and the MOP is pegged to the HK\$, therefore the Group does not expect fluctuations in the values of these currencies to have a material impact on the operations.

(ii) Credit risk

The Group is potentially subject to concentrations of credit risk from financial instruments, which consist principally of cash and cash equivalents, restricted cash and cash equivalents and trade and other receivables.

The Group maintains cash and cash equivalents and restricted cash and cash equivalents with various creditworthy financial institutions and trade receivables with its customers. Management monitors this credit risk on an on-going basis and does not believe that the Group has any other significant exposure to any individual or institution not provided for as at December 31, 2020 and 2019. See Note 16 for details of credit risk related to trade receivables.

(iii) Liquidity risk

Liquidity risk is the financial risk arising from the difficulty in meeting obligations associated with financial liabilities settled by cash or other financial assets.

The 2018 SCL Credit Facility requires the Group to comply with financial covenants. If the Group is unable to maintain compliance with the financial covenants under the 2018 SCL Credit Facility, the Group would be in default with regard to any borrowings under the 2018 SCL Credit Facility. These financial covenants include maintaining a maximum consolidated leverage ratio of debt to SCL Credit Facility Adjusted EBITDA for all quarterly periods through maturity. In March 2020, the Company entered into a waiver and amendment request letter, pursuant to which lenders, among other things, waived the Company's requirement to ensure the maximum consolidated leverage ratio does not exceed 4.00x and the consolidated interest coverage ratio is greater than 2.50x for any period beginning on, and including, January 1, 2020 and ending on, and including, July 1, 2021 (other than with respect to the financial year ended December 31, 2019). In September 2020, SCL entered into a waiver extension and amendment request letter, pursuant to which the aforementioned waiver period was extended to January 1, 2022. As at December 31, 2020, the Company was in compliance with all debt covenants. As at December 31, 2019, the leverage ratio, as defined per the 2018 SCL Credit Facility, was 1.8x, compared to the maximum leverage ratio allowed of 4.00x.

The Directors of the Company are of the opinion that, taking into account the Group's available borrowing capacity and the Group's cash flow forecast for the coming year, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months from December 31, 2020.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

The Group's financial liabilities, based on the contractual undiscounted cash flows are as follows:

	Within the first year	In the second year	In the third to fifth year	Over the fifth year	Total
	US\$ in millions				
At December 31, 2020					
Senior Notes principal	—	—	3,600	3,400	7,000
Senior Notes interest	342	339	850	461	1,992
Lease liabilities	22	13	19	303	357
Trade and other payables	1,079	25	36	25	1,165
At December 31, 2019					
Senior Notes principal	—	—	1,800	3,700	5,500
Senior Notes interest	278	278	750	503	1,809
Lease liabilities	20	13	18	307	358
Trade and other payables	1,359	36	43	21	1,459

(b) Capital risk management

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

The capital structure of the Group consists of debt (including current and non-current interest-bearing borrowings as shown in the consolidated balance sheet), net of cash and cash equivalents, and equity attributable to Shareholders, comprising issued share capital and reserves as disclosed in Notes 18 and 19, respectively.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management (continued)

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

	December 31,	
	2020	2019
	US\$ in millions	
Interest bearing borrowings, net of deferred financing costs	6,920	5,461
Less: cash and cash equivalents	(861)	(2,471)
restricted cash and cash equivalents	(16)	(15)
Net debt	6,043	2,975
Total equity	1,929	4,446
Total capital	7,972	7,421
Gearing ratio	75.8%	40.1%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. COMPANY BALANCE SHEET

	Note	December 31, 2020 US\$ in millions	2019
ASSETS			
Non-current assets			
Interests in subsidiaries		1,144	1,129
Note receivables from subsidiaries		7,782	5,919
Total non-current assets		8,926	7,048
Current assets			
Other receivables and prepayments		59	96
Cash and cash equivalents		6	216
Other assets		—	35
Total current assets		65	347
Total assets		8,991	7,395
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		81	81
Reserves	28(a)	1,851	1,738
Total equity		1,932	1,819
LIABILITIES			
Non-current liabilities			
Borrowings		6,920	5,461
Other payables		3	1
Total non-current liabilities		6,923	5,462
Current liabilities			
Other payables		136	114
Total current liabilities		136	114
Total liabilities		7,059	5,576
Total equity and liabilities		8,991	7,395
Net current (liabilities)/assets		(71)	233
Total assets less current liabilities		8,855	7,281

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. COMPANY BALANCE SHEET (CONTINUED)

(a) Movements of reserves

	Capital reserve	Share premium	Share-based compensation reserves	Currency translation reserve	Retained earnings	Total
	US\$ in millions					
Balance at January 1, 2019	106	1,457	53	(18)	356	1,954
Profit for the year	—	—	—	—	1,792	1,792
Other comprehensive income for the year	—	—	—	4	—	4
Total comprehensive income	—	—	—	4	1,792	1,796
Exercise of share options	—	28	—	—	—	28
Transfer to share premium upon exercise of share options	—	6	(6)	—	—	—
Forfeiture of share options	—	—	(3)	—	3	—
Share-based compensation of the Company	—	—	14	—	—	14
Dividends to equity holders of the Company (Note 10)	—	—	—	—	(2,054)	(2,054)
Balance at December 31, 2019	106	1,491	58	(14)	97	1,738
Profit for the year	—	—	—	—	1,120	1,120
Other comprehensive income for the year	—	—	—	3	—	3
Total comprehensive income	—	—	—	3	1,120	1,123
Exercise of share options	—	6	—	—	—	6
Transfer to share premium upon exercise of share options	—	1	(1)	—	—	—
Forfeiture of share options	—	—	(8)	—	8	—
Share-based compensation of the Company	—	—	9	—	—	9
Dividends to equity holders of the Company (Note 10)	—	—	—	—	(1,025)	(1,025)
Balance at December 31, 2020	106	1,498	58	(11)	200	1,851

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. PRINCIPAL SUBSIDIARIES

Details of the Group's principal subsidiaries as at December 31, 2020 are as follows:

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
Directly held:				
Venetian Venture Development Intermediate Limited	Cayman Islands, June 21, 2002	Investment holding	US\$1	100%
SCL IP Holdings, LLC	United States, September 29, 2009	Holder of trademark licenses	US\$527,802,937.56	100%
Indirectly held:				
Cotai Ferry Company Limited	Macao/Macao and Hong Kong, July 19, 2007	High speed ferry transportation services	MOP10,000,000	100%
Cotai Strip Lot 2 Apart Hotel (Macao) Limited	Macao, October 27, 2008	Hotel apartments	MOP6,498,900 MOP722,100 (preference shares)	100% 100%
Cotai Services (HK) Limited	Hong Kong, July 11, 2007	Business support services, marketing and operation of ferry business	HK\$749,025,708.72	100%
CotaiJet 1 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 2 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 3 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 4 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 5 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 6 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 7 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 8 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 9 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
CotaiJet 10 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 11 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 12 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 13 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 14 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
Cotaiwaterjet Sea Bridge 1 (HK) Limited	Hong Kong/Macao December 12, 2019	Pontoon leasing	HK\$1	100%
Cotaiwaterjet Sea Bridge 2 (HK) Limited	Hong Kong/Macao December 12, 2019	Pontoon leasing	HK\$1	100%
Sands Cotai West Holdings Limited	Cayman Islands/Macao, May 25, 2011	Holder of hotel franchise agreement	US\$1	100%
Sands Resorts Travel Limited	Hong Kong, February 29, 2016	Travel and tourism agency services	HK\$500,000	100%
Sands Resorts Transportation 1 Limited	Hong Kong, January 30, 2019	Transportation services	HK\$1	100%
Sands Resorts Transportation 2 Limited	Hong Kong, January 30, 2019	Transportation services	HK\$1	100%
Sands Resorts Transportation 3 Limited	Hong Kong, February 4, 2019	Transportation services	HK\$1	100%
Sands Venetian Security Limited	Macao, June 22, 2011	Security services	MOP1,000,000	100%
Venetian Cotai Hotel Management Limited	Macao, March 12, 2008	Human resources administration	MOP500,000	100%
Venetian Cotai Limited	Macao, November 11, 2004	Hotels, restaurants, shopping mall, and conference and convention	MOP200,000,000	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
Venetian Macau Limited (Note (i))	Macao, June 21, 2002	Gaming and other related activities	MOP200,000,000	100%
Venetian Orient Limited	Macao, February 2, 2006	Hotels, restaurants, shopping mall, and conference and convention	MOP100,000	100%
Venetian Retail Limited	Macao, June 15, 2007	Mall management	MOP1,500,000	100%
Venetian Travel Limited	Macao, October 16, 2006	Travel and tourism agency services	MOP2,400,000	100%
Venetian Transportation Services Limited	Macao, January 7, 2019	Transportation services and other related activities	MOP25,000	100%
V-HK Services Limited	Hong Kong, September 6, 2004	Marketing and customer development services	HK\$1	100%
Zhuhai Cotai Information Services Outsourcing Co., Ltd. (Note (ii))	China, September 30, 2010	Outsourcing services, including information technology, accounting, hotel management and marketing	US\$800,000	100%
Zhuhai Cotai Logistics Hotel Services Co., Ltd. (Note (ii))	China, September 27, 2007	Procurement, marketing and administrative services	US\$4,500,000	100%
Zhuhai Hengqin Cotai Information Services Co., Ltd. (Note (ii))	China, September 24, 2019	Outsourcing services, including information technology, accounting, hotel management and marketing	US\$2,000,000	100%

Notes:

- (i) 10% of the company's issued share capital is held through an usufruct agreement whereby VVDIL has the sole and exclusive benefit. Accordingly, the profits and losses and assets and liabilities of the company have been consolidated as to 100% thereof into the consolidated financial statements.
- (ii) These entities are wholly foreign owned enterprises established in China.



SANDS CHINA LTD.

4.1 INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE SHAREHOLDERS OF SANDS CHINA LTD.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sands China Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 113 to 200, which comprise the consolidated balance sheet as at December 31, 2019, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





4.1 INDEPENDENT AUDITOR'S REPORT

Key audit matter

How our audit addressed the key audit matter

Valuation of Casino Receivables

We identified the valuation of casino receivables as a key audit matter because, as disclosed in notes 3(c), 18(a) and 29(a)(ii) to the consolidated financial statements, the net casino receivables as of December 31, 2019 of US\$296 million involves significant accounting estimates and judgment.

Our procedures to assess the reasonableness of the valuation of casino receivables included:

- Obtaining an understanding and testing the operating effectiveness of the controls over the granting of casino credit, collection processes and management's review controls over the assessment of the collectability of casino receivables and the appropriateness of the expected credit loss policy and estimated allowance; and
- Developing expectations of current year loss allowance based on repayment history and examining subsequent settlement to assess the reasonableness of the amount of expected credit loss made for casino receivables.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.





4.1 INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.





SANDS CHINA LTD.

4.1 INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan Ka Sing.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

April 17, 2020



4.2 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Note	Year ended December 31,	
		2019	2018
US\$ in millions, except per share data			
Net revenues	4	8,808	8,665
Gaming tax		(3,421)	(3,430)
Employee benefit expenses	6	(1,292)	(1,238)
Depreciation and amortization	5	(706)	(655)
Inventories consumed		(97)	(99)
Other expenses, gains and losses	7	(1,017)	(1,089)
Operating profit		2,275	2,154
Interest income		38	20
Interest expense, net of amounts capitalized	8	(280)	(225)
Loss on modification or early retirement of debt		—	(81)
Profit before income tax		2,033	1,868
Income tax benefit	9	—	7
Profit for the year attributable to equity holders of the Company		2,033	1,875
Earnings per share for profit attributable to equity holders of the Company			
— Basic	10	US25.14 cents	US23.21 cents
— Diluted	10	US25.13 cents	US23.19 cents

The notes on pages 119 to 200 are an integral part of these consolidated financial statements.



SANDS CHINA LTD.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Profit for the year attributable to equity holders of the Company	2,033	1,875
Other comprehensive income/(expense)		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Currency translation differences	16	(12)
Total comprehensive income for the year attributable to equity holders of the Company	2,049	1,863

The notes on pages 119 to 200 are an integral part of these consolidated financial statements.





SANDS CHINA LTD.

4.2 FINANCIAL STATEMENTS CONSOLIDATED BALANCE SHEET

	Note	December 31, 2019	2018
		US\$ in millions	
ASSETS			
Non-current assets			
Investment properties, net	12	587	629
Property and equipment, net	13	8,361	8,134
Intangible assets, net	16	48	46
Other assets, net		34	47
Trade and other receivables and prepayments, net	18	23	22
Total non-current assets		9,053	8,878
Current assets			
Inventories		16	14
Other assets		35	—
Trade and other receivables and prepayments, net	18	510	477
Restricted cash and cash equivalents		15	13
Cash and cash equivalents	19	2,471	2,676
Total current assets		3,047	3,180
Total assets		12,100	12,058

Note: Certain reclassifications have been made to the prior year to conform to the current year presentation.





SANDS CHINA LTD.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Note	December 31, 2019	2018
		US\$ in millions	
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	20	81	81
Reserves	21	4,365	4,328
Total equity		4,446	4,409
LIABILITIES			
Non-current liabilities			
Trade and other payables	22	122	104
Borrowings	23	5,589	5,552
Deferred income tax liabilities	17	45	50
Total non-current liabilities		5,756	5,706
Current liabilities			
Trade and other payables	22	1,874	1,928
Current income tax liabilities		5	5
Borrowings	23	19	10
Total current liabilities		1,898	1,943
Total liabilities		7,654	7,649
Total equity and liabilities		12,100	12,058
Net current assets		1,149	1,237
Total assets less current liabilities		10,202	10,115

Approved by the Board of Directors on April 17, 2020 and signed on behalf of the Board by

Sheldon Gary Adelson
Chairman of the Board and Chief Executive Officer
 Director

Wong Ying Wai
President
 Director

The notes on pages 119 to 200 are an integral part of these consolidated financial statements.



4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve (Note 21(a))	Share premium	Statutory reserve (Note 21(b))	Share-based compensation reserves	Currency translation reserve	Retained earnings	Total
	US\$ in millions							
Balance at January 1, 2018	81	87	1,428	6	88	(16)	2,864	4,538
Effect of adoption of IFRS 9	—	—	—	—	—	—	24	24
Balance at January 1, 2018 (Restated)	81	87	1,428	6	88	(16)	2,888	4,562
Profit for the year	—	—	—	—	—	—	1,875	1,875
Other comprehensive expense for the year	—	—	—	—	—	(12)	—	(12)
Total comprehensive (expense)/income	—	—	—	—	—	(12)	1,875	1,863
Exercise of share options	—	—	23	—	—	—	—	23
Transfer to share premium upon exercise of share options	—	—	6	—	(6)	—	—	—
Forfeiture of share options	—	—	—	—	(4)	—	4	—
Share-based compensation of the Company	—	—	—	—	14	—	—	14
Dividends to equity holders of the Company	—	—	—	—	—	—	(2,053)	(2,053)
Balance at December 31, 2018	81	87	1,457	6	92	(28)	2,714	4,409
Profit for the year	—	—	—	—	—	—	2,033	2,033
Other comprehensive income for the year	—	—	—	—	—	16	—	16
Total comprehensive income	—	—	—	—	—	16	2,033	2,049
Exercise of share options	—	—	28	—	—	—	—	28
Transfer to share premium upon exercise of share options	—	—	6	—	(6)	—	—	—
Forfeiture of share options	—	—	—	—	(3)	—	3	—
Share-based compensation of the Company	—	—	—	—	14	—	—	14
Dividends to equity holders of the Company (Note 11)	—	—	—	—	—	—	(2,054)	(2,054)
Balance at December 31, 2019	81	87	1,491	6	97	(12)	2,696	4,446

The notes on pages 119 to 200 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31,	
		2019	2018
		US\$ in millions	
Cash flows from operating activities			
Cash generated from operations	25	2,818	3,055
Income tax paid		(6)	(6)
Net cash generated from operating activities		2,812	3,049
Cash flows from investing activities			
Increase in restricted cash and cash equivalents		(2)	(2)
Purchases of property and equipment		(720)	(492)
Additions to investment properties		(16)	(16)
Purchases of intangible assets		(18)	(24)
Proceeds from disposal of property and equipment, investment properties and intangible assets		1	5
Interest received		40	16
Net cash used in investing activities		(715)	(513)
Cash flows from financing activities			
Proceeds from exercise of share options		28	23
Proceeds from issuance of Senior Notes	23	—	5,500
Proceeds from bank loans	23	—	746
Repayments of bank loans	23	—	(5,083)
Dividends paid	23	(2,051)	(2,052)
Repayments of lease liabilities	23	(13)	—
Repayments of finance lease liabilities	23	—	(15)
Payments for deferred financing costs	23	(2)	(90)
Interest paid	23	(274)	(128)
Net cash used in financing activities		(2,312)	(1,099)
Net (decrease)/increase in cash and cash equivalents		(215)	1,437
Cash and cash equivalents at beginning of year		2,676	1,239
Effect of exchange rate on cash and cash equivalents		10	—
Cash and cash equivalents at end of year	19	2,471	2,676

The notes on pages 119 to 200 are an integral part of these consolidated financial statements.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Principal activities

The Group is principally engaged in the operation of casino games of chance or games of other forms and the development and operation of destination properties and other ancillary services in Macao. The Group's immediate holding company is Venetian Venture Development Intermediate II. Las Vegas Sands Corp., a company incorporated in Nevada, U.S.A., indirectly holds 69.95% ownership interest in the Group as at December 31, 2019, and is the Group's ultimate holding company.

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

The Group owns and operates The Venetian Macao-Resort-Hotel ("The Venetian Macao"), which anchors the Cotai Strip, the Group's master-planned development of integrated resort properties in Macao. Sands Cotai Central opened in phases, beginning in April 2012. The property currently features four hotel towers, consisting of hotel rooms and suites under the Conrad, Sheraton and St. Regis brands. The Company previously announced the renovation, expansion and rebranding of Sands Cotai Central into a new destination integrated resort, The Londoner Macao, by adding extensive thematic elements both externally and internally. The Londoner Macao will feature new attractions and features from London, including some of London's most recognizable landmarks, such as the Houses of Parliament and Big Ben. Our retail offerings will be expanded and rebranded as the Shoppes at Londoner and the Group will add a number of new restaurants and bars. The Group will add approximately 370 luxury suites in The Londoner Tower Suites and the prior Holiday Inn-branded rooms and suites are being converted to approximately 600 London-themed suites, referred to as The Londoner Macao Hotel. The Group is utilizing suites as they are completed on a simulation basis for trial and feedback purposes. Construction has commenced and is being phased to minimize disruption during the property's peak periods. The Group expects the Londoner Tower Suites to be completed in late 2020 and The Londoner Macao project to be completed in phases throughout 2020 and 2021.

In September 2016, the Group opened The Parisian Macao, an integrated resort connected to The Venetian Macao and The Plaza Macao. The Group owns The Plaza Macao, which is located adjacent and connected to The Venetian Macao. The Plaza Macao is an integrated resort that includes the Four Seasons Hotel Macao, the Plaza Casino, Shoppes at Four Seasons and Paiza Mansions. The Group also previously announced The Grand Suites at Four Seasons, which will feature approximately 290 additional premium quality suites. The Group has initiated approved gaming operations in this space and are utilizing suites as they are completed on a simulation basis for trial and feedback purposes. The Group expects the project to be completed in the first half of 2020. The Group also owns and operates the Sands Macao, the first Las Vegas-style casino in Macao. The Group's other ancillary services include ferry operations and other related operations.

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

The consolidated financial statements are presented in millions of units of United States dollars ("US\$ in millions"), unless otherwise stated.

The consolidated financial statements were approved for issue by the Board of Directors on April 17, 2020.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

Subsequent events

COVID-19 Coronavirus Pandemic

In January 2020, an outbreak of a respiratory illness caused by a new strain of coronavirus was identified. The disease has since spread rapidly across the world, causing the World Health Organization to declare the outbreak a pandemic (the "COVID-19 Pandemic") on March 12, 2020. Visitation to Macao has decreased substantially, driven by the outbreak's strong deterrent effect on travel and social activities, the Chinese government's suspension of its visa and group tour schemes that allow mainland Chinese residents to travel to Macao, quarantine measures, travel and entry restrictions and conditions in Macao, Hong Kong and certain cities and regions in mainland China, the suspension of ferry services and other modes of transportation within Macao and regionally, and, most recently, the ban on entry or enhanced quarantine requirements, depending on the person's residency and their recent travel history.

On February 4, 2020, in response to the outbreak, the Macao Government announced the suspension of all Macao casino operations, including the Group's casino operations, from February 5, 2020. The Group's casino operations resumed on February 20, 2020, except for casino operations at Sands Cotai Central, which resumed on February 27, 2020. However, certain health safeguards, such as limiting the number of seats per table game, slot machine spacing, temperature checks, mask protection, and health declarations remain in effect at the present time. The Group is currently unable to determine when these measures will be lifted.

The Group closed some of our hotel facilities during the casino suspension in response to the drop in visitation and, with the exception of Conrad Macao, Cotai Strip at Sands Cotai Central ("Conrad"), these hotels were gradually reopened beginning February 20, 2020. The Group expects to reopen Conrad in line with operational needs and demand, but the timing of this currently cannot be determined. On March 28, 2020, in support of the Macao Government's initiatives to fight the COVID-19 Pandemic, up to 2,000 hotel rooms at the Sheraton Grand Macao Hotel, Cotai Strip at Sands Cotai Central were provided to the Macao Government for quarantine purposes.

A number of restaurants and food outlets across our properties are currently closed, as are a number of retail outlets in our retail malls and a number of our entertainment amenities. The Group is currently unable to determine when they will reopen.

The Hong Kong government temporarily closed the Hong Kong China Ferry Terminal in Kowloon from January 30, 2020 and the Hong Kong Macao Ferry Terminal in Hong Kong from February 4, 2020. In response, the Company was forced to immediately suspend all Cotai Water Jet Ferry operations between Macao and Hong Kong. The Group is currently unable to determine when our Cotai Water Jet Ferry operations will resume.

Total visitation from mainland China to Macao in February 2020 from the Statistics and Census Services of the Macao Government declined 97% as compared to the same period in 2019. The disruptions arising from the COVID-19 Pandemic had a significant adverse impact to the Group's financial condition and operations during the three months ended March 31, 2020. The duration and intensity of this global health emergency and related disruptions is uncertain. Given the dynamic nature of these circumstances, the impact on the Group's consolidated results of operations, cash flows and financial condition in 2020 will be material, but cannot be reasonably estimated at the time of this report as the Group does not know when the COVID-19 Pandemic will end nor when or how quickly the current travel restrictions will be lifted.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

Subsequent events (continued)

COVID-19 Coronavirus Pandemic (continued)

On March 27, 2020, the Company entered into a waiver and amendment request letter relating to the 2018 SCL Revolving Facility with the agent and lenders party to (i) waive the financial requirements for the Company to ensure the consolidated leverage ratio does not exceed 4.00x and the consolidated interest coverage ratio is greater than 2.50x from January 1, 2020 to July 1, 2021 ("Relevant Period"); (ii) waive any default that may arise as a result of any breach of the financial requirements above during the Relevant Period; and (iii) extend the date by which the Company may supply the agent with its audited annual financial statements for the 2019 and 2020 financial years to April 30, 2020 and April 30, 2021 respectively.

The Group has a strong balance sheet and sufficient liquidity in place, including access to US\$2.0 billion unused capacity from the 2018 SCL Revolving Facility. The Group is well positioned to support continuing operations, complete the major construction projects that are underway, and respond to the current COVID-19 Pandemic challenges. The Group has taken various mitigating measures to manage through the current environment, including a cost and capital expenditure reduction program to minimize cash outflow of non-essential items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the following accounting policies which conform with International Financial Reporting Standards ("IFRS"). The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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

(b) Changes in accounting policies and disclosures

During the year, there have been a number of new standards and new amendments to standards that have come into effect, which the Group has adopted at their respective dates. The adoption of these new standards and new amendments to standards had no material impact on the results of operations and financial position of the Group, except for the adoption of IFRS 16 *Leases* as of January 1, 2019, noted below.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies and disclosures (continued)

IFRS 16 Leases

The accounting standard superseded the requirements in IAS 17 *Leases* ("IAS 17") and the related interpretations to introduce a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The Group adopted the new standard on January 1, 2019.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low-value assets.

Lessor accounting remains largely unchanged under the new standard.

On transition to IFRS 16, the Group elected to apply the practical expedient for lease definition. The Group applied IFRS 16 only to contracts previously identified as leases applying IAS 17 and IFRIC-Int 4 *Determining whether an Arrangement Contains a Lease* ("IFRIC-Int 4"). Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or modified on or after January 1, 2019.

Further, the Group elected the modified retrospective approach for the application of IFRS 16, under which the effect of initial application was recognized at January 1, 2019. Accordingly, the comparative information presented as at December 31, 2018 and for the year ended December 31, 2018 was presented as previously reported under IAS 17 and was not restated. The lease liability was measured at the present value of the remaining lease payments at the date of initial application and the right-of-use asset was measured at an amount equal to the lease liability immediately before the date of initial application. The adoption of this standard did not have an impact on net income.

The impact on transition is summarized below:

	December 31, 2018	Impact on transition US\$ in millions	January 1, 2019
Right-of-use assets comprise of:			
Investment properties, net —			
Leasehold interests in land	44	—	44
Property and equipment, net —			
Leasehold interests in land	552	—	552
Property and equipment, net —			
Other	4	6	10
Lease liabilities comprise of:			
Current liabilities — Borrowings	10	4	14
Non-current liabilities — Borrowings	125	2	127



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies and disclosures (continued)

IFRS 16 Leases (continued)

The Group has already recognized an asset and a related finance lease liability for finance lease arrangements and prepaid lease payments for leasehold interests in land where the Group was a lessee under IAS 17, therefore the additional right-of-use assets and lease liabilities recognized upon adoption for leases previously classified as operating leases were US\$6 million.

The weighted average incremental borrowing rate applied to lease liabilities recognized in the consolidated balance sheet at January 1, 2019 was 3.9%.

	US\$ in millions
Operating lease commitments disclosed as at December 31, 2018	7
Discounted using the incremental borrowing rate as at January 1, 2019	7
Add: Finance lease liabilities recognized as at December 31, 2018	135
Recognition exemption for:	
Short-term leases and leases of low-value assets	(1)
Lease liabilities recognized as at January 1, 2019	141

In the consolidated balance sheet, the Group presents right-of-use assets that do not meet the definition of "investment property" in "property and equipment." Right-of-use assets that meet the definition of "investment property" are presented within "investment properties" and lease liabilities are presented within "borrowings." Right-of-use assets are included within the same category under "property and equipment," which the corresponding underlying assets would be presented if they were owned.

In the consolidated statement of cash flows, the Group has previously presented operating lease payments under cash flows from operating activities. Upon the adoption of IFRS 16, lease payments and any associated interest paid are presented under cash flows from financing activities except for leases with an expected term of 12 months or less and leases of low-value assets which are presented under cash flows from operating activities.

New standards and amendments to IFRS issued but not yet effective

The Group has not early adopted the new or revised standards, amendments and interpretations that have been issued, but are not effective for the year ended December 31, 2019. The Group has commenced the assessment of the impact of the new or revised standards, amendments and interpretations to the Group, but is not yet in a position to state whether their adoption would have a significant impact on the results of operations and financial position of the Group.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control listed above.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated. Profit and losses resulting from inter-company transactions are also eliminated.

The particulars of the Group's principal subsidiaries as at December 31, 2019 are set out in Note 31.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as a group of senior management that makes strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Macao patacas ("MOP"). The consolidated financial statements are presented in US\$, which is the presentation currency of LVS.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (continued)

(iii) Group companies

The results of operations and financial position of all the group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and
- All resulting exchange differences are recognized in other comprehensive income/(loss) (currency translation differences) and will not be reclassified subsequently to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings, are recognized in other comprehensive income/(loss). When a foreign operation is sold, such exchange differences are recognized in the consolidated income statement as part of the gain or loss on sale.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognized in profit or loss.

(f) Investment properties

Investment properties, principally comprising buildings and building improvements, are held for long-term rental yields or capital appreciation or both, and are not occupied by the Group. Investment properties currently being constructed or developed are classified as investment properties and stated at cost, less accumulated impairment losses, if any. Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives of 3 to 50 years. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate at each balance sheet date. The effects of any revision are included in the consolidated income statement when the changes arise.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property and equipment

Leasehold interests in land classified as leases and all other property and equipment, except construction-in-progress, are stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Leasehold interests in land classified as leases commence amortization from the time when the land interest becomes available for its intended use. Leasehold interests in land classified as leases are amortized and other property and equipment are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives.

Property and equipment are depreciated as follows:

Leasehold interests in land classified as leases	50 years
Leasehold improvements	Shorter of lease term or 3 years
Land improvements, buildings and building improvements	10–50 years
Leased buildings and equipment	Lease term
Ferries	20 years
Furniture, fittings and equipment	3–20 years
Vehicles	5–6 years

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Construction-in-progress represents property and equipment under construction and is stated at cost, less accumulated impairment losses, if any. This includes the direct costs of purchase, construction and capitalized borrowing costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for their intended use, at which time they are transferred to the relevant asset category.

The assets' residual values and useful lives are reviewed, and adjusted if applicable, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other expenses, gains and losses" in the consolidated income statement.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 4 years.

(i) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (i.e. cash generating units or "CGU"). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a. the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- b. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- b. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

The Group's financial assets consist of cash and cash equivalents, restricted cash and cash equivalents and trade and other receivables.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets (continued)

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (“ECL”) on trade and other receivables which are subject to impairment under IFRS 9 *Financial Instruments*. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

a. Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

b. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence of a financial asset that is credit-impaired includes observable data about the following events:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. A breach of contract, such as a default or past due event;
- iii. The Group, for economic or legal reasons relating to the borrower’s financial difficulty, grants to the borrower a concession the lender would not otherwise consider;
- iv. It becomes probable the borrower will enter bankruptcy or other financial reorganization;
- v. The disappearance of an active market for that financial asset because of financial reorganization; or
- vi. Observable data indicating there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; or
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets (continued)

Impairment of financial assets (continued)

c. Write-off policy

The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

d. Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is the difference between all contractual cash flows due to the Group in accordance with the contract and the cash flows the Group expects to receive.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on shared credit risk characteristics and days past due.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in profit or loss for trade and other receivables by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset when the consideration was received. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(k) Cash and cash equivalents

Cash and cash equivalents include cash and short-term deposits with original maturities of three months or less. Restricted cash and cash equivalents are excluded from cash and cash equivalents in the consolidated statement of cash flows. Restricted cash and cash equivalents represent sinking funds set aside to cover the cost of capital expenses, including repairs, renovations, replacements and maintenance of a substantial but infrequent or irregular nature of the Group's shopping malls.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventories

Inventories consist primarily of food, beverage, retail products, ferry parts and general operating supplies, and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

(m) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

(n) Financial liabilities

The Group's financial liabilities, including borrowings and trade and other payables, are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method.

Derecognition/substantial modification of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the contractual terms of financial liability are modified such that the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of the financial liability derecognized and the fair value of consideration paid or payable, including any liabilities assumed and derivative components, is recognized in profit or loss.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortized over the remaining term. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

(o) Trade payables

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowings and financing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent it is probable some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence it is probable some or all of the facilities will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use (Note 2(g)). Financing costs incurred for the construction of any qualifying asset, less any investment income on the temporary investment of related borrowings, are capitalized during the period that is required to complete and prepare the asset for its intended use. Other financing costs, net of interest income, are expensed.

(q) Current and deferred income tax and gaming tax

Income tax

Income tax expense is comprised of current and deferred tax.

(i) Current income tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent it is probable future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided for temporary differences arising from investments in subsidiaries, except when the timing of the reversal of the temporary difference can be controlled by the Group and it is probable the temporary difference will not reverse in the foreseeable future.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Current and deferred income tax and gaming tax (continued)

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Gaming tax

According to the gaming subconcession granted by the Macao Government and the relevant legislation, the Group is required to pay 35% gaming tax on gross gaming revenues, which represents net wins from casino operations. The Group is also required to pay an additional 4% of gross gaming revenues as public development and social related contributions. On a monthly basis, the Group also makes certain variable and fixed payments to the Macao Government based on the number of slot machines and table games in its possession. These expenses are reported as "Gaming tax" in the consolidated income statement.

(r) Employee benefits

(i) Pension obligations

The Group operates the Private Provident Fund Scheme and Non-Mandatory Central Provident Fund Scheme (collectively, the "Schemes") through its subsidiaries in Macao. The Schemes are managed by a fund management entity.

The Private Provident Fund Scheme is a defined contribution plan available to eligible full-time employees after a three-month probation period. The Group makes a monthly contribution calculated at 5% of each employee's basic salary to the fund and the employee is eligible to receive, upon resignation, 30% of these contributions after working for three consecutive years, gradually increasing up to 100% after working for ten years.

The Non-Mandatory Central Provident Fund Scheme was introduced on July 1, 2019 and serves as an alternative defined contribution plan to employees with Macao residency status. Eligible employees in this scheme can make self-contribution alongside with the contribution from the Group. Eligible employees employed before July 1, 2019 participating in the Private Provident Fund Scheme can opt to interface to the Non-Mandatory Central Provident Fund Scheme. Those who joined after July 1, 2019 can only participate in the Non-Mandatory Central Provident Fund Scheme. The vesting schedule of the Non-Mandatory Central Provident Fund is the same as the Private Provident Fund Scheme but the withdrawal of funds in the Non-Mandatory Central Provident Fund is only available when the employee reaches the age of 65 or above.

The Group has no further payment obligations once the contributions have been paid to the Schemes managed by a fund management entity. The contributions are recognized as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to the contributions being fully vested. Prepaid contributions are recognized as an asset to the extent a cash refund or a reduction in the future payments is available.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (continued)

(ii) Share-based compensation

Equity-settled share-based payment transactions

i. Share options of the Company

The Company adopts an equity award plan for grants of options to purchase ordinary shares of the Company. The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs. At the time when the options are exercised, the amount previously recognized in share-based compensation reserve will be transferred to share premium. When the options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based compensation reserve will be transferred to retained earnings.

ii. Share options of LVS

The Group participates in the equity-settled share-based compensation plan of LVS for grants of options to purchase common stock of LVS.

Share-based compensation expense arising from the granting of share options by LVS to the employees of the Group, to the extent of services rendered to the Group, is deemed to have been allocated to the Group as an expense with the corresponding increase in the share-based compensation reserves under equity.

The fair value of the employee services received in exchange for the grant of the options under the Equity Award Plan and the 2004 Plan is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options expected to vest based on the non-market vesting conditions and service conditions.

The Group recognizes the impact of revisions to the original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity. When the options of the Equity Award Plan are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (continued)

(ii) Share-based compensation (continued)

Cash-settled share-based payment transactions of the Company

For cash-settled share-based payments, a financial liability is recognized for the employee services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(iii) Social security fund

Full-time employees of the Group are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined and paid by the Macao Government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund Contribution managed by the Macao Government. The Group funds the entire contribution and has no further commitments beyond its monthly contributions.

(iv) Annual leave and other paid leave

Employee entitlement to annual leave is recognized when it accrues to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees during the year. Employee entitlements to maternity leave and sick leave are not recognized until the time of leave.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when the Group can no longer withdraw the offer of the termination benefits and when it recognizes any related restructuring costs. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the balance sheet date are discounted to their present value.

(vi) Bonus plans

The Group recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure to be required to settle the present obligation at the reporting date. The pre-tax discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(t) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so the outflow is probable, it will then be recognized as a provision.

(u) Revenue recognition

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

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

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





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

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

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

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

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leases/right-of-use below.

(v) Pre-opening expenses

Pre-opening expenses represent personnel and other costs incurred prior to the opening of new properties and are expensed as incurred.

(w) Leases/right-of-use

As the lessee for leases (upon application of IFRS 16 on January 1, 2019)

The Group leases various land, real estate, vehicles, and equipment. The Group determines if a contract is or contains a lease at the inception or modification of a contract. A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases/right-of-use (continued)

As the lessee for leases (upon application of IFRS 16 on January 1, 2019) (continued)

The Group's lease arrangements have lease and non-lease components. The Group applies the practical expedient to account for the lease components and any associated non-lease components as a single lease component for all classes of underlying assets.

The Group applies the recognition exemption for leases with an expected term of 12 months or less and leases of low-value assets. These leases are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The lease liability is initially measured at the present value of fixed lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Group's leases, management uses the incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The expected lease terms include options to extend the lease when it is reasonably certain the Group will exercise such extension option or to terminate the lease when it is reasonably certain the Group will not exercise such termination option.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is initially measured at cost comprising the amount of the initial measurement of lease liability with adjustments, if any, at commencement date, any lease payments made at or before the commencement date less any lease incentives received, any initial indirect costs, and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. It is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities.

As the lessee for operating leases (before application of IFRS 16 on January 1, 2019)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases/right-of-use (continued)

As the lessee for finance leases (before application of IFRS 16 on January 1, 2019)

The Group leases land and certain equipment. Leases of land and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the leases' commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The land and equipment acquired under a finance lease are depreciated over the shorter of the useful life of the asset and the lease term.

As the lessor/grantor for leases/right-of-use (before and after the application of IFRS 16 on January 1, 2019)

Lessor accounting remains largely unchanged under the new standard. The Group leases space at several of its integrated resorts to various third parties as part of its mall operations, as well as retail and office space.

Leases for which the Group is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Leases, in which the Group is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately.

When assets are leased/granted out under an agreement for the right-of-use, the asset is included in the consolidated balance sheet based on the nature of the asset. Lease rental/income from right-of-use (net of any incentives given to tenants or to retailers) is recognized over the terms of the lease/right-of-use on a straight-line basis. Turnover fees arising under operating leases/right-of-use are recognized as income in the period in which they are earned.

(x) Dividend distributions

Dividend distributions to the Company's Shareholders are recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders or directors, where appropriate.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of potentially causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of investment properties and property and equipment

The Group depreciates investment properties and property and equipment on a straight-line basis over their estimated useful lives with no residual value assumed. The estimated useful lives are based on the nature of the assets, as well as current operating strategy and legal considerations, such as contractual life. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which the Group uses certain assets and could have an impact on the estimated useful lives of such assets.

(b) Impairment of non-financial assets

The Group follows the guidance of International Accounting Standard (“IAS”) 36 *Impairment of Assets* to determine when assets are impaired, which requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational and financing cash flows. When required, the recoverable amount of the CGU would be determined based on value-in-use calculations. These calculations require the use of estimates, including operating results, income and expenses of the business, long-term growth rates, future returns and discount rate.

Changes in the key assumptions on which the recoverable amount of the assets is based could significantly affect the Group’s financial position and results of operations.

During the year ended December 31, 2019, the Group’s ferry operations experienced a decline in passenger volume primarily due to the opening of the Hong Kong-Zhuhai-Macau Bridge, which opened in October 2018. The continuing decline in passenger volume resulted in the Group taking two ferries out of service and implementing other cost cutting measures to maintain the overall efficiency of the ferry operations.

The Group determined the projected discounted cash flows were not anticipated to recover the ferry assets’ carrying value. An impairment charge of US\$65 million was recorded for the excess of the carrying value over the recoverable value of US\$51 million, which was determined to be the fair value less cost of disposal of the ferries in the ferry operations. The estimated fair value of the ferries was determined using level 3 inputs based on recent offers received for the two ferries currently not in service.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(c) Provision of expected credit loss for trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses, using a lifetime expected loss allowance for all trade and other receivables. The Group determines the allowance based on specific customer information, historical write-off experience, current industry and economic data and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. A provision of expected credit loss for trade receivables is recorded when the Group believes it is probable the recoverable amount of the receivables will be less than their carrying amounts. Account balances are written off against the allowance when the Group considers the receivables to be uncollectible. Management believes there are no concentrations of credit risk for which an allowance has not been established. Although management believes the allowance is adequate, it is possible the estimated amount of cash collections with respect to trade receivables could change.

(d) Litigation provisions

The Group is subject to various claims and legal actions. The accruals for these claims and legal actions are estimated in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Based on consultations with legal counsel, management estimated no significant loss would be incurred beyond the amounts provided. Actual results could differ from these estimates.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NET REVENUES

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

	Casino	Rooms	Mall ⁽ⁱ⁾	Food and beverage	Convention, ferry, retail and other	Net revenues
	US\$ in millions					
For the year ended December 31, 2019						
The Venetian Macao	2,875	222	254	73	86	3,510
Sands Cotai Central	1,541	320	71	97	23	2,052
The Parisian Macao	1,376	130	53	70	21	1,650
The Plaza Macao	650	41	151	31	4	877
Sands Macao	576	18	3	27	4	628
Ferry and other operations	—	—	—	—	106	106
Inter-segment revenues ⁽ⁱ⁾	—	—	(1)	—	(14)	(15)
	7,018	731	531	298	230	8,808
For the year ended December 31, 2018						
The Venetian Macao	2,829	223	234	81	107	3,474
Sands Cotai Central	1,622	331	69	102	29	2,153
The Parisian Macao	1,265	124	57	65	22	1,533
The Plaza Macao	502	39	145	29	4	719
Sands Macao	598	17	3	27	5	650
Ferry and other operations	—	—	—	—	151	151
Inter-segment revenues ⁽ⁱ⁾	—	—	(1)	—	(14)	(15)
	6,816	734	507	304	304	8,665

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

(ii) Of this amount, US\$456 million and US\$75 million (2018: US\$436 million and US\$71 million) are related to income from right-of-use and management fee and other, respectively. Income from right-of-use is recognized in accordance with IFRS 16 *Leases* (2018: IAS 17 *Leases*) and all other revenue are recognized in accordance with IFRS 15 *Revenue from contracts with customers*.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NET REVENUES (CONTINUED)

Contract and Contract Related Liabilities

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

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

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

	Outstanding Chips Liability		Loyalty Program Liability		Customer Deposits and Other Deferred Revenue ⁽ⁱ⁾	
	2019	2018	2019	2018	2019	2018
	US\$ in millions					
Balance at January 1	514	418	33	30	497	424
Balance at December 31	485	514	31	33	395	497
(Decrease)/increase	(29)	96	(2)	3	(102)	73

- (i) Of this amount, US\$129 million, US\$127 million and US\$121 million as of December 31, 2019, December 31, 2018, and January 1, 2018, respectively, relates to mall deposits that are accounted for based on lease terms usually greater than one year.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION

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

The Group's principal operating and developmental activities occur in Macao, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its key operating segments, which are also the reportable segments: The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Sands Macao. The Group also reviews construction and development activities for each of its primary projects currently under development, in addition to its reportable segments noted above, which include the renovation, expansion and rebranding of Sands Cotai Central to The Londoner Macao, The Grand Suites at Four Seasons and The Londoner Tower Suites. The Group has included Ferry and other operations (comprised primarily of the Group's ferry operations and various other operations that are ancillary to its properties) to reconcile to consolidated results of operations and financial condition.

The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Sands Macao derive their revenues primarily from casino wagers, room sales, rental income from the Group's mall tenants, food and beverage transactions, convention sales and entertainment. Ferry and other operations mainly derive their revenues from the sale of ferry tickets for transportation between Hong Kong and Macao.

The Group's segment information is as follows:

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Net revenues		
The Venetian Macao	3,510	3,474
Sands Cotai Central	2,052	2,153
The Parisian Macao	1,650	1,533
The Plaza Macao	877	719
Sands Macao	628	650
Ferry and other operations	106	151
Inter-segment revenues ⁽ⁱ⁾	(15)	(15)
	8,808	8,665

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

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (CONTINUED)

The following is a reconciliation of adjusted property EBITDA to profit for the year attributable to equity holders of the Company:

Note	Year ended December 31,	
	2019	2018
	US\$ in millions	
Adjusted property EBITDA (Unaudited)⁽ⁱ⁾		
The Venetian Macao	1,407	1,378
Sands Cotai Central	726	759
The Parisian Macao	544	484
The Plaza Macao	345	262
Sands Macao	175	178
Ferry and other operations	(4)	18
Total adjusted property EBITDA	3,193	3,079
Share-based compensation, net of amount capitalized ⁽ⁱⁱ⁾	(14)	(13)
Corporate expense	(129)	(125)
Pre-opening expense	(23)	(5)
Depreciation and amortization	(706)	(655)
Net foreign exchange gains	35	4
Impairment loss on property and equipment	(65)	—
Loss on disposal of property and equipment, investment properties and intangible assets	(16)	(131)
Operating profit	2,275	2,154
Interest income	38	20
Interest expense, net of amounts capitalized	(280)	(225)
Loss on modification or early retirement of debt	—	(81)
Profit before income tax	2,033	1,868
Income tax benefit	—	7
Profit for the year attributable to equity holders of the Company	2,033	1,875

- (i) Adjusted property EBITDA, which is a non-IFRS financial measure, is profit attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains or losses, impairment loss on property and equipment, gain or loss on disposal of property and equipment, investment properties and intangible assets, interest, gain or loss on modification or early retirement of debt and income tax benefit or expense. Management utilizes adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Gaming companies have historically reported adjusted property EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific casino properties, such as pre-opening expense and corporate expense, from their adjusted property EBITDA calculations. Adjusted property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments and debt principal repayments, which are not reflected in adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, adjusted property EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.
- (ii) The amount comprises of US\$13 million equity settled share-based payment expense, net of amounts capitalized and US\$1 million cash settled share-based payment expense, net of amounts capitalized (2018: US\$13 million and nil respectively).



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (CONTINUED)

(a) Corporate expense

	Note	Year ended December 31,	
		2019	2018
		US\$ in millions	
Royalty fees	27(a)(v)	110	106
Management fees		5	6
Employee benefit expenses		7	7
Other support services		4	3
Other expenses		3	3
		129	125

(b) Pre-opening expense

	Year ended December 31,	
	2019	2018
		US\$ in millions
Employee benefit expenses	9	1
Advertising and promotions	9	—
Contract labor and services	3	1
Utilities and operating supplies	—	2
Other support services	1	1
Other expenses	1	—
	23	5



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (CONTINUED)

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Depreciation and amortization		
The Venetian Macao	159	146
Sands Cotai Central	299	274
The Parisian Macao	161	163
The Plaza Macao	40	33
Sands Macao	27	24
Ferry and other operations	20	15
	706	655

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Capital expenditures		
The Venetian Macao	131	179
Sands Cotai Central	276	130
The Parisian Macao	32	130
The Plaza Macao	296	63
Sands Macao	16	29
Ferry and other operations	3	1
	754	532

	December 31,	
	2019	2018
	US\$ in millions	
Total assets		
The Venetian Macao	3,236	3,447
Sands Cotai Central	4,531	4,378
The Parisian Macao	2,372	2,489
The Plaza Macao	1,255	913
Sands Macao	323	328
Ferry and other operations	383	503
	12,100	12,058

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

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Wages, salaries, bonus and termination costs	1,145	1,096
Staff meals	57	55
Pension costs — defined contribution plan	40	38
Share-based compensation, net of amount capitalized ⁽ⁱ⁾	14	13
Other employee benefit expenses	36	36
	1,292	1,238

(i) Share-based compensation of US\$1 million was capitalized during the year ended December 31, 2019 (2018: US\$1 million). For further information related to the Company's equity award plan and LVS' equity award plan, see Note 28 to the consolidated financial statements.

(a) Pension costs — defined contribution plan

Contributions totaling US\$8 million (2018: US\$7 million) remained payable to the provident fund as at December 31, 2019. Forfeited contributions totaling US\$4 million (2018: US\$4 million) were utilized during the year leaving US\$1 million (2018: US\$1 million) available at year end to reduce future contributions.

(b) Directors' emoluments

The remuneration of the Company's Directors is as follows:

	Fees	Salaries	Discretionary bonuses ⁽ⁱ⁾	Pension costs	Estimated money value	Total
					of other benefits ⁽ⁱⁱ⁾	
	US\$ in thousands					
Year ended December 31, 2019						
Executive Directors						
Sheldon Gary Adelson	—	—	—	—	—	—
Wong Ying Wai	—	2,350	1,502	117	618	4,587
Non-Executive Directors						
Robert Glen Goldstein	—	—	—	—	—	—
Charles Daniel Forman	150	—	—	—	—	150
Independent Non-Executive Directors						
Chiang Yun	150	—	—	—	—	150
Victor Patrick Hoog Antink	180	—	—	—	—	180
Steven Zygmunt Strasser	180	—	—	—	—	180
Kenneth Patrick Chung	150	—	—	—	—	150
	810	2,350	1,502	117	618	5,397

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Directors' emoluments (continued)

	Fees	Salaries	Discretionary bonuses ⁽ⁱ⁾	Pension costs	Estimated money value of other benefits ⁽ⁱⁱ⁾	Total
	US\$ in thousands					
Year ended December 31, 2018						
Executive Directors						
Sheldon Gary Adelson	—	—	—	—	—	—
Wong Ying Wai	—	2,337	1,494	117	667	4,615
Non-Executive Directors						
Robert Glen Goldstein	—	—	—	—	—	—
Charles Daniel Forman	150	—	—	—	—	150
Independent Non-Executive Directors						
Chiang Yun	150	—	—	—	—	150
Victor Patrick Hoog Antink	180	—	—	—	—	180
Steven Zygmunt Strasser	180	—	—	—	—	180
Kenneth Patrick Chung	150	—	—	—	—	150
Wang Sing ⁽ⁱⁱⁱ⁾	117	—	—	—	—	117
	927	2,337	1,494	117	667	5,542

- (i) The discretionary bonuses are determined by reference to the individual performance of the Directors and the Chief Executives and the Group's performance, and approved by the Remuneration Committee.
- (ii) Other benefits mainly include share-based compensation, accommodation, meals, home visit travel costs and medical insurance.
- (iii) Wang Sing was appointed as an Independent Non-Executive Director with effect from July 14, 2017 and resigned as an Independent Non-Executive Director with effect from October 11, 2018.

The Executive Directors' emoluments were for their services in connection with the management of the affairs of the Group. The Non-Executive Directors' and Independent Non-Executive Directors' emoluments were for their services as directors of the Company.

In addition to the Directors' emoluments disclosed above, Sheldon Gary Adelson and Robert Glen Goldstein received compensation (inclusive of share-based compensation) from LVS in respect of their services to LVS and its subsidiaries (including our Group). An amount of US\$4 million (2018: US\$3 million) was charged by LVS to the Group in respect of such management and administrative services of Robert Glen Goldstein provided to the Group for the year ended December 31, 2019.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Directors' emoluments (continued)

No emoluments were paid to any Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2018: nil).

With the exception of the continuing connected transactions disclosed in the 2019 Annual Report of the Company, none of the Directors has any material interests in transactions, arrangements or contracts entered into by the Company or the LVS Group.

None of the Directors waived or has agreed to waive any emoluments during the year (2018: nil).

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one Director (2018: one), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four individuals (2018: four) during the year are as follows:

	Year ended December 31,	
	2019	2018
	US\$ in thousands	
Basic salaries, allowances and benefits in kind	5,501	5,496
Bonus	3,858	2,551
Pension costs	219	191
	9,578	8,238

The emoluments of the above mentioned individuals fall within the following bands:

	Year ended December 31,	
	2019	2018
	Number of individuals	
HK\$13,000,001 (approximately US\$1,669,000)– HK\$13,500,000 (approximately US\$1,733,000)	—	1
HK\$15,500,001 (approximately US\$1,990,000)– HK\$16,000,000 (approximately US\$2,054,000)	—	1
HK\$16,000,001 (approximately US\$2,054,000)– HK\$16,500,000 (approximately US\$2,119,000)	2	1
HK\$17,500,001 (approximately US\$2,247,000)– HK\$18,000,000 (approximately US\$2,311,000)	1	—
HK\$19,000,001 (approximately US\$2,440,000)– HK\$19,500,000 (approximately US\$2,504,000)	—	1
HK\$24,500,001 (approximately US\$3,146,000)– HK\$25,000,000 (approximately US\$3,210,000)	1	—
	4	4

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended December 31, 2019 (2018: nil).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. OTHER EXPENSES, GAINS AND LOSSES

(a) An analysis of the operating expenses is as follows:

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Gaming tax	3,421	3,430
Employee benefit expenses	1,292	1,238
Depreciation and amortization	706	655
Inventories consumed	97	99
Other expenses, gains and losses ⁽ⁱ⁾	1,017	1,089
Operating expenses	6,533	6,511

(i) Analysis of other expenses, gains and losses is as follows:

	Note	Year ended December 31,	
		2019	2018
		US\$ in millions	
Utilities and operating supplies		195	207
Contract labor and services		152	151
Advertising and promotions		129	124
Royalty fees		113	112
Repairs and maintenance		85	93
Management fees ⁽¹⁾		47	50
Provision for expected credit losses, net		24	9
Lease payments for which the recognition exemption is applied and variable lease payments not included in lease liabilities	14(c)	8	—
Operating lease expense		—	15
Auditor's remuneration		2	2
Impairment loss on property and equipment ⁽²⁾	3(b)	65	—
Loss on disposal of property and equipment, investment properties and intangible assets ⁽³⁾		16	131
Net foreign exchange gains		(35)	(4)
Other support services		101	100
Other operating expenses		115	99
		1,017	1,089

(1) Total management fees for the year ended December 31, 2019 includes US\$24 million charged by third parties and US\$23 million charged by related parties, net of amounts capitalized (2018: US\$23 million and US\$27 million respectively).

(2) The impairment loss for the year ended December 31, 2019 resulted from the decrease in volume of passengers in our ferry operations. For details refer to Note 3(b).

(3) The decrease in loss on disposal of property and equipment, investment properties and intangible assets was primarily due to a loss on asset disposals related to the preparation of the construction site for The Grand Suites at Four Seasons in 2018.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. OTHER EXPENSES, GAINS AND LOSSES (CONTINUED)

(b) The operating expenses can also be analyzed as follows:

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Casino	4,226	4,216
Rooms	190	185
Mall	55	53
Food and beverage	258	252
Convention, ferry, retail and other	178	212
Provision for expected credit losses, net	24	9
General and administrative	698	672
Corporate expense	129	125
Pre-opening expense	23	5
Depreciation and amortization	706	655
Impairment loss on property and equipment	65	—
Net foreign exchange gains	(35)	(4)
Loss on disposal of property and equipment, investment properties and intangible assets	16	131
Operating expenses	6,533	6,511

8. INTEREST EXPENSE, NET OF AMOUNTS CAPITALIZED

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Senior Notes	253	103
Amortization of deferred financing costs	15	22
Lease liabilities	8	—
Bank borrowings	—	85
Finance lease liabilities	—	8
Standby fee and other financing costs	13	11
	289	229
Less: interest capitalized	(9)	(4)
Interest expense, net of amounts capitalized	280	225

A capitalization rate of 4.4% to 5.3% (2018: 3.2% to 5.4%) was used, representing the effective finance costs of the loans to finance the assets under construction.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX BENEFIT

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Current income tax		
Lump sum in lieu of Macao complementary tax on dividends	5	5
Deferred income tax benefit	(5)	(12)
Income tax benefit	—	(7)

Deferred income tax benefit was US\$5 million for the year ended December 31, 2019, compared to deferred income tax benefit of US\$12 million for the year ended December 31, 2018. The deferred income tax benefit in 2019 was primarily due to the reversal of deferred tax liabilities related to accelerated tax depreciation allowance (2018: same).

(a) Macao complementary tax

Macao complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 (equivalent to US\$4,000) but below MOP300,000 (equivalent to US\$37,500), and thereafter at a fixed rate of 12%. For the year ended December 31, 2019, a special complementary tax incentive was provided to the effect that the tax free income threshold was increased from MOP32,000 to MOP600,000 (equivalent to US\$4,000 to US\$75,000) with the profit above MOP600,000 (equivalent to US\$75,000) being taxed at a fixed rate of 12% (2018: same).

Pursuant to the Dispatch No. 320/2013 issued by the Chief Executive of Macao on October 3, 2013, VML was granted an extension of the tax exemption regarding Macao complementary tax on its gaming activities for an additional five years, effective from the tax year 2014 to the tax year 2018. Pursuant to the Dispatch No. 194/2018 issued by the Chief Executive of Macao on August 20, 2018, VML was granted an extension of the tax exemption through June 26, 2022, the date VML's subconcession agreement expires. Regarding the other subsidiaries, during the year ended December 31, 2019, Macao complementary tax is calculated progressively at a maximum of 12% of the estimated assessable profit (2018: same).

(b) Lump sum in lieu of Macao complementary tax on dividends

VML entered into Shareholder Dividend Tax Agreements with the Macao Government. The agreements provided for an annual payment in lieu of Macao complementary tax otherwise due by VML's shareholders on dividend distributions to them from gaming profits, effective through the end of 2018. In April 2019, VML entered into another Shareholder Dividend Tax Agreement with the Macao Government for an extension of the agreement through June 26, 2022, to correspond to the Macao complementary tax exemption on its gaming activities (see also Note 9(a)).



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX BENEFIT (CONTINUED)

(c) Hong Kong profits tax

The Company's subsidiaries that carry on business in Hong Kong are subject to the Hong Kong profits tax at the maximum rate of 16.5% for the year ended December 31, 2019 (2018: same).

(d) Reconciliation between income tax benefit and accounting profit at applicable tax rates

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profits of the consolidated entities in the respective jurisdictions as follows:

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Profit before income tax	2,033	1,868
Tax calculated at domestic rates applicable to profits in the respective jurisdictions	261	238
Tax effects of:		
Income not subject to tax ⁽ⁱ⁾	(966)	(905)
Expenses not deductible for tax purposes ^{(i), (ii)}	603	574
Amortization of pre-opening expenses previously not recognized	(1)	(3)
Origination and reversal of temporary difference, net	4	4
Tax losses for which no deferred income tax assets were recognized	95	80
Lump sum in lieu of Macao complementary tax of dividends	5	5
Other	(1)	—
Income tax benefit	—	(7)

- (i) During the year ended December 31, 2019, VML was exempt from Macao complementary tax on its gaming activities (see also Note 9(a)). In addition, lease/right-of-use income recorded in VML, Venetian Cotai Limited ("VCL") and Venetian Orient Limited ("VOL") were subject to property tax (Note (ii)), and should, therefore, also be excluded from Macao complementary tax calculations. Accordingly, casino revenues and lease/right-of-use income and their corresponding expenses incurred were presented as "Income not subject to tax" and "Expenses not deductible for tax purposes", respectively, in the calculations above (2018: same).

Additionally, for the year ended December 31, 2019, the Company received dividend income from a subsidiary. The dividend income is not subject to Hong Kong profits tax (2018: same).

- (ii) Lease/right-of-use income recorded in VML, VCL and VOL are exempt from property tax for the first four and six years for the newly constructed buildings in Macao and on Cotai, respectively, pursuant to Article 9(1)(a) of Lei no. 19/78/M. If the buildings in Macao and on Cotai also qualify for Tourism Utility Status, the property tax exemption can be extended by another four and six years, respectively, pursuant to Article 15(a) of Lei no. 81/89/M. The exemption for the Sands Macao expired in August 2012 and that for The Venetian Macao expired in August 2019 with exception of its casino area which expired in August 2013. The exemption for The Plaza Macao and The Parisian Macao will be expiring in August 2020 and September 2028 respectively. Regarding Sands Cotai Central, under the initial exemption, it has a distinct exemption for each hotel tower with expiration dates that range from May 2018 to April 2024. The Group is currently working on obtaining the second exemption for Sands Cotai Central.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended December 31, 2019, the Company had outstanding share options that would potentially dilute the ordinary shares (2018: Same).

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

	Year ended December 31,	
	2019	2018
Profit attributable to equity holders of the Company (US\$ in millions)	2,033	1,875
Weighted average number of shares for basic earnings per share (thousand shares)	8,085,149	8,078,946
Adjustment for share options (thousand shares)	5,057	7,328
Weighted average number of shares for diluted earnings per share (thousand shares)	8,090,206	8,086,274
Earnings per share, basic	US25.14 cents	US23.21 cents
Earnings per share, basic ⁽ⁱ⁾	HK195.79 cents	HK181.75 cents
Earnings per share, diluted	US25.13 cents	US23.19 cents
Earnings per share, diluted ⁽ⁱ⁾	HK195.71 cents	HK181.59 cents

- (i) The translation of US\$ amounts into HK\$ amounts has been made at the exchange rate on December 31, 2019 of US\$1.00 to HK\$7.7879 (2018: US\$1.00 to HK\$7.8306).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. DIVIDENDS

	Year ended December 31,	
	2019	2018
	US\$ in millions	
2019 interim dividend of HK\$0.99 (equivalent to US\$0.127) per ordinary share declared on January 17, 2020 and paid	1,025	—
2018 interim dividend of HK\$0.99 (equivalent to US\$0.127) per ordinary share declared on January 18, 2019 and paid	—	1,023
2018 final dividend of HK\$1.00 (equivalent to US\$0.127) per ordinary share declared on May 24, 2019 and paid	—	1,031
	1,025	2,054

On January 17, 2020, the Board declared an interim dividend of HK\$0.99 (equivalent to US\$0.127) per share, payable to Shareholders of the Company whose names appeared on the register of members of the Company on February 5, 2020. The interim dividend, amounting in aggregate to HK\$8.01 billion (equivalent to US\$1.03 billion), was paid on February 21, 2020.

The 2019 interim dividend has not been recognized as a liability as at December 31, 2019. It will be reflected as appropriations of reserves during 2020.

On April 17, 2020, the Board resolved not to recommend the payment of a final dividend in respect of the year ended December 31, 2019.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES, NET

	Total US\$ in millions
At January 1, 2018	
Cost	1,626
Accumulated depreciation	(315)
At January 1, 2018	
	1,311
Year ended December 31, 2018	
Opening net book amount	1,311
Additions	62
Adjustments to project costs	5
Disposals	(92)
Transfers ⁽ⁱ⁾	(609)
Depreciation	(45)
Exchange difference	(3)
Closing net book amount	
	629
At January 1, 2019	
Cost	988
Accumulated depreciation	(359)
At January 1, 2019	
	629
Year ended December 31, 2019	
Opening net book amount	629
Additions	6
Transfers	6
Depreciation	(57)
Exchange difference	3
Closing net book amount	
	587
At December 31, 2019	
Cost	1,004
Accumulated depreciation	(417)
At December 31, 2019	
	587

- (i) The transfers of US\$609 million from investment properties to property and equipment in 2018 relates to assets pertaining to the Londoner Tower Suites and The Grand Suites at Four Seasons subsequent to Board's approval in October 2017 to introduce new suites and observable actions have taken place to support management's intention to convert the Londoner Tower Suites and The Grand Suites at Four Seasons to owner-occupied assets.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES, NET (CONTINUED)

(a) Measuring investment property at fair value

The Group engaged an independent professional valuer, Knight Frank Petty Limited, to perform the valuation of the Group's investment properties, which are located in Macao, on an annual basis. Knight Frank Petty Limited is a professionally qualified independent external valuer, and had appropriate recent experience in the relevant location and category of the properties being valued. In determining the fair value of the investment properties, the valuer uses assumptions and estimates that reflect, amongst other factors, comparable market transactions in an active market, lease/right-of-use income from current leases/right-of-use and assumptions about lease/right-of-use income from future leases/rights-of-use in light of current market conditions, capitalization rates, terminal yield and reversionary income potential. Valuations were based on income and an open market value approach for all completed properties as follows:

	December 31,	
	2019	2018
	US\$ in millions	
Fair value of the investment properties	8,354	8,243

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value estimate of the Group's investment properties is a Level 3 input.

(b) Amounts recognized in profit or loss for investment properties

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Mall income	531	507
Direct operating expenses arising from investment properties that generate right-of-use income	50	51
Direct operating expenses that did not generate right-of-use income	5	5

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES, NET (CONTINUED)

(c) Leasing arrangements

The investment properties are leased to mall tenants under operating leases with rentals payable on a monthly basis. Lease payments in the mall leasing contracts include variable lease payments that depend on turnover of the retail store. Where necessary to reduce credit risk, the Group may obtain bank guarantees for the term of a lease or cash security deposit at the commencement of a lease. There is no residual value guarantee for our current mall leases.

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

	December 31, 2019	2018
	US\$ in millions	
No later than 1 year	361	331
1 to 2 years	289	257
2 to 3 years	205	188
3 to 4 years	67	124
4 to 5 years	42	33
Later than 5 years	47	59
	1,011	992

Turnover fees, representing variable lease income, earned during the year ended December 31, 2019 were US\$74 million (2018: US\$64 million).



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the year are as follows:

	Leasehold interests in land	Land improvements	Buildings and building improvements	Leasehold improvements	Vehicles US\$ in millions	Ferries	Furniture, fittings & equipment	Construction- in-progress	Total
At January 1, 2018									
Cost	596	381	8,510	7	40	251	1,724	93	11,602
Accumulated depreciation	(111)	(134)	(2,301)	(6)	(32)	(117)	(1,214)	—	(3,915)
At January 1, 2018	485	247	6,209	1	8	134	510	93	7,687
Year ended December 31, 2018									
Opening net book amount	485	247	6,209	1	8	134	510	93	7,687
Additions	10	1	2	—	3	—	98	385	499
Adjustments to project costs	—	—	(5)	—	—	—	3	(6)	(8)
Disposals	—	(4)	(34)	—	—	—	(4)	(1)	(43)
Transfers	69	13	725	—	—	—	114	(312)	609
Depreciation	(12)	(14)	(421)	—	(4)	(12)	(135)	—	(598)
Exchange difference	—	—	(11)	—	—	—	(1)	—	(12)
Closing net book amount	552	243	6,465	1	7	122	585	159	8,134
At January 1, 2019									
Cost	675	389	9,161	7	43	251	1,904	159	12,589
Accumulated depreciation	(123)	(146)	(2,696)	(6)	(36)	(129)	(1,319)	—	(4,455)
At January 1, 2019	552	243	6,465	1	7	122	585	159	8,134
Year ended December 31, 2019									
Opening net book amount	552	243	6,465	1	7	122	585	159	8,134
IFRS 16 transition adjustment	—	—	6	—	—	—	—	—	6
Restated balance, beginning of period	552	243	6,471	1	7	122	585	159	8,140
Additions	—	3	7	1	35	—	89	768	903
Adjustments to project costs	—	—	—	—	—	—	1	(13)	(12)
Disposals	—	—	(1)	—	—	—	(3)	(4)	(8)
Transfers	—	5	265	—	—	—	143	(419)	(6)
Impairment	—	—	—	—	—	(65)	—	—	(65)
Depreciation	(12)	(9)	(442)	(1)	(6)	(12)	(151)	—	(633)
Exchange difference	—	1	35	—	—	—	3	3	42
Closing net book amount	540	243	6,335	1	36	45	667	494	8,361
At December 31, 2019									
Cost	675	399	9,377	7	63	252	2,082	494	13,349
Accumulated depreciation	(135)	(156)	(3,042)	(6)	(27)	(207)	(1,415)	—	(4,988)
At December 31, 2019	540	243	6,335	1	36	45	667	494	8,361

Interest expense of US\$9 million (2018: US\$4 million) per Note 8 and other direct costs of US\$26 million (2018: US\$23 million) have been capitalized for the year ended December 31, 2019.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PROPERTY AND EQUIPMENT, NET (CONTINUED)

The Group received land concessions from the Macao Government to build on the sites on which Sands Macao, The Venetian Macao, The Plaza Macao, Sands Cotai Central and The Parisian Macao are located. The Group does not own these land sites; however, the land concessions, which have an initial term of 25 years and are renewable at the Group's option, in accordance with Macao laws, grant the Group exclusive use of the land. As specified in the land concessions, the Group is required to pay premiums for each parcel as well as annual rent for the term of the land concessions, which may be revised every five years by the Macao Government. The initial land lease premiums for all parcels have been fully paid for. The Group anticipates a useful life of 50 years related to these land concessions.

As at December 31, 2019, the Group's property and equipment were not pledged as securities for any liabilities (2018: same).

Leased assets (comparative information under IAS 17)

As at December 31, 2018, equipment included the following amounts where the Group was the lessee under finance leases:

	December 31, 2018 US\$ in millions
Cost	14
Accumulated depreciation	(10)
Net book amount	4

As at December 31, 2018, the Group leased various equipment under non-cancelable finance lease agreements. The lease terms were between three and five years and ownership of the assets resided with the Group.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. LEASES

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 12(c).

(a) Right-of-use assets

The movements of right-of-use assets included within property and equipment, net for the year are as follows:

	Property and equipment, net — Leasehold interests in land	Property and equipment, net — Other	Investment properties, net — Leasehold interests in land	Total Right-of-use assets
	US\$ millions			
At December 31, 2018				
Cost	675	14	56	745
Accumulated depreciation	(123)	(10)	(12)	(145)
At December 31, 2018	552	4	44	600
At January 1, 2019				
Opening net book amount	552	4	44	600
IFRS 16 transition adjustment	—	6	—	6
Restated balance, beginning of period	552	10	44	606
Additions	—	20	—	20
Depreciation	(12)	(9)	(1)	(22)
Closing net book amount	540	21	43	604
At December 31, 2019				
Cost	675	32	56	763
Accumulated depreciation	(135)	(11)	(13)	(159)
At December 31, 2019	540	21	43	604

In 2018, the Group only recognized lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 *Leases*. The assets were presented in property and equipment and the liabilities as part of the Group's borrowings.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. LEASES (CONTINUED)

(b) Lease liabilities

The lease liabilities included within borrowings are as follows:

	December 31, 2019	January 1, 2019
	US\$ in millions	
Current liabilities — Borrowings	19	14
Non-current liabilities — Borrowings	128	127
Total Lease liabilities	147	141

The weighted average effective interest rate of lease liabilities as at December 31, 2019 is 4.9%. The maturity analysis of the lease liabilities are presented in Note 29(a)(iii).

Finance lease liabilities (comparative information under IAS 17)

For the year ended December 31, 2018, the Group was a lessee under finance leases for land and equipment.

- (i) The future minimum lease payments (including interest) and the present value of the minimum lease payments under finance lease obligations for land were as follows:

	December 31, 2018
	US\$ in millions
Minimum finance lease payments:	
No later than 1 year	8
Later than 1 year and no later than 2 years	5
Later than 2 years and no later than 5 years	16
Later than 5 years	312
	341
Future finance charges on finance lease obligations	(211)
Present value of finance lease liabilities	130
Present value of minimum finance lease payments:	
No later than 1 year	8
Later than 1 year and no later than 2 years	5
Later than 2 years and no later than 5 years	12
Later than 5 years	105
	130



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. LEASES (CONTINUED)

(b) Lease liabilities (continued)

Finance lease liabilities (comparative information under IAS 17) (continued)

- (ii) The future minimum lease payments (including interest) and the present value of the minimum lease payments under finance lease obligations for equipment were as follows:

	December 31, 2018 US\$ in millions
Minimum finance lease payments:	
No later than 1 year	2
Later than 1 year and no later than 2 years	2
Later than 2 years and no later than 5 years	1
	5
Future finance charges on finance lease obligations	—
Present value of finance lease liabilities	5
Present value of minimum finance lease payments:	
No later than 1 year	2
Later than 1 year and no later than 2 years	2
Later than 2 years and no later than 5 years	1
	5

(c) Amounts recognized in the consolidated income statement

	December 31, 2019 US\$ in millions
Depreciation charge of right-of-use assets:	
Investment properties, net — Leasehold interests in land	1
Property and equipment, net — Leasehold interests in land	12
Property and equipment, net — other	9
	22
Interest expense on lease liabilities	8
Expense relating to short-term leases for which the recognition exemption is applied	2
Expense relating to low-value items for which the recognition exemption is applied	1
Expense relating to variable lease payments not included in lease liabilities	5
	38

The total cash outflow for leases including interest payments for the year ended December 31, 2019 is US\$30 million, which includes variable lease payments, low-value lease payments and short-term lease payments of US\$8 million in total.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. LEASES (CONTINUED)

(d) Extension and termination options and residual value guarantee

During the year ended December 31, 2019, the Group has leases for various real estate (including leasehold interest in land), vehicles and equipment. The Group's leases include options to extend the lease term by one month to 25 years. Termination options are included in property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The majority of the termination options held are exercisable only by the group and not by the respective lessor.

During the year ended December 31, 2019, the Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(e) Operating lease arrangements (comparative information under IAS 17)

The Group as the lessee

From January 1, 2019, the Group has recognized right-of-use assets for these leases, except for short-term and low-value leases, see note 2(b) for further information. As at December 31, 2018, the Group had future aggregate minimum lease payments under non-cancelable operating leases for property and equipment as follows:

	December 31, 2018 US\$ in millions
No later than 1 year	5
Later than 1 year and no later than 5 years	2
	7

15. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	December 31, 2019 US\$ in millions	2018
Financial Assets			
Amortized cost:			
Trade and other receivables, net	18	456	427
Restricted cash and cash equivalents		15	13
Cash and cash equivalents	19	2,471	2,676
Deposits		3	3
		2,945	3,119
FVTPL:			
Derivative financial instruments	24	34	15
Total		2,979	3,134

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	December 31, 2019	2018
		US\$ in millions	
Financial Liabilities			
Amortized cost:			
Trade and other payables	22	1,459	1,635
Borrowings	23	5,608	5,562
Total		7,067	7,197

16. INTANGIBLE ASSETS, NET

	Computer software
US\$ in millions	
At January 1, 2018	
Cost	88
Accumulated amortization	(54)
At January 1, 2018	34
Year ended December 31, 2018	
Opening net book amount	34
Additions	24
Amortization	(12)
Closing net book amount	46
At December 31, 2018	
Cost	112
Accumulated amortization	(66)
At December 31, 2018	46
Year ended December 31, 2019	
Opening net book amount	46
Additions	18
Amortization	(16)
Closing net book amount	48
At December 31, 2019	
Cost	130
Accumulated amortization	(82)
At December 31, 2019	48

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. DEFERRED INCOME TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movements of the deferred tax liabilities are as follows:

	Accelerated depreciation allowance
	US\$ in millions
At January 1, 2018	(62)
Credit for the year	12
At December 31, 2018	(50)
Credit for the year	5
At December 31, 2019	(45)

Deferred tax assets are recognized for tax loss carryforwards to the extent realization of the related tax benefit through future taxable profits is probable. The unrecognized deferred income tax assets in respect of losses that can be carried forward against future taxable income and pre-opening expenses are as follows:

	December 31, 2019	2018
	US\$ in millions	
Arising from unused tax losses	283	270
Arising from pre-opening expenses	4	6
	287	276

As at December 31, 2019, subject to the agreement by tax authorities, out of the total unrecognized tax losses of approximately US\$2,311 million (2018: US\$2,210 million), an amount of approximately US\$120 million (2018: US\$122 million) can be carried forward indefinitely. The remaining amount of approximately US\$2,191 million (2018: US\$2,088 million), will expire in one to three years (2018: same).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET

	Note	December 31, 2019	2018
		US\$ in millions	
Trade receivables		506	461
Less: provision for expected credit losses		(106)	(94)
Trade receivables, net	18(a)	400	367
Other receivables		56	60
Prepayments		49	41
Deferred rent		81	81
Less: amortization of deferred rent		(50)	(46)
provision for doubtful deferred rent		(3)	(4)
Prepayments, net		77	72
Trade and other receivables and prepayments, net		533	499
Less: non-current portion:			
prepayments		(6)	(3)
deferred rent		(17)	(19)
		(23)	(22)
Current portion		510	477

Note: Certain reclassifications have been made to the prior year to conform with the current year presentation.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

The trade and other receivables, net of provision for expected credit losses, are denominated in the following currencies:

	December 31, 2019	2018
	US\$ in millions	
HK\$	386	341
US\$	52	57
MOP	18	29
	456	427

(a) Trade receivables, net

The aging analysis of trade receivables, net of provision for expected credit losses, is as follows:

	December 31, 2019	2018
	US\$ in millions	
0–30 days	259	236
31–60 days	42	39
61–90 days	26	28
Over 90 days	73	64
	400	367

The carrying values of trade receivables approximate their fair values at each balance sheet date. The maximum exposure to credit risk is the fair values of trade receivables at each balance sheet date.

Trade receivables are comprised of casino, mall and hotel receivables. The Group extends credit to approved customers and gaming promoters following background checks and investigations of creditworthiness. Business or economic conditions, the legal enforceability of gaming debts, or other significant events in foreign countries could affect the collectability of receivables from customers and gaming promoters residing in these countries.

Trade receivables mainly consist of casino receivables. Credit is granted to certain gaming promoters on a revolving basis. All gaming promoter credit lines are generally subject to monthly review and regular settlement procedures to evaluate the current status of liquidity and financial health of these gaming promoters. Credit is granted based on the performance and financial background of the gaming promoter and, if applicable, the gaming promoter's guarantor(s). Absent special approval, the credit period granted to selected premium and mass market players is typically 7–15 days, while for gaming promoters, the receivable is typically repayable within one month following the granting of the credit, subject to terms of the relevant credit agreement. The Group generally does not charge interest for credit granted, but requires a personal check or other acceptable forms of security.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net (continued)

The Group maintains a provision for expected credit losses on casino, mall and hotel receivables and regularly evaluates the balances. The Group specifically analyzes the collectability of each account with a significant balance, based upon the aging of the account, the customer's financial condition, collection history and any other known information, and the Group makes an allowance for trade receivables. The Group also monitors regional and global economic conditions and forecasts in its evaluation of the adequacy of the recorded provisions. Table games play is primarily cash play, as credit play represented approximately 14.7% of total table games play for the year ended December 31, 2019 (2018: 15.3%). The credit extended to gaming promoters and premium players can be offset by the commissions payable to and front money deposited by these gaming promoters, which is considered in the establishment of the provision for expected credit losses.

The Group currently has a legally enforceable right to offset the commissions payable and front money deposits against the casino receivables and intends to settle on a net basis. As at December 31, 2019, a gross amount of casino receivables after provision for expected credit losses of US\$374 million (2018: US\$442 million), was offset by commissions payable and front money deposits in an aggregate amount of US\$78 million (2018: US\$191 million), resulting in net amounts of casino receivables after provision for expected credit losses of US\$296 million (2018: US\$251 million).

There is a concentration of credit risk related to net casino receivables as 41.9% (2018: 33.3%) of the casino receivables as at December 31, 2019 were from the top five customers. Other than casino receivables, there is no other concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The Group believes the concentration of its credit risk in casino receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures, and also believes that there are no significant credit risk inherent in the Group's trade receivables that has not been provided for as at December 31, 2019 and 2018.

As at December 31, 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of US\$288 million (2018: US\$247 million) which are past due as at the reporting date. The Directors of the Company are in the view there have been no significant increase in credit risk nor default because these relate to a number of independent customers that are either active and or have a good track record and established creditworthiness with the Group.

As at December 31, 2019, except for credit impaired balances and outstanding significant balances with gross amount of US\$120 million (2018: US\$167 million) that have been assessed individually, as part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these remaining customers consist of a large number of small customers with common risk characteristics representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net (continued)

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at December 31, 2019 within lifetime ECL.

Provision matrix — debtors' aging	Average loss rate	December 31,	
		2019	2018
		US\$ in millions	
Current (not past due)	—	169	86
1–90 days past due	2%–10%	97	102
91–360 days past due	15%–25%	62	56
More than 360 days past due	50%–100%	58	50
		386	294

The average loss rates are estimated based on historical observed default rates over the expected life of the receivable balance and are adjusted for forward-looking information available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach.

	December 31,	
	2019	2018
US\$ in millions		
At beginning of year	94	111
Provision for expected credit losses, net	24	7
Amounts written-off	(13)	(24)
Exchange difference	1	—
At end of year	106	94

(b) Other receivables and deferred rent

The carrying values of other receivables approximate their fair values at each balance sheet date, which also represent the Group's maximum exposure to credit risk as at December 31, 2019. The Group holds security deposits, bank guarantees and letters of credit for certain other receivables and deferred rent. No impairment charges (2018: US\$2 million) related to deferred rent were recorded for the year ended December 31, 2019, and included in "Other expenses, gains and losses" in the consolidated income statement. Amounts are charged to the provision account and generally written off when the recoverability is remote.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CASH AND CASH EQUIVALENTS

	December 31, 2019	2018
	US\$ in millions	
Cash at bank and on hand	585	503
Short-term bank deposits	1,886	2,173
	2,471	2,676

The cash and cash equivalents are denominated in the following currencies:

	December 31, 2019	2018
	US\$ in millions	
HK\$	1,712	1,497
US\$	639	1,066
MOP	82	82
Singapore dollar	15	10
Japanese Yen	14	13
RMB	9	8
	2,471	2,676

As at December 31, 2019, the effective interest rates on short-term bank deposits ranged from 2.3% to 2.9% (2018: 1.4% to 3.1%) per annum. These deposits have maturities ranging from 12 to 61 days (2018: 8 to 88 days).

The carrying values of cash equivalents are their fair values as at December 31, 2019 (2018: same). The estimated fair value of the Group's cash and cash equivalents is based on level 1 inputs (quoted market prices in active markets) (2018: same). The maximum credit exposure of cash and cash equivalents of the Group as at December 31, 2019 amounted to US\$2,277 million (2018: US\$2,494 million).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE CAPITAL

	Ordinary shares of US\$0.01 each	US\$ in millions
Authorized		
At January 1, 2018, December 31, 2018 and December 31, 2019	16,000,000,000	160
Issued and fully paid:		
At January 1, 2018	8,074,417,766	81
Shares issued upon exercise of share options	6,185,925	—
At December 31, 2018	8,080,603,691	81
At January 1, 2019	8,080,603,691	81
Shares issued upon exercise of share options	7,748,525	—
At December 31, 2019	8,088,352,216	81

21. RESERVES

The amount of the Group's reserves and the movements therein for the current and prior years are set out in the consolidated statement of changes in equity.

(a) Capital reserve

The capital reserve represents the combined share premium of Venetian Venture Development Intermediate Limited ("VVDIL") and Cotai Services (HK) Limited.

(b) Statutory reserve

The statutory reserve represents amounts set aside from the income statement that are not distributable to Shareholders/quotaholders of the group companies incorporated.

The Macao Commercial Code #432 requires that companies incorporated in Macao that are limited by shares should set aside a minimum of 10% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 25% of the company's capital.

For companies incorporated in Macao that are limited by quotas, the Macao Commercial Code #377 requires that a company should set aside a minimum of 25% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 50% of the company's capital.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES

	Note	December 31, 2019	2018
		US\$ in millions	
Trade payables		47	33
Outstanding chips liability ⁽ⁱ⁾	4	485	514
Customer deposits and other deferred revenue ⁽ⁱ⁾	4	395	497
Other tax payables		302	325
Construction payables and accruals		278	147
Accrued employee benefit expenses		174	155
Interest payables		130	125
Casino liabilities		41	67
Loyalty program liability ⁽ⁱ⁾	4	31	33
Payables to related companies — non-trade	27(b)	9	9
Other payables and accruals		104	127
		1,996	2,032
Less: non-current portion		(122)	(104)
Current portion		1,874	1,928

(i) These balances represent the Group's main types of liabilities associated with contracts with customers.

The monetary trade and other payables are denominated in the following currencies:

	December 31, 2019	2018
		US\$ in millions
HK\$	832	997
MOP	475	483
US\$	137	145
Other currencies	15	10
	1,459	1,635

The aging analysis of trade payables based on invoice date is as follows:

	December 31, 2019	2018
		US\$ in millions
0–30 days	33	27
31–60 days	6	3
61–90 days	6	2
Over 90 days	2	1
	47	33



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS

	December 31, 2019	2018
	US\$ in millions	
Non-current portion		
Senior Notes, unsecured	5,535	5,515
Lease liabilities	128	—
Finance lease liabilities on leasehold interests in land	—	122
Other finance lease liabilities	—	3
	5,663	5,640
Less: deferred financing costs	(74)	(88)
	5,589	5,552
Current portion		
Lease liabilities	19	—
Finance lease liabilities on leasehold interests in land	—	8
Other finance lease liabilities	—	2
	19	10
Total borrowings	5,608	5,562

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

	December 31, 2019	2018
	US\$ in millions	
US\$	5,461	5,427
MOP	130	135
HK\$	17	—
	5,608	5,562



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS (CONTINUED)

The contractual maturities of Senior Notes are as follows:

	December 31,	
	2019	2018
	US\$ in millions	
Repayable over 2 years but not exceeding 5 years	1,800	1,800
Repayable over 5 years	3,700	3,700
	5,500	5,500
Fair value adjustment of the interest rate swaps	35	15
	5,535	5,515

The estimated fair value of the Group's Senior Notes as at December 31, 2019 was approximately US\$5.53 billion (2018: US\$5.52 billion). The estimated fair value of the Group's Senior Notes is based on recent trades, if available, and indicative pricing from market information (level 2 inputs) (2018: same).

Senior Notes

On August 9, 2018, the Company issued three series of senior unsecured notes in an aggregate principal amount of US\$5.50 billion, consisting of US\$1.80 billion of 4.600% senior notes due August 8, 2023 (the "2023 Notes"), US\$1.80 billion of 5.125% senior notes due August 8, 2025 (the "2025 Notes") and US\$1.90 billion of 5.400% senior notes due August 8, 2028 (the "2028 Notes" and, together with the 2023 Notes and the 2025 Notes, the "Senior Notes"). A portion of the net proceeds from the issuance was used to repay in full the outstanding borrowings under the 2016 VML Credit Facility (defined below). There are no interim principal payments on the Senior Notes and interest is payable semi-annually in arrears on each February 8 and August 8, commencing on February 8, 2019. In connection with the Senior Notes, the Company entered into fixed-to-variable interest rate swap contracts (see Note 24).

The Senior Notes are general senior obligations. Each series of Senior Notes rank equally in right of payment with all of the Company's existing and future senior unsecured debt and rank senior in right of payment to all of the Company's future subordinated debt, if any. The Senior Notes are effectively subordinated in right of payment to all of the Company's future secured debt (to the extent of the value of the collateral securing such debt) and are structurally subordinated to all of the liabilities of the Company's subsidiaries. None of the Company's subsidiaries guarantee the Senior Notes.

The Senior Notes were issued pursuant to an indenture, dated August 9, 2018 (the "Indenture"), between the Company and U.S. Bank National Association, as trustee. Upon the occurrence of certain events described in the Indenture, the interest rate on the Senior Notes may be adjusted. The Indenture contains covenants, subject to customary exceptions and qualifications, that limit the ability of the Company and its subsidiaries to, among other things, incur liens, enter into sale and leaseback transactions and consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets on a consolidated basis. The Indenture also provides for customary events of default.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS (CONTINUED)

2018 SCL Credit Facility

On November 20, 2018, the Company as borrower, entered into a facility agreement with the arrangers and lenders named therein and Bank of China Limited, Macau Branch, as agent for the lenders, (the "2018 SCL Credit Facility") pursuant to which the lenders made available a US\$2.0 billion revolving unsecured credit facility to the Company (the "2018 SCL Revolving Facility"). The facility is available until July 31, 2023, and the Company may draw loans under the facility, which may consist of general revolving loans (consisting of a United States dollar component and a Hong Kong dollar component) or loans drawn under a swing-line loan sub-facility (denominated in either United States dollars or Hong Kong dollars). The Company may utilize the loans for general corporate purposes and working capital requirements of the Company and its subsidiaries.

Loans under the 2018 SCL Revolving Facility bear interest calculated by reference to (1) in the case of general revolving loans denominated in United States dollars, the London Interbank Offered Rate ("LIBOR"), (2) in the case of loans denominated in United States dollars drawn under the swing-line loan sub-facility, a United States dollar alternate base rate (determined by reference to, among other things, the United States dollar prime lending rate and the Federal Funds Effective Rate), (3) in the case of general revolving loans denominated in Hong Kong dollars, the Hong Kong Interbank Offered Rate ("HIBOR") or (4) in the case of loans denominated in Hong Kong dollars drawn under the swing-line loan sub-facility, a Hong Kong dollar alternate base rate (determined by reference to, among other things, the Hong Kong dollar prime lending rate), in each case, plus a margin determined by reference to the consolidated leverage ratio. The initial margin for general revolving loans is 2.0% per annum and the initial margin for loans drawn under the swing-line loan sub-facility is 1.0% per annum. The Company is also required to pay a commitment fee of 0.60% per annum on the undrawn amounts under the 2018 SCL Revolving Facility. As at December 31, 2019, the Company had US\$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility.

The 2018 SCL Credit Facility contains affirmative and negative covenants customary for similar unsecured financings, including, but not limited to, limitations on indebtedness secured by liens on principal properties and sale and leaseback transactions. The 2018 SCL Credit Facility also requires the Company to maintain a maximum ratio of total indebtedness to trailing twelve-month adjusted earnings before interest, income taxes, depreciation and amortization, as defined in the 2018 SCL Credit Facility (the "SCL Credit Facility Adjusted EBITDA") of 4.00x throughout the life of the facility, and a minimum ratio of the SCL Credit Facility Adjusted EBITDA to net interest expense (including capitalized interest) of 2.50x throughout the life of the facility.

The 2018 SCL Credit Facility also contains certain events of default (some of which are subject to grace and remedy periods and materiality qualifiers), including, but not limited to, events relating to the Company's gaming operations and the loss or termination of certain land concession contracts.

On March 27, 2020, the Company entered into a waiver and amendment request letter relating to the 2018 SCL Revolving Facility with the agent and lenders party to (i) waive the financial requirements for the Company to ensure the consolidated leverage ratio does not exceed 4.00x and the consolidated interest coverage ratio is greater than 2.50x from January 1, 2020 to July 1, 2021 ("Relevant Period"); (ii) waive any default that may arise as a result of any breach of the financial requirements above during the Relevant Period; and (iii) extend the date by which the Company may supply the agent with its audited annual financial statements for the 2019 and 2020 financial years to April 30, 2020 and April 30, 2021 respectively. Pursuant to the waiver and amendment request letter, the Company agreed to pay a customary fee to the lenders that consented thereto.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS (CONTINUED)

2016 VML Credit Facility

Two subsidiaries of the Company, VML US Finance LLC, the Borrower, and Venetian Macau Limited (“VML”), as guarantor, entered into a credit agreement (the “2016 VML Credit Facility”), which pursuant to various amendments, provided for a \$4.12 billion term loan (the “2016 VML Term Loans”), a \$269 million non-extended term loan (the “2016 Non-Extended VML Term Loans”) and a \$2.0 billion revolving facility (the “2016 VML Revolving Facility,” and together with the 2016 VML Term Loans and the 2016 Non-Extended VML Term Loans, the “2016 VML Credit Facility”). Borrowings under the 2016 VML Term Loans were used for working capital requirements and general corporate purposes, including to make any investment or payment not specifically prohibited by the terms of the loan documents.

The Group paid standby fees of 0.5% per annum on the undrawn amounts under the 2016 VML Revolving Facility. The weighted average interest rate on the 2016 VML Credit Facility was 3.1% for the year ended December 31, 2018.

As previously described, a portion of the proceeds from the Senior Notes was used to repay the outstanding borrowings under the 2016 VML Credit Facility. As a result, the Group recorded a \$72 million loss on early retirement of debt during the year ended December 31, 2018.

On November 20, 2018, effective as of November 21, 2018, the 2016 VML Credit Facility was terminated. As a result, the Group recorded a \$9 million loss on early retirement of debt during year ended December 31, 2018.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

	Senior Notes	Lease liabilities	Deferred financing costs	Interest payables	Dividend payables	Total
	US\$ in millions					
Balance as at January 1, 2019	5,515	135	(88)	125	—	5,687
Adjustments arising from adoption of IFRS 16	—	6	—	—	—	6
Restated opening balance	5,515	141	(88)	125	—	5,693
Financing cash flows	—	(13)	(2)	(274)	(2,051)	(2,340)
Non-cash changes:						
Interest rate swap interest income unsettled at year end	—	—	—	5	—	5
Accruals	—	19	1	274	2,054	2,348
Amortization	—	—	15	—	—	15
Foreign exchange movement	—	—	—	—	(3)	(3)
Fair value adjustment of the interest rate swaps	20	—	—	—	—	20
Balance as at December 31, 2019	5,535	147	(74)	130	—	5,738

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities (continued)

	Senior Notes	Bank loans ⁽ⁱ⁾	Finance lease liabilities on leasehold interest in land	Other finance lease liabilities	Deferred financing costs	Interest payables	Dividend payables	Total
	US\$ in millions							
Balance as at January 1, 2018	—	4,348	132	5	(73)	5	—	4,417
Adjustments arising from adoption of IFRS 9	—	—	—	—	(24)	—	—	(24)
Restated opening balance	—	4,348	132	5	(97)	5	—	4,393
Financing cash flows	5,500	(4,337)	(13)	(2)	(90)	(128)	(2,052)	(1,122)
Non-cash changes:								
Accruals	—	—	11	2	(2)	248	2,053	2,312
Amortization	—	—	—	—	22	—	—	22
Foreign exchange movement	—	(11)	—	—	—	—	(1)	(12)
Loss on modification or early retirement of debt	—	—	—	—	79	—	—	79
Fair value adjustment of the interest rate swaps	15	—	—	—	—	—	—	15
Balance as at December 31, 2018	5,515	—	130	5	(88)	125	—	5,687

Note: Certain reclassifications have been made to the prior year to conform with the current year presentation.

- (i) The cash flows from bank loans make up the net amount of proceeds from bank loans and repayments of bank loans in the statement of cash flows.

24. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting standards require an entity to recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. If specific conditions are met, a derivative may be designated as a hedge of specific financial exposures. The accounting for changes in fair value of a derivative depends on the intended use of the derivative and, if used in hedging activities, on its effectiveness as a hedge. In order to qualify for hedge accounting, the underlying hedged item must expose the Group to risks associated with market fluctuations and the financial instrument used must be designated as a hedge and reduce the Group's exposure to market fluctuation throughout the hedge period.

Changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices, can impact the Group's results of operations. The Group's primary exposures to market risk are interest rate risk associated with long-term debt and foreign currency exchange rate risk associated with the Group's operations. The Group has a policy aimed at managing interest rate risk associated with its current and anticipated future borrowings and foreign currency exchange rate risk associated with operations of its foreign subsidiaries. This policy enables the Group to use any combination of interest rate swaps, futures, options, caps, forward contracts and similar instruments. The Group does not hold or issue financial instruments for trading purposes and does not enter into derivative transactions that would be considered speculative positions.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

In August 2018, the Group entered into interest rate swap agreements (the “IR Swaps”), which were qualified and designated as fair value hedges, swapping fixed-rate for variable-rate interest to hedge changes in the fair value of interest payments. These IR Swaps have a total notional value of US\$5.50 billion and expire in August 2020.

The total fair value of the IR Swaps as of December 31, 2019 was US\$82 million (2018: US\$56 million). In the accompanying consolidated balance sheet, US\$35 million was recorded as an asset in “Other assets, net” current (2018: US\$15 million, which was previously presented in “Trade and other receivables and prepayments, net” non-current and has been reclassified to “Other assets, net” non-current to conform to the current period presentation) with an equal corresponding adjustment recorded against the carrying value of the Senior Notes. The realized portion of IR Swaps of US\$47 million (2018: US\$41 million) was recorded as interest receivables in “Trade and other receivables and prepayments, net”. The fair value of the IR Swaps was estimated using level 2 inputs from recently reported market forecasts of interest rates. Gains and losses due to changes in fair value of the IR Swaps completely offset changes in the fair value of the hedged portion of the underlying debt; therefore, no gain or loss has been recognized due to hedge ineffectiveness. Additionally, for the year ended December 31, 2019, the Group recorded US\$23 million as a reduction to interest expense related to the realized amount associated with the IR Swaps (2018: US\$9 million).

25. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations is as follows:

	Year ended December 31,	
	2019	2018
	US\$ in millions	
Profit before income tax	2,033	1,868
Adjustments for:		
Interest income	(38)	(20)
Interest and other finance costs	265	203
Depreciation and amortization	706	655
Amortization of deferred financing costs	15	22
Amortization of deferred rent	13	15
Amortization of other assets	3	3
Loss on disposal of property and equipment, investment properties and intangible assets	16	131
Impairment loss on property and equipment	65	—
Loss on modification or early retirement of debt	—	81
Provision for expected credit losses, net	24	9
Equity-settled share-based compensation expense, net of amounts capitalized	13	13
Net foreign exchange gains	(34)	(5)
Changes in working capital:		
Other assets	(5)	(1)
Inventories	(2)	1
Trade and other receivables and prepayments	(65)	(180)
Trade and other payables	(191)	260
Cash generated from operations	2,818	3,055



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Significant capital expenditure on property and equipment contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	December 31, 2019	2018
	US\$ in millions	
Contracted but not provided for	1,001	507

(b) Litigation

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

(c) Concession and Subconcession

On June 26, 2002, the Macao Government granted a concession to operate casinos in Macao through June 26, 2022, subject to certain qualifications, to Galaxy, a consortium of Macao and Hong Kong-based investors. During December 2002, VML and Galaxy entered into a subconcession agreement that was recognized and approved by the Macao Government and allows VML to develop and operate casino projects, including The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Sands Macao, separately from Galaxy. Beginning on December 26, 2017, the Macao Government may redeem the subconcession agreement by providing the Group at least one year's prior notice. The subconcession of VML will expire on June 26, 2022.

Under the subconcession, the Group is obligated to pay to the Macao Government an annual premium with a fixed portion and a variable portion based on the number and type of gaming tables it employs and gaming machines it operates. The fixed portion of the premium is equal to MOP30 million (approximately US\$4 million at the exchange rate in effect on December 31, 2019). The variable portion is equal to MOP300,000 per gaming table reserved exclusively for certain kinds of games or players, MOP150,000 per gaming table not so reserved and MOP1,000 per electrical or mechanical gaming machine, including slot machines (approximately US\$37,399, US\$18,700 and US\$125, respectively, at the exchange rate in effect on December 31, 2019), subject to a minimum of MOP45 million (approximately US\$6 million at the exchange rate in effect on December 31, 2019).

The Group is also obligated to pay a special gaming tax of 35% of gross gaming revenues and applicable withholding taxes. The Group must also contribute 4% of its gross gaming revenue to utilities designated by the Macao Government, a portion of which must be used for promotion of tourism in Macao. Based on the number and types of gaming tables employed and gaming machines in operation as at December 31, 2019, the Group was obligated under its subconcession to make minimum future payments of approximately US\$42 million during each of the two years in the period ending December 31, 2021, and approximately US\$21 million during the year ending December 31, 2022.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(d) Construction labor

The Group, in the past, has utilized an imported construction labor quota granted to it and its appointed construction manager, Hsin Chong Engineering (Macao) Limited, by the Labour Affairs Bureau of the Macao Government for purposes of completing outstanding areas within Sands Cotai Central and The Parisian Macao project and for additions and alterations work in The Venetian Macao, The Plaza Macao and Sands Cotai Central (the "Old Group Quota"). Following the completion of The Parisian Macao project, the Old Group Quota was held exclusively by the Group and expired on December 31, 2018. In December 2018, the Group applied to the Labour Affairs Bureau of the Macao Government for the renewal of the Old Group Quota as well as for the granting of an additional imported construction labor quota ("New Group Quota", and together with the "Old Group Quota", the "Group Quota"), which were approved and granted in January 2019. The Group retained a new construction management company, BCA (Macao) Limited, to manage the Group Quota in future development works on behalf of, and as directed by the Group with the Group's contractors and consultants. The Group has ceased its engagement with Hsin Chong Engineering (Macao) Limited as its appointed construction manager since then. The Group Quota covers the importation of non-resident staff and workers that represents only part of the imported staff and labor required to complete the construction work. The shortfall of the imported staff and labor are covered by separate quotas awarded by the Labour Affairs Bureau of the Macao Government directly to the various construction companies contracted by the Group for the construction work (the "Contractor Quota").

In accordance with Macao labor law, the Group is primarily liable to fulfill all employer legal obligations and for the costs associated with persons employed under the Group Quota. In the past, such employees were managed and supervised by the Group's contractors. The contractors utilizing the Group Quota are contractually obligated to pay all employer costs and to indemnify the Group for any costs they may incur as a result of the persons employed. In addition, the Group has the right of recovering the costs they may incur against any amounts due to the contractors. The Group, however, may still have a contingency for the payments to the construction labor if the contractors fail to pay the salaries and the Group is unable to fully recover the amounts due to the construction labor from the contractors. Up to December 31, 2018, the Group continued to employ imported staff and labor under the Old Group Quota. Upon the approval and grant of the Group Quota in January 2019 and the additional approval and grant of the Group Quota during 2019, the Group employs imported staff and labor under the Group Quota.

The Group is not directly liable for employer costs associated with staff and labor imported by contractors under the Contractor Quota.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant Shareholders and/or their close family members) or other entities, and include entities which are under the significant influence of related parties of the Group where those parties are individuals. The Group's immediate holding company is VVDI (II). LVS is the Group's ultimate holding company. Related companies represent the group companies of the LVS Group.

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

(a) Transactions during the year

(i) Management fee income

	Year ended December 31,	
	2019	2018
	US\$ in millions	
LVS	—	1
Fellow subsidiaries	5	4
	5	5

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

(ii) Management fee expense

	Year ended December 31,	
	2019	2018
	US\$ in millions	
LVS	19	20
Fellow subsidiaries	7	7
	26	27

Management services are provided by LVS Group companies. These services include, but are not limited to, human resources support, accounting services, sourcing of goods and services, sourcing of tenants for the malls, transportation services, other various types of marketing and promotion activities for the Group, and design, development and construction consultancy services. Management fees are charged at actual costs incurred or on a cost-plus basis.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions during the year (continued)

(iii) Expenses billed to/paid by other LVS group companies

During the year, the Group incurred certain expenses on behalf of other LVS group companies, or vice versa. The Group charged/reimbursed other LVS group companies for these expenses at cost.

(iv) Key management personnel remuneration

No transactions have been entered into with the Directors of the Company (being the key management personnel) during the year ended December 31, 2019 other than the emoluments paid to them (being the key management personnel remuneration) as disclosed in Note 6 (2018: same).

(v) Royalty fees

In November 2009, the Group entered into an agreement with Las Vegas Sands, LLC ("LVS LLC"), an intermediate holding company incorporated in the United States of America, for the use of the trademarks and other intellectual property rights as defined in the agreement. For each of the full fiscal years through the full fiscal year ended December 31, 2012, the Group was required to pay LVS LLC an annual royalty in the amount of 1.5% of non-gaming revenue and Paiza-related gaming revenue of the Sands Macao, 1.5% of all revenue of The Venetian Macao, and 1.5% of all gaming revenue of the Plaza Casino at The Plaza Macao (the "Relevant Royalty"), provided that the total royalty payable in connection with these three properties in each fiscal year was capped at US\$20 million per full fiscal year. For each of the subsequent full fiscal years through the full fiscal year ending December 31, 2022, the Group is required to pay an annual royalty being the lesser of the Relevant Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. Each subsequent Casino Gaming property the Group operates which utilizes any of the licensed marks in connection with generating the relevant revenue will pay for each of the first three fiscal calendar years after commencement of operations of each subsequent property, a royalty fee of 1.5% of the respective gross revenues of the operations in connection with which such licensed marks are used (each, the "Subsequent Casino Gaming Property Royalty"), subject to a US\$20 million cap per fiscal year. For the fiscal calendar years thereafter until expiration of the initial term, the Group will pay LVS LLC an annual royalty being the lesser of the Subsequent Casino Gaming Property Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. After the commencement of the operation of Sands Cotai Central and The Parisian Macao in April 2012 and September 2016 respectively, the Group is required to pay royalty fees in connection with these properties. During the year ended December 31, 2019, the Group incurred US\$110 million (2018: US\$106 million) of royalty fees.

(vi) Share-based compensation

The Group participates in the share-based compensation plan of LVS (Notes 6 and 28).





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	December 31, 2019	2018
	US\$ in millions	
Receivables from related companies:		
Fellow subsidiaries	2	—

The receivables from related companies are unsecured, interest free and have a credit term of 45 days.

	December 31, 2019	2018
	US\$ in millions	
Note		
Payables to related companies:		
LVS	3	4
Intermediate holding company	5	4
Fellow subsidiaries	1	1
	22	9

The payables to related companies are unsecured, interest free and have a credit term of 45 days (2018: same).

28. SHARE-BASED COMPENSATION

(a) Share Options of the Company

2009 Equity Award Plan

The Company adopted the 2009 Equity Award Plan on November 8, 2009 (amended on February 19, 2016) for grants of options to purchase Shares. The purpose of the 2009 Equity Award Plan was to give the Company a competitive edge in attracting, retaining and motivating employees, directors and consultants of our Group. The 2009 Equity Award Plan provided for an aggregate of 804,786,508 Shares to be available for awards, representing 10% of the Shares in issue upon completion of the Global Offering. The Company's Remuneration Committee might, from time to time, grant awards of share options, share appreciation rights, restricted shares, restricted share units, share bonuses ("Share-based Awards"), performance compensation awards or any combination of the foregoing pursuant to the 2009 Equity Award Plan. Subject to certain criteria as defined in the 2009 Equity Award Plan, employees, directors and consultants of our Group were eligible for awards under the 2009 Equity Award Plan.

The 2009 Equity Award Plan expired on November 30, 2019, being the tenth anniversary of November 30, 2009. On and after November 30, 2019, no awards may be granted under the 2009 Equity Award Plan. However, all existing awards granted under the 2009 Equity Award Plan which are unexercised or unvested will remain valid and (where applicable) exercisable in accordance with their respective terms of grant despite the expiry of the 2009 Equity Award Plan.





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share Options of the Company (continued)

2019 Equity Award Plan

The 2019 Equity Award Plan was approved by the Shareholders at the Company's annual general meeting held on May 24, 2019, and became effective on December 1, 2019. There is no material difference between the terms of the 2009 Equity Award Plan and the terms of the 2019 Equity Award Plan. Accordingly, the 2019 Equity Award Plan will have the same benefits as the 2009 Equity Award Plan, namely attracting able persons to enter and remain in the employ of our Group. It will also provide a means whereby employees, directors and consultants of our Group can acquire and maintain Share ownership, or be paid incentive compensation measured by reference to the value of Shares, thereby strengthening their commitment to the welfare of our Group and promoting an identity of interest between Shareholders and these persons.

The maximum number of Shares that may be issued upon exercise of all Share-based Awards (including options) under which new Shares will be issued to be granted under the 2019 Equity Award Plan and similar share-based awards under any other award plans of the Company (under which new Shares will be issued pursuant to any grant) must not in aggregate exceed 808,619,139 Shares, representing 10% of the total number of Shares in issue as at May 24, 2019, being the date of Shareholders' approval of the 2019 Equity Award Plan.

As at December 31, 2019, there were 808,619,139 Shares available for grant under the 2019 Equity Award Plan and no Share-based Awards (including options) under which new Shares will be issued were granted during the year under the 2019 Equity Award Plan.

Fair value estimates of the share options

Share options under both the 2009 Equity Award Plan and 2019 Equity Award Plan were granted with an exercise price not less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day, (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant and (iii) the nominal value of a Share. The outstanding share options generally vest over four years and have ten-year contractual terms. Compensation cost for all share option grants, which all have graded vesting, is net of estimated forfeitures and is recognized on an accelerated granted attribution approach over the awards' respective requisite service periods. The Company estimates the fair value of share options using the Black-Scholes option-pricing model. Expected volatilities are based on the Company's historical volatility for a period equal to the expected life of the share options. The expected option life is based on the contractual term of the option as well as historical exercise and forfeiture behavior. The risk-free interest rate for periods equal to the expected term of the share option is based on the Hong Kong Government Bond rate in effect at the time of the grant for share options granted. The expected dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share option of the Company (continued)

A summary of the share option activity for the Company's 2009 Equity Award Plan is presented below:

	Year Ended December 31,			
	2019		2018	
	Number of options '000	Weighted average exercise price US\$	Number of options '000	Weighted average exercise price US\$
Outstanding at January 1	57,382	4.81	48,252	4.39
Granted	19,410	5.08	18,873	5.62
Exercised	(7,749)	3.65	(6,186)	3.74
Forfeited	(4,169)	5.35	(3,557)	5.24
Outstanding at December 31	64,874	4.99	57,382	4.81
Exercisable at December 31	22,214	5.10	18,152	5.00

The weighted average share price at the date of exercise for share options exercised during the year was US\$5.26 (2018: US\$5.72).

The range of exercise prices and the weighted average remaining contractual life of the above share options outstanding as at the dates indicated are as follows:

Range of exercise prices US\$	December 31,			
	2019		2018	
	Number of options outstanding '000	Weighted average remaining contractual life (years)	Number of options outstanding '000	Weighted average remaining contractual life (years)
1.01-2.00	210	0.42	811	1.29
2.01-3.00	76	1.86	283	2.80
3.01-4.00	11,045	5.88	14,805	6.94
4.01-5.00	16,092	7.41	18,673	8.00
5.01-6.00	31,292	8.65	15,991	9.01
6.01-7.00	2,023	6.42	2,227	7.26
7.01-8.00	2,098	4.32	2,554	5.29
8.01-9.00	2,038	4.21	2,038	5.21
	64,874	7.49	57,382	7.64



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share option of the Company (continued)

Fair value estimates of the share options under 2009 Equity Award Plan

The fair value of each option grant was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year ended December 31,	
	2019	2018
Expected volatility	36.9%	36.0%
Expected life (years)	4.8	4.7
Risk-free annual interest rate	1.7%	1.7%
Expected dividends	5.0%	5.8%
Weighted average share price at the date of grant (US\$)	5.06	5.58
Weighted average exercise price (US\$)	5.08	5.62
Weighted average fair value of each share option granted by the Company (US\$)	1.03	1.01

(b) Restricted share units of the Company

Under the 2009 Equity Award Plan, the Company grants certain restricted share units (under which no new Shares will be issued) to eligible participants. Such restricted share units will vest over a 3-year period starting from September 13, 2019. Grantees are entitled to a future cash payment from our Group that is equivalent to the fair value of the vested restricted share units and any accumulated dividends in cash upon vesting.

A summary of the restricted share units under the 2009 Equity Award Plan for the year ended December 31, 2019 is presented below:

	Number of restricted share units '000	Weighted average grant date fair value US\$
Unvested at January 1, 2019	—	—
Granted	1,412	4.99
Vested	—	—
Forfeited	(5)	4.99
Unvested at December 31, 2019	1,407	4.99



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE-BASED COMPENSATION (CONTINUED)

(b) Restricted share units of the Company (continued)

The fair value of each restricted share unit on its grant date is the closing price of the Shares on its grant date. The fair value of each restricted share unit is re-measured at the end of each reporting period until its vesting date. Upon vesting of each restricted share unit, the Group will pay the grantees an amount in cash calculated based on the higher of (i) the closing price of the Company's shares on the vesting date, and (ii) the average closing price of the Company's shares for the five trading days immediately preceding the vesting date, in addition to any accumulated cash and dividends equivalents paid by the Company in respect of one Share. If the vesting date is not a trading day, the trading day immediately preceding the vesting date shall be considered as the vesting date. Compensation cost for all restricted share units, which all have graded vesting, is recognized on an accelerated granted attribution approach over the restricted share units' respective requisite service periods. As at December 31, 2019, the accrued liability associated with these cash-settled restricted share units was US\$1 million (2018: \$nil). For the year ended December 31, 2019, the loss on re-measurement of the liability was less than US\$1 million (2018: \$nil).

(c) Share options of LVS

The Group participates in the equity-settled share-based compensation plan of LVS which provides for the granting of share options to purchase LVS common stock (the "2004 Plan").

The 2004 Plan had an original term of ten years and was subsequently extended to December 2019. This was further extended to December 2024 and the number of shares of common stock available for grants was increased by 10,000,000 shares from 26,344,000 (the "Amended 2004 Plan"). Share option awards are granted with an exercise price equal to the fair market value (as defined in the Amended 2004 Plan) of LVS' share on the date of grant. The outstanding share options generally vest over three to four years and have ten-year contractual terms. As at December 31, 2019, there were 9,777,920 shares available for grant under the Amended 2004 Plan.

For the purpose of financial reporting of the Group, share-based compensation expense arising from the granting of share options by LVS to the Directors and employees of the Group, to the extent of services rendered to the Group, is deemed to have been allocated to the Group as its expense with the corresponding increase in the share option reserve under equity in the relevant companies comprising the Group.

During the year ended December 31, 2019, 41,546 share options (2018: 23,481 share options) were granted at a weighted average exercise price of US\$57.05 (2018: US\$77.44), no share options (2018: 61,875 share options) at a weighted average exercise price of US\$66.18 were exercised and no share options (2018: 102,000 share options) at a weighted average exercise price of US\$80.08 expired. As at December 31, 2019, there were 98,757 share options outstanding with a weighted average exercise price of US\$63.97 (2018: 57,211 share options, US\$69.00), and 30,314 share options were exercisable at a weighted average exercise price of US\$66.82 (2018: 11,244 share options, US\$63.13). The weighted average share price at the date of exercise for share options exercised during the year ended December 31, 2018 was US\$77.66.

The expense allocated to the Group in relation to the Amended 2004 Plan during the year ended December 31, 2019 was US\$0.3 million (2018: US\$0.3 million).





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall financial risk management program, mainly carried out by a central treasury department and approved by the Board of Directors, focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(i) Market risk

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

Interest rate risk

The Group's primary exposure to market risk is interest rate risk associated with its fixed rate long-term borrowings and interest rate swap contracts for the year ended December 31, 2019 and year ended December 31, 2018. However, management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise. The Group does not hold or issue financial instruments for trading purposes and does not enter into derivative transactions that would be considered speculative positions. For the year ended December 31, 2019, the Group holds derivative financial instruments which consist of interest rate swap contracts on the fixed rate Senior Notes, which have been designated as hedging instruments for accounting purposes. The Group's borrowings at fixed rates were denominated in US\$ during the years ended December 31, 2019 and December 31, 2018.

As at December 31, 2019, the estimated fair value of fixed rate long-term borrowings was approximately US\$5.53 billion, compared to its carrying value of US\$5.50 billion (2018: US\$5.52 billion, US\$5.50 billion respectively). The estimated fair value of fixed rate long-term borrowings is based on level 2 inputs (quoted prices in markets that are not active). A change in interest rates on fixed rate long-term borrowings impacts its fair value. A hypothetical 100 basis points change in market rates would cause the fair value of the fixed rate long-term borrowings to change by US\$303 million inclusive of the impact from the interest rate swaps (2018: US\$308 billion).

The total notional amount of our fixed-to-variable interest rate swaps was US\$5.50 billion as at December 31, 2019 (2018: same). The fair value of the interest rate swaps, on a stand-alone basis, as at December 31, 2019, was an asset of US\$82 million (2018: US\$56 million). A hypothetical 100 basis points change in LIBOR would cause the fair value of the interest rate swaps to change by approximately US\$34 million (2018: US\$88 million).





4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in US\$. The majority of assets and liabilities are denominated in US\$, HK\$ and MOP, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognized assets and liabilities denominated in a currency other than MOP, which is the functional currency of the major operating companies within the Group.

For companies with MOP as their functional currency, as at December 31, 2019, if the US\$ had weakened by 1% against the MOP with all other variables held constant, it would cause a foreign currency transaction loss of approximately US\$49 million (2018: US\$40 million), mainly as a result of the translation of US\$-denominated debt held by SCL (2018: same). The HK\$ is pegged to the US\$ within a narrow range and the MOP is pegged to the HK\$, therefore the Group does not expect fluctuations in the values of these currencies to have a material impact on the operations.

(ii) Credit risk

The Group is potentially subject to concentrations of credit risk from financial instruments, which consist principally of cash and cash equivalents, restricted cash and cash equivalents and trade and other receivables.

The Group maintains cash and cash equivalents and restricted cash and cash equivalents and receivables associated with the derivative contracts with various creditworthy financial institutions. Management monitors this credit risk on an on-going basis and does not believe that the Group has any other significant exposure to any individual or institution as at December 31, 2019 and 2018. See Note 18 for details of credit risk related to trade receivables.



4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk is the financial risk arising from the difficulty in meeting obligations associated with financial liabilities settled by cash or other financial assets.

The 2018 SCL Credit Facility requires the Group to comply with financial covenants, which include maintaining a maximum leverage ratio of debt to SCL Credit Facility Adjusted EBITDA. The maximum leverage ratio is 4.0x for all quarterly periods through maturity. As at December 31, 2019, the leverage ratio, as defined per the credit facility agreement, was 1.8x (2018: 1.9x), compared to the maximum leverage ratio allowed of 4.0x (2018: 4.0x). If the Group is unable to maintain compliance with the financial covenants under the credit facility, the Group would be in default with regard to any borrowings under the credit facility.

The Group's financial liabilities, based on the contractual undiscounted cash flows are as follows:

	Within the first year	In the second year	In the third to fifth year	Over the fifth year	Total
	US\$ in millions				
At December 31, 2019					
Senior notes principal	—	—	1,800	3,700	5,500
Senior notes interests	278	278	750	503	1,809
Lease liabilities	20	13	18	307	358
Trade and other payables	1,359	36	43	21	1,459
At December 31, 2018					
Senior notes principal	—	—	1,800	3,700	5,500
Senior notes interests	277	277	833	698	2,085
Finance lease liabilities on leasehold interests in land	8	5	16	312	341
Other finance lease liabilities	2	2	1	—	5
Trade and other payables	1,546	22	55	12	1,635

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

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

The capital structure of the Group consists of debt, which includes borrowings (including current and non-current borrowings as shown in the consolidated balance sheet), net of cash and cash equivalents, and equity attributable to Shareholders, comprising issued share capital and reserves as disclosed in Notes 20 and 21, respectively.

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

	December 31,	
	2019	2018
	US\$ in millions	
Interest bearing borrowings, net of deferred financing costs	5,461	5,427
Less: cash and cash equivalents	(2,471)	(2,676)
restricted cash and cash equivalents	(15)	(13)
Net debt	2,975	2,738
Total equity	4,446	4,409
Total capital	7,421	7,147
Gearing ratio	40.1%	38.3%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. COMPANY BALANCE SHEET

	Note	December 31, 2019	2018
		US\$ in millions	
ASSETS			
Non-current assets			
Interests in subsidiaries		1,129	1,951
Note receivable from a subsidiary		5,919	5,239
Other assets		—	15
Other receivables and prepayments		—	39
Total non-current assets		7,048	7,244
Current assets			
Other assets		35	—
Other receivables and prepayments		96	64
Cash and cash equivalents		216	279
Total current assets		347	343
Total assets		7,395	7,587
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		81	81
Reserves	30(a)	1,738	1,954
Total equity		1,819	2,035
LIABILITIES			
Non-current liabilities			
Borrowings		5,461	5,427
Other payables		1	—
Total non-current liabilities		5,462	5,427
Current liabilities			
Other payables		114	125
Total current liabilities		114	125
Total liabilities		5,576	5,552
Total equity and liabilities		7,395	7,587
Net current assets		233	218
Total assets less current liabilities		7,281	7,462

Note: Certain reclassifications have been made to the prior year to conform to the current year presentation.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. COMPANY BALANCE SHEET (CONTINUED)

(a) The movements of reserves during the year are as follows

	Capital reserve	Share premium	Share-based compensation reserves	Currency translation reserve	Retained earnings	Total
	US\$ in millions					
Balance at January 1, 2018	106	1,428	49	(14)	213	1,782
Profit for the year	—	—	—	—	2,192	2,192
Other comprehensive expense for the year	—	—	—	(4)	—	(4)
Total comprehensive (expense)/income	—	—	—	(4)	2,192	2,188
Exercise of share options	—	23	—	—	—	23
Transfer to share premium upon exercise of share options	—	6	(6)	—	—	—
Forfeiture of share options	—	—	(4)	—	4	—
Share-based compensation of the Company	—	—	14	—	—	14
Dividends to equity holders of the Company	—	—	—	—	(2,053)	(2,053)
Balance at December 31, 2018	106	1,457	53	(18)	356	1,954
Profit for the year	—	—	—	—	1,792	1,792
Other comprehensive income for the year	—	—	—	4	—	4
Total comprehensive income	—	—	—	4	1,792	1,796
Exercise of share options	—	28	—	—	—	28
Transfer to share premium upon exercise of share options	—	6	(6)	—	—	—
Forfeiture of share options	—	—	(3)	—	3	—
Share-based compensation of the Company	—	—	14	—	—	14
Dividends to equity holders of the Company (Note 11)	—	—	—	—	(2,054)	(2,054)
Balance at December 31, 2019	106	1,491	58	(14)	97	1,738

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. PRINCIPAL SUBSIDIARIES

Details of the Group's principal subsidiaries as at December 31, 2019 are as follows:

Name	Place of incorporation or establishment/ or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
Directly held:				
Venetian Venture Development Intermediate Limited	Cayman Islands, June 21, 2002	Investment holding	US\$1	100%
SCL IP Holdings, LLC	United States, September 29, 2009	Holder of trademark licenses	US\$527,802,937.56	100%
Indirectly held:				
Cotai Ferry Company Limited	Macao/Macao and Hong Kong, July 19, 2007	High speed ferry transportation services	MOP10,000,000	100%
Cotai Strip Lot 2 Apart Hotel (Macao) Limited	Macao, October 27, 2008	Hotel apartments	MOP6,498,900 MOP722,100 (preference shares)	100% 100%
Cotai Services (HK) Limited	Hong Kong, July 11, 2007	Business support services, marketing and operation of ferry business	HK\$749,025,708.72	100%
CotaiJet 1 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 2 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 3 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 4 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 5 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
CotaiJet 6 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 7 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 8 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 9 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 10 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 11 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 12 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 13 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 14 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Ferry leasing (Note (i))	HK\$1	100%
CotaiJet 311 Ltd.	Cayman Islands/Macao and Hong Kong, August 14, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$6,423,536.85	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
CotaiJet 312 Ltd.	Cayman Islands/Macao and Hong Kong, August 14, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$6,339,957.74	100%
CotaiJet 313 Ltd.	Cayman Islands/Macao and Hong Kong, August 14, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$6,312,405.81	100%
CotaiJet 314 Ltd.	Cayman Islands/Macao and Hong Kong, September 12, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$6,486,421.42	100%
CotaiJet 315 Ltd.	Cayman Islands/Macao and Hong Kong, September 12, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$6,332,468.30	100%
CotaiJet 316 Ltd.	Cayman Islands/Macao and Hong Kong, October 8, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$6,439,507.84	100%
CotaiJet 317 Ltd.	Cayman Islands/Macao and Hong Kong, October 8, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$6,526,794.49	100%
CotaiJet 318 Ltd.	Cayman Islands/Macao and Hong Kong, October 8, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$7,936,384.02	100%
CotaiJet 319 Ltd.	Cayman Islands/Macao and Hong Kong, October 8, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$7,838,910.17	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
Cotaijet 320 Ltd.	Cayman Islands/Macao and Hong Kong, October 8, 2007	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$6,123,939.20	100%
Cotaijet 350 Ltd.	Cayman Islands/Macao and Hong Kong, January 21, 2008	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$7,173,446.06	100%
Cotaijet 351 Ltd.	Cayman Islands/Macao and Hong Kong, January 21, 2008	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$7,115,613.37	100%
Cotaijet 352 Ltd.	Cayman Islands/Macao and Hong Kong, January 21, 2008	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$7,292,634.59	100%
Cotaijet 353 Ltd.	Cayman Islands/Macao and Hong Kong, January 21, 2008	Ferry leasing (Note (i))	Total par value: US\$100 Total share premium: US\$7,264,364.42	100%
Cotaiwaterjet Sea Bridge 1 Ltd.	Cayman Islands/Macao and Hong Kong, October 27, 2015	Pontoon leasing (Note (i))	Total par value: US\$100 Total share premium: US\$24,365.38	100%
Cotaiwaterjet Sea Bridge 2 Ltd.	Cayman Islands/Macao and Hong Kong, October 27, 2015	Pontoon leasing (Note (i))	Total par value: US\$100 Total share premium: US\$25,651.14	100%
Cotaiwaterjet Sea Bridge 1 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Pontoon leasing (Note (i))	HK\$1	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
Cotaiwaterjet Sea Bridge 2 (HK) Limited	Hong Kong/Macao and Hong Kong, December 12, 2019	Pontoon leasing (Note (i))	HK\$1	100%
Sands Cotai East Holdings Limited	Cayman Islands/Macao, May 25, 2011	Holder of hotel franchise agreement	US\$1	100%
Sands Cotai West Holdings Limited	Cayman Islands/Macao, May 25, 2011	Holder of hotel franchise agreement	US\$1	100%
Sands Resorts Travel Limited	Hong Kong, February 29, 2016	Travel and tourism agency services	HK\$500,000	100%
Sands Resorts Transportation 1 Limited	Hong Kong, January 30, 2019	Transportation services	HK\$1	100%
Sands Resorts Transportation 2 Limited	Hong Kong, January 30, 2019	Transportation services	HK\$1	100%
Sands Resorts Transportation 3 Limited	Hong Kong, February 4, 2019	Transportation services	HK\$1	100%
Sands Venetian Security Limited	Macao, June 22, 2011	Security services	MOP1,000,000	100%
Venetian Cotai Hotel Management Limited	Macao, March 12, 2008	Human resources administration	MOP500,000	100%
Venetian Cotai Limited	Macao, November 11, 2004	Hotels, restaurants, shopping mall, and conference and convention	MOP200,000,000	100%
Venetian Macau Limited (Note (ii))	Macao, June 21, 2002	Gaming and other related activities	MOP200,000,000	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
Venetian Orient Limited	Macao, February 2, 2006	Hotels, restaurants, shopping mall, and conference and convention	MOP100,000	100%
Venetian Retail Limited	Macao, June 15, 2007	Mall management	MOP1,500,000	100%
Venetian Travel Limited	Macao, October 16, 2006	Travel and tourism agency services	MOP2,400,000	100%
Venetian Transportation Services Limited	Macao, January 7, 2019	Transportation services and other related activities	MOP25,000	100%
V-HK Services Limited	Hong Kong, September 6, 2004	Marketing and customer development services	HK\$1	100%
Zhuhai Cotai Information Services Outsourcing Co., Ltd. (Note (iii))	PRC, September 30, 2010	Outsourcing services, including information technology, accounting, hotel management and marketing	US\$800,000	100%
Zhuhai Cotai Logistics Hotel Services Co., Ltd. (Note (iii))	PRC, September 27, 2007	Procurement, marketing and administrative services	US\$4,500,000	100%
Zhuhai Hengqin Cotai Information Services Co., Ltd. (Note (iii))	PRC, September 24, 2019	Outsourcing services, including information technology, accounting, hotel management and marketing	US\$2,000,000	100%

Notes:

- (i) The Cayman Islands registered companies have transferred their ferry or pontoon and related assets to Hong Kong registered companies within the Group in December 2019 as a result of a Group reorganization. These Cayman Islands companies are dissolved on March 31, 2020.
- (ii) 10% of the company's issued share capital is held through an usufruct agreement whereby VVDIL has the sole and exclusive benefit. Accordingly, the profits and losses and assets and liabilities of the company have been consolidated as to 100% thereof into the consolidated financial statements.
- (iii) These entities are wholly foreign owned enterprises established in the PRC.



US\$700,000,000 2.300% Senior Notes due 2027
US\$650,000,000 2.850% Senior Notes due 2029
US\$600,000,000 3.250% Senior Notes due 2031

Barclays
BofA Securities
Goldman Sachs & Co. LLC

Bank of China Macau Branch
Bank of Communications Macau
ICBC (Macau)
BNP PARIBAS
China Construction Bank Corporation Macau Branch
DBS Bank Ltd.
OCBC Bank
Scotiabank
SMBC Nikko
United Overseas Bank

September 9, 2021
